# How to get Started with Buffer ETFs™

Buffer ETFs™ seek to offer many benefits, helping investors narrow the range of potential outcomes, implement specific investment views, and enter the equity market with greater confidence. Given the large number of ETFs available, however, it may be challenging to determine where to begin and how to implement Buffer ETFs™ into a portfolio.

Below, we explore three of the most common ways Buffer ETFs™ are being implemented and discuss the potential benefits of each approach.

**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.**

## OPTION 1: STATIC ALLOCATION, BUY AT THE START OF THE OUTCOME PERIOD

### STRATEGY:

- Allocate to a single Buffer ETF™ at the start of its 12-month outcome period
- Hold through the entire outcome period to realize the defined outcome

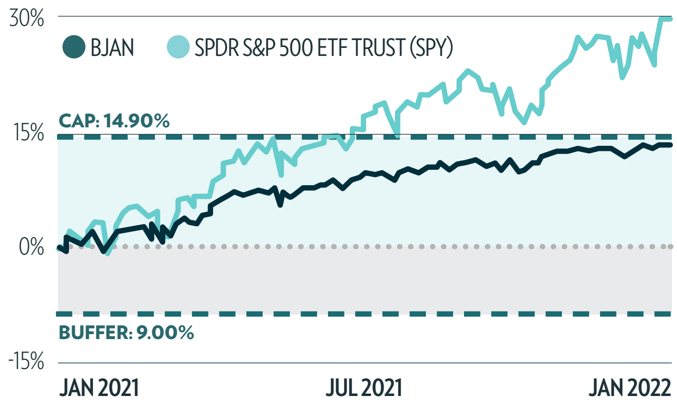
### POTENTIAL BENEFITS:

- Full starting outcome parameters are known
- Potentially achieve a defined outcome
- Simplicity

### EXAMPLE AND RESULTS:

- Purchase BJAN on December 31, 2020 with a starting cap of 14.90% and a starting buffer of 9%.
- Reference asset (SPY), finishes up 27%.
- BJAN delivers on the defined outcome, providing a total return of 13.98% with 55% of the volatility of the S&P 500 Index.

**BJAN PERFORMANCE OVER THE OUTCOME PERIOD**




*Performance quoted represents past performance, which is no guarantee of future results. Investment returns and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. Returns less than one year are cumulative. One cannot invest directly in an index. For the most recent month-end and standardized performance, visit www.innovatoretfs.com/bjan.*

## OPTION 2: LADDERING ON A MONTHLY, QUARTERLY, OR SEMI-ANNUALLY BASIS

### STRATEGY:

- Begin with 2, 4, or 12 ETFs, each with the same buffer level (9%, 15% or 30%).
- Equally weight
- Systematically rebalance

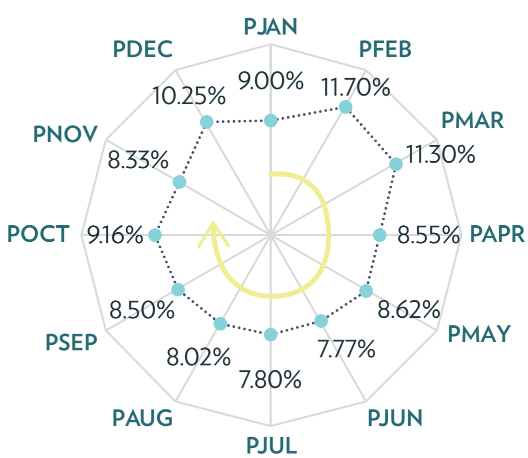
### POTENTIAL BENEFITS:

- Avoid the need to evaluate a monthly series of Buffer ETFs™
- Maintain low volatility
- Diversified exposure

### EXAMPLE AND RESULTS:

- Allocate 25% to PJAN, 25% to PAPR, 25% to PJUL, 25% to POCT

**15% BUFFER ETF™: 2021 CAP LEVELS**




The outcomes that the Fund seeks to provide may only be realized if you are holding shares on the first day of the Outcome Period and continue to hold them on the last day of the Outcome Period, approximately one year. There is no guarantee that the Outcomes for an Outcome Period will be realized or that the Fund will achieve its investment objective.

**15% BUFFER PERFORMANCE: EARLIEST COMMON INCEPTION**

| APR. 2020 – JAN. 2022 | RETURN | VOLATILITY |
|---|---|---|
| Semi-Annual Laddered (2 ETFs) | 10.5% | 5.4% |
| Quarterly Laddered (4 ETFs) | 10.9% | 4.8% |
| Monthly Laddered (12 ETFs) | 11.4% | 5.0% |

FOR ILLUSTRATIVE PURPOSES ONLY. Does not represent an actual investment. There is no guarantee a fund will achieve its buffer objective.

For portfolio managers interested in a single ticket solution, Innovator offers two Laddered Allocation ETFs:

15% BUFFER **BUFF** Innovator Laddered Allocation Power Buffer ETF

9% BUFFER **BUFB** Innovator Laddered Allocation Buffer ETF

## OPTION 3: OPPORTUNISTIC

### STRATEGY:

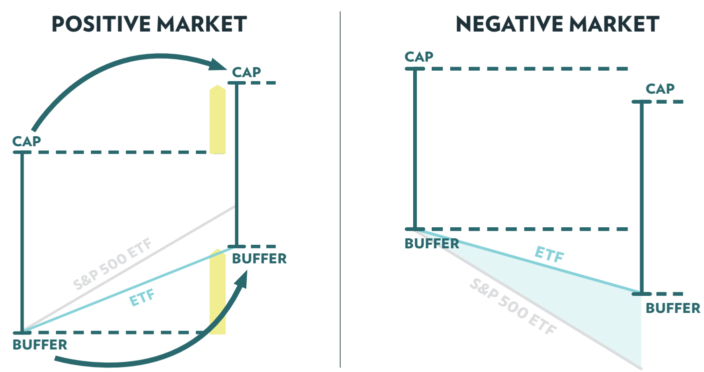
- Purchase a Buffer ETF™ with the desired buffer level (9%, 15%, or 30%)
- Evaluate systematically for opportunistic portfolio resets
- If performance exceeds predetermined positive or negative threshold, rotate or "step-up" into the ETF that is closest to the start of its next outcome period, providing a fresh buffer and cap.

### POTENTIAL BENEFITS:

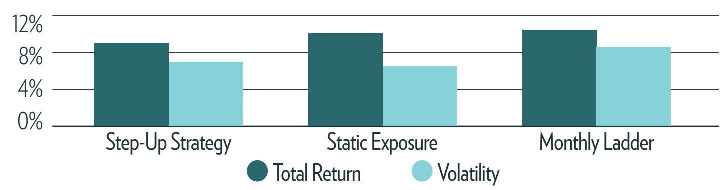
- Potential for outperformance compared to a static buffer strategy by attempting to capture gains in up markets and cutting losses in down markets

### EXAMPLE AND RESULTS:

- If the outcome-period return of the 15% Buffer ETF™ is +4% or -1% at the end of the month, rotate into the respective 15% Buffer ETF™ that resets at the end of that month.




**2020 & 2021 RETURNS & VOLATILITY**




The hypothetical graphical illustration provided above is designed to illustrate the Outcomes based upon the hypothetical performances of the Underlying ETFs for a shareholder that holds Fund Shares for the entirety of the Outcome Period. There is no guarantee that the Fund will be successful in its attempt to provide the Outcomes for an Outcome Period. The graph does not represent all market scenarios. The returns that the Fund seeks to provide do not include the costs associated with purchasing shares of the Fund and certain expenses incurred by the Fund.

For portfolio managers interested in a single ticket solution, Innovator offers two opportunistic step-up ETFs:

9% BUFFER **BSTP** Innovator Buffer Step-Up Strategy ETF

15% BUFFER **PSTP** Innovator Power Buffer Step-Up Strategy ETF

## CONCLUSION

While there are a variety of ways to invest in Buffer ETFs™ that may provide marginally different experiences in the short term, over the long run, we believe each of the strategies described above enables investors to capitalize on the benefits of Buffer ETFs™.

INNOVATOR
exchange-traded funds

## STANDARDIZED PERFORMANCE

| FUND NAME | TICKER | NAV YTD | NAV 1 YEAR | NAV 3 YEAR | NAV INCEPTION | MARKET PRICE YTD | MARKET PRICE 1 YEAR | MARKET PRICE 3 YEAR | MARKET PRICE INCEPTION | INCEPTION DATE |
|---|---|---|---|---|---|---|---|---|---|---|
| Innovator U.S. Equity Buffer ETF™ - Jan | BJAN | 13.98% | 13.98% | 15.90% | 15.90% | 13.86% | 13.86% | 15.90% | 15.90% | 12/31/2018 |
| Innovator U.S. Equity Power Buffer ETF™ - Jan | PJAN | 8.87% | 8.87% | 9.86% | 9.86% | 8.80% | 8.80% | 9.88% | 9.88% | 12/31/2018 |
| Innovator U.S. Equity Power Buffer ETF™ - Apr | PAPR | 7.39% | 7.39% | - | 7.27% | 7.51% | 7.51% | - | 7.22% | 3/29/2019 |
| Innovator U.S. Equity Power Buffer ETF™ - Jul | PJUL | 6.70% | 6.70% | 9.00% | 6.33% | 7.20% | 7.20% | 9.03% | 6.41% | 8/7/2018 |
| Innovator U.S. Equity Power Buffer ETF™ - Oct | POCT | 9.13% | 9.13% | 10.67% | 7.57% | 9.46% | 9.46% | 10.88% | 7.65% | 9/28/2018 |

*Data as of 12/31/2021. Expense ratio: 0.79% Performance quoted represents past performance, which is no guarantee of future results. Investment returns and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. Returns less than one year are cumulative.*

**Volatility** - The dispersion of returns around the mean

**Investing involves risks, and loss of principal is possible.**

**Step-Up Strategy ETF Risks:** Step-Up Management Risk The Fund is subject to management risk because it is an actively managed portfolio. The Sub-Adviser will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that the Fund will meet its investment objective.

**Step-Up Strategy Risk** There is no guarantee the Fund will be successful in implementing a step-up strategy. In order to provide the Buffer, the Fund's strategy is subject to maximum potential gains. This maximum potential gain will likely change at each resetting of the Option's Portfolio. In the event an investor purchases Shares after the FLEX Option contracts were entered into and prior to a step-up or the expiration of such option contracts, there may be little or no ability for that investor to experience an investment gain on their Shares or little or no ability to benefit from the Buffer until the Sub-Adviser rebalances the Fund's Options Portfolio. However, there is no guarantee that, at the end of any given month, the Fund will be able to enter a more advantageous Options Portfolio and implement the step-up mechanism.

The Fund's step-up strategy may result in performance that is lower than that of the Underlying ETF or of a fund with an options portfolio that does not implement a step-up strategy. Because the value of the Options Portfolio does not increase or decrease at the same rate as the Underlying ETF's share price on a day-to-day basis (although they generally move in the same direction) there will be periods of time in which the Fund's NAV underperforms the price return of the Underlying ETF. In this situation, if the Sub-Adviser rebalances the Options Portfolio prior to its one-year expiration in accordance with the step-up strategy, the Fund may have underperformed the Underlying ETF for that period of time. Similarly, the Sub-Adviser may elect to reset the Fund's Options Portfolio at a point in time in which the Fund has utilized all or a portion of its Buffer. While this will provide shareholders with the potential of an additional Buffer, the Options Portfolio would simultaneously reset its maximum gain potential and could lower the Fund's upside performance potential over certain time periods.

**Buffer Risk** There can be no guarantee that the Fund will be successful in providing the Buffer. A shareholder may lose their entire investment. The Buffer is provided at the expiration of the options contracts. Any interim losses experienced by the Underlying ETF may be experienced by the Fund and its shareholders. Because the Options Portfolio provides a Buffer against the first 9% or 15% of Underlying ETF losses only for the duration of the one-year term of the options contract, it is possible that, during the term of any Options Portfolio, shareholders will realize some losses on initial price decreases of the Underlying ETF of less than 9% or 15%. These potential losses are possible even if a shareholder remained in the Fund for a one-year period after an Options Portfolio was established, as it is likely that the Options Portfolio will reset during that time.

**Buffer Step-Up ETF Risks:** The Funds, in accordance with the respective index, will be continuously invested in a laddered portfolio of the twelve Underlying ETFs. The index is rebalanced semi-annually such that each Underlying ETF will constitute 1/12 of the Index portfolio before fees and expenses. Each Underlying ETF seeks to match the performance of the SPDR S&P 500 ETF Trust (SPY), up to a specified cap, while buffering against a 9% or 15% loss over the course of an approximately one-year time period that begins on the first trading day of the month indicated in the Underlying ETF's name when the fund enters into its FLEX Option positions and ends on the market's closure on the last trading day of the month immediately preceding the month indicated its name when those FLEX Options expire. There is no guarantee that the defined outcome strategy of an Underlying ETF in any given Outcome Period will be achieved.
Fund-of-Funds Risk As the Fund invests in Underlying ETFs, the Fund also has exposure to additional risks as well, which includes numerous market trading risks, active market risk, authorized participant concentration risk, buffered loss risk, cap change risk, cap 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 detailed list of risks to the Fund, see the prospectus. As each Underlying ETF may be invested in FLexible EXchange® Options ("FLEX Options") that reference the SPDR S&P 500 ETF Trust, 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 Fund is a "fund-of-funds" and does not itself pursue a defined outcome strategy, nor does it seek to provide a buffer against reference asset losses. Depending upon prevailing market conditions, an investor purchasing Shares of the Fund may experience investment returns that underperform the investment returns provided by the Underlying ETFs themselves because one or more Underlying ETFs may have exhausted the buffer that it seeks to provide or have little upside available due to the reference asset return being close to or exceeding to its Cap. Additionally, as a shareholder in other ETFs, the Fund bears its proportionate share of each ETF's expenses, subjecting Fund shareholders to duplicative expenses.

The Index seeks to provide laddered investing in the Underlying ETFs. Laddered investing refers to investments in several similar securities that have different maturities or reset dates, with the goal of mitigating timing risks associated with investing in a single investment. The laddered approach of the Index is designed to help an investor offset some of the timing risks inherent in the purchase of shares of a single Underlying ETF.

**Buffer ETF Risks:** The funds only seek to provide their investment objective, which is not guaranteed, over the course of an entire outcome period. Investors who purchase shares after or sell shares before the end of an outcome period will experience very different outcomes than the funds seek to provide.
The Funds are designed to provide point-to-point exposure to the price return of a 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. 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.

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

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