

FAQ

What are Innovator Defined Outcome ETFs™?

Innovator Defined Outcome ETFs™ are revolutionary products that provide a range of potential outcomes to investors before they invest. These differ from undefined ETFs by setting parameters to the upside and downside. The ETFs offer exposure to the price return of a reference asset (either a broad market ETF or index), to a cap over a 3-month, 1-year, or 2-year outcome period, at which point each ETF will reset.

Historically, these types of defined outcome strategies have only been available through structured notes and certain insurance products. Today, a revolutionary ETF alternative exists to help you invest in the markets with confidence.

Innovator Defined Outcome ETFs™ can be categorized into four broad groups:

- 1 BUFFER ETFS™** seek to provide upside performance, to a cap, with a built-in buffer
- 2 ACCELERATED ETFS®** seek to provide accelerated upside exposure, to a cap, with non-accelerated downside exposure, over the outcome period.
- 3 DEFINED INCOME ETFS** are designed to provide a high level of income with built-in risk management.
- 4 FLOOR ETFS®** seek to provide upside of the market, to a cap, with a built-in floor (i.e., known maximum percent loss).

Innovator ETFs is home to the largest suite of Defined Outcome ETFs™, by number of products (Source: Bloomberg). The table below illustrates the available asset classes, buffers, barriers, acceleration levels, and floor levels currently available.

Reference Asset	BUFFER LEVELS						BARRIER LEVELS				FLOOR LEVELS
	9%	10%	15%	20%	30%	100%	10%	20%	30%	40%	5%
SPDR S&P 500 ETF Trust (SPY) / S&P 500	●	●	●	●	●	●	●	●	●	●	●
Invesco QQQ Trust (QQQ)			●								
iShares Russell 2000 ETF (IWM) / Russell 2000			●								
iShares MSCI EAFE ETF (EFA)			●								
iShares MSCI EM ETF (EEM)			●								
iShares 20+ Year Treasury Bond ETF (TLT)	●										●

The Funds have characteristics unlike many other traditional investment products and may not be suitable for all investors. For more information regarding whether an investment in the Fund is right for you, please see "Investor Suitability" in the prospectus.

How does it work?

Each Innovator Defined Outcome ETF™ holds a customized basket of FLEXible EXchange® options (FLEX options) with varying strike prices (the price at which the option purchaser may buy or sell the security at the expiration date), and the same expiration of approximately one year. This gives each ETF a defined buffer level and upside growth potential (to a cap), over an outcome period. Each ETF intends to roll options components annually, on the last business day of the month associated with each ETF.

What are the expense ratios?

- 0.69%** Quarterly Buffer ETFs
- 0.79%** ETFs with U.S. Equity Exposure
- 0.85%** ETFs with International Developed Markets Exposure
- 0.89%** ETFs with Emerging Markets Exposure

What if I buy shares of a Defined Outcome ETF™ after the first day?

We call these investors "interim period shareholders." Investors purchasing shares of a Fund after its launch date may receive a different payoff profile than those who entered the Fund on day one. However, investors purchasing shares after the first day will still be able to know what their potential outcomes are, no matter when they invest during the 1-year period, based on the current ETF price and the length of time remaining before expiration.

Please visit innovatoretfs.com to learn more and view detailed information about each ETF's payoff profile (current share price in relation to its cap, buffer and outcome period).

If I buy shares of the Innovator U.S. Equity Buffer ETF at its initial price (\$25) on the first day of trading, at the end of the outcome period I can expect to participate in the upside of the reference asset to a cap, with a downside buffer level of 9%, before fees and expenses?

Yes. These ETFs are designed to provide point-to-point exposures to the price return of the reference asset. They are not expected to move precisely in line with each respective reference asset during the interim period (due to the optionality of the underlying portfolio). It is also important to note that there is no assurance that the Fund will meet its investment objective.

Do these ETFs mature?

No. Upon the conclusion of the outcome period, the Fund will reset into a new portfolio with the same exposure, buffer level, and term, and a new upside cap will be determined.

Does any entity guarantee I will not lose my investment?

No. Unlike certain insurance products and structured products, ETFs are not backed by the faith and credit of an issuing institution like an insurance company or a bank. This also means that Innovator Defined Outcome ETFs™ are not exposed to credit risk. The options held by the ETFs are guaranteed for settlement by the Options Clearing Corporate (OCC). In the unlikely event that the OCC becomes insolvent or is otherwise unable to meet its settlement obligations, the ETFs could suffer significant losses. However, regulators have heightened their oversight of the OCC due to its designation as a Systemically Important Financial Market Utility (SIFMU).

Are there any comparable products that exist in the market?

Innovator Defined Outcome ETFs™ are designed to offer investors more efficient, cost-effective, and more accessible alternatives to structured notes and certain insurance products. While those products can play an important role in certain investors' portfolios, characteristics like high fees, illiquidity, lack of transparency, and counterparty risk during crises have set the stage for a disruptive alternative, such as our ETFs. We believe many of the benefits of defined outcome products can be harnessed efficiently and cost-effectively via the ETF vehicle.

Who are the ETFs for?

We believe the ability to know potential outcome parameters before investing has countless applications. Innovator has built several defined outcome ETFs™ in an effort to appeal to a range of investors seeking equity market growth with a downside buffer. These may include high-net-worth investors, retirees, pensions, defined-contribution plans, endowments, ETF strategists, institutional allocators, and hedge funds.

How many ETFs will be in the series?

Innovator is home to the largest lineup Defined Outcome ETFs™ in the world. We offer exposures spanning six asset classes, and multiple buffer, barrier, and acceleration levels. So, whatever your market view, there's a Defined Outcome ETF™ to fit your needs.

Can an investor buy and hold a Defined Outcome ETF, or do they need to re-purchase the ETF each year?

These ETFs "reset" at the conclusion of their respective outcome periods, but may be held indefinitely. At the end of an outcome period, each ETF will roll into a new set of options contracts with the same exposure, buffer level, and term length, and a new upside cap will be determined.

How do I fit these ETFs into my portfolio?

We believe Innovator Defined Outcome ETFs™ can be used as a complement or replacement for both equity and fixed income allocations in existing portfolios. The inherent flexibility of the ETFs, and the price discovery and intraday liquidity now afforded to structured outcomes, makes the defined outcome ETFs an agile portfolio allocation tool.

Who is the sub-advisor?

The ETFs are sub-advised by Milliman Financial Risk Management LLC (Milliman FRM), a global leader in financial risk management and defined outcome solutions and was also instrumental in the design of the Cboe S&P 500 Target Outcome Indexes. Milliman FRM provides investment advisory, hedging, and consulting services on approximately \$162 billion in global assets (as of December 31, 2023).

These ETFs seem to come with a lot of new terms. Can you define them?

Yes. The terms you will likely encounter with Innovator Defined Outcome ETFs™ are the following:

"Reference asset exposure" is the reference asset the ETFs are providing structured exposures to. **"Cap"** refers to the maximum potential return, before fees and expenses, if held to the end of the current outcome period. For example, the Innovator U.S. Equity Defined Outcome ETFs™ seek to track the price return of the SPDR S&P 500 ETF Trust (SPY) or the S&P 500 Index over a point-to-point period (the outcome period) up to a pre-determined cap. The ETF does not participate in growth beyond the cap. **"Buffer"** refers to the amount of downside protection, before fees and expenses the fund seeks to provide, over the full outcome period. **"Outcome period"** is the intended length of time over which the defined outcomes are sought.

The remaining terms are applicable to those considering an investment in an ETF during the outcome period. **"Remaining upside cap"** is the current maximum return available at the Fund's current price, before fees and expenses, if held to the end of the outcome period. Remaining upside cap is a function of the Fund's return; not the index return. The reference asset may need to rise higher or lower than the remaining upside cap before the cap is realized. **"Remaining downside buffer"** is the current amount of downside buffer remaining at the Fund's current price, before fees and expenses, if held to the end of the outcome period. **"Downside before buffer"** is the amount of Fund loss incurred before the buffer begins. This is applicable to people considering an investment during the interim period. **"Remaining outcome period"** is the number of days remaining until the last day of the outcome period. **"Fees and expenses"** include the Fund's management fee of 0.79%, any shareholder transaction fees and any extraordinary expenses.



Is anyone else behind this effort?

Innovator Capital Management has partnered with several of the world's leading financial institutions to build the Innovator Defined Outcome ETFs. The ETFs were developed in collaboration with the Chicago Board Options Exchange (Cboe; provides the options contracts and options valuation modeling) and Milliman Financial Risk Management (Milliman FRM, the sub-adviser on the Defined Outcome series). Together, these institutions are helping investors better manage risk and move forward with confidence.

Are there benefits to these ETFs over structured products and indexed annuities?

Innovator Defined Outcome ETFs attempt to solve several issues often associated with legacy products that seek to provide investors with known return profiles: liquidity risk and counterparty credit risk. Innovator Defined

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Technology Sector Risk. Companies in the technology sector are often smaller and can be characterized by relatively higher volatility in price performance when compared to other economic sectors. They can face intense competition which may have an adverse effect on profit margins.

Small Cap Risk. Small cap companies may be more volatile and susceptible to adverse developments than their mid and large cap counterpart. In addition, the small cap companies may be less liquid than larger companies.

Barrier income ETFs: The Funds seeks to provide investors, over a 1 year outcome period, with an investment that provides a high level of income through a Defined Distribution Rate that is not subject to any losses experienced by the U.S. Equity Index that are at or below the respective Barrier (10,20,30,40) and is subject to initial losses experienced by the U.S. Equity Index beginning at the Barrier and to the full extent of U.S. Equity Index losses on a one-to-one basis beginning after the barrier threshold has been crossed.

The Defined Distribution Rate is based upon a rate that is comprised of the income generated by the U.S. Treasuries and the premiums received from the Fund selling FLEX Options. The Defined Distribution Rate is likely to rise or fall from one Outcome Period to the next. Account fees will lower the Defined Distribution Rate received by shareholders.

There is no guarantee that the Fund will be successful in its attempt to implement the Barrier. Fund shareholders also will be subject to all losses experienced by the U.S. Equity Index if the U.S. Equity Index experiences losses that exceed the Barrier at the end of the Outcome Period. If at the end of the Outcome Period the U.S. Equity Index has experienced a positive price return, or price return losses that are less than the Barrier, the Fund is designed to provide returns that equal the Distribution Rate. However, if the U.S. Equity Index has decreased in value below the Barrier at the end of the Outcome Period, the Fund's investments will generate Outcomes that equal the Distribution Rate less the entirety of the U.S. Equity Index's losses over the course of the Outcome Period. The Fund will not benefit from any increases in the U.S. Equity Index over the course of an Outcome Period but is subject to the possibility of significant losses experienced by the U.S. Equity Index if the value of the U.S. Equity Index drops below the Barrier at the end of the Outcome Period. An investor could lose its entire investment. The Fund will not receive or benefit from any dividend payments made by the constituents of the U.S. Equity Index.

Investing involves risks. Loss of principal is possible. The Funds face numerous market trading risks, including active markets risk, authorized participation concentration risk, buffered loss risk, cap change risk, capped upside return risk, correlation risk, liquidity risk, management risk, market maker risk, market risk, non-diversification risk, operation risk, options risk, trading issues risk, upside participation risk and valuation risk. For a detail list of fund risks see the prospectus.

Non-U.S. securities and Emerging Markets are subject to higher volatility than securities of domestic issuers due to possible adverse political, social or economic developments, restrictions on foreign investment or exchange of securities, lack of liquidity, currency exchange rates, excessive taxation, government seizure of assets, different legal or accounting standards, and less government supervision and regulation of securities exchanges in foreign countries.

FLEX Options Risk. The Fund will utilize FLEX Options issued and guaranteed for settlement by the Options Clearing Corporation (OCC). In the unlikely event that the OCC becomes insolvent or is otherwise unable to meet its settlement obligations,

Outcome ETFs are fully transparent and more flexible than the typical structured products you might find in the market. A summary of risks is listed at the end of this document, and more information is available in the prospectus. Please read it carefully.

Do these ETFs track an index?

No. Innovator Defined Outcome ETFs are actively managed. However, a Cboe S&P 500 Target Outcome Index Series has been developed by Milliman Financial Risk Management LLC, S&P Dow Jones, and Cboe, for those interested in viewing historical performance of these types of buffer strategies.

the Fund could suffer significant losses. Additionally, FLEX Options may be less liquid than standard options. In a less liquid market for the FLEX Options, the Fund may have difficulty closing out certain FLEX Options positions at desired times and prices. The values of FLEX Options do not increase or decrease at the same rate as the reference asset and may vary due to factors other than the price of reference asset.

These Funds are designed to provide point-to-point exposure to the price return of the reference asset via a basket of Flex Options. As a result, the ETFs are not expected to move directly in line with the reference asset during the interim period.

Investors purchasing shares after an outcome period has begun may experience very different results than funds' investment objective. Initial outcome periods are approximately 1-year beginning on the funds' inception date. Following the initial outcome period, each subsequent outcome period will begin on the first day of the month the fund was accepted. After the conclusion of an outcome period, another will begin.

Fund shareholders are subject to an upside return cap (the "Cap") that represents the maximum percentage return an investor can achieve from an investment in the funds' for the Outcome Period, before fees and expenses. If the Outcome Period has begun and the Fund has increased in value to a level near to the Cap, an investor purchasing at that price has little or no ability to achieve gains but remains vulnerable to downside risks. Additionally, the Cap may rise or fall from one Outcome Period to the next. The Cap, and the Fund's position relative to it, should be considered before investing in the Fund. The Funds' website, www.innovatoretf.com, provides important Fund information as well information relating to the potential outcomes of an investment in a Fund on a daily basis.

The Funds only seek to provide shareholders that hold shares for the entire Outcome Period with their respective buffer level against reference asset losses during the Outcome Period. You will bear all reference asset losses exceeding the buffer. Depending upon market conditions at the time of purchase, a shareholder that purchases shares after the Outcome Period has begun may also lose their entire investment. For instance, if the Outcome Period has begun and the Fund has decreased in value beyond the pre-determined buffer, an investor purchasing shares at that price may not benefit from the buffer. Similarly, if the Outcome Period has begun and the Fund has increased in value, an investor purchasing shares at that price may not benefit from the buffer until the Fund's value has decreased to its value at the commencement of the Outcome Period.

The following marks: Accelerated ETFs®, Accelerated Plus ETF®, Accelerated Return ETFs®, Barrier ETF™, Buffer ETF™, Defined Outcome Bond ETF®, Defined Outcome ETFs™, Defined Protection ETF™, Define Your Future®, Enhanced ETF™, Floor ETF®, Innovator ETFs™, Leading The Defined Outcome ETF Revolution™, Managed Buffer ETFs®, Managed Outcome ETFs®, Step-Up™, Step-Up ETFs™, Target Protection ETF™ and all related names, logos, product and service names, designs, and slogans are the trademarks of Innovator Capital Management, LLC, its affiliates or licensors. Use of these terms is strictly prohibited without proper written authorization.

The Funds' investment objectives, risks, charges and expenses should be considered before investing. The prospectus contains this and other important information, and it may be obtained at innovatoretf.com. Read it carefully before investing.

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