

Lenwood Volatility Control Index

Quarterly Performance Report

June 30, 2017



INDEX METHODOLOGIES

Index Methodologies, LLC

Executive Summary

- After modest first quarter 2017 U.S. Gross Domestic Product (GDP) of 1.4%, “Bloomberg-surveyed economists still has growth accelerating to 3.0% in the second quarter¹” (estimated). These prospects for accelerated growth have given the Federal Reserve the impetus to continue to “slowly scale back accommodative policy”¹ with another rate increase implemented in June 2017.
- “Business and consumer surveys show a dramatic increase in economic confidence and optimism since the U.S. elections.”⁴ The combination of persistent low inflation, global “synchronized”⁴ economic growth, a stable to slightly lower U.S dollar (down nearly 5%) and solid business profits pushed the equity markets higher in the second quarter. The S&P 500 increased 3.09% in the period while bonds increased 1.45% as measured by the Bloomberg Barclays Aggregate Bond Index.
- The Lenwood Volatility Control Index strategy also experienced solid performance of 2.27% for the quarter with an average exposure of 37% to both the S&P 500 Total Return Index and the S&P 500 Low Volatility Total Return Index. Fixed income elements in the Lenwood index’s dynamic monthly portfolio was nearly 17%. The index continues to be a top quartile performer in the U.S. fixed index annuity industry in 2017.

Sources: LPL Research’s “Market Insight Quarterly” as of 7/12/17¹, Fidelity Investments’ “Third Quarter 2017 Quarterly Market Update”², JPMorgan “Market Insights: Guide to the Markets”³ as of 6/30/17, U.S. Trust’s “Investment Strategy Committee Viewpoint”⁴ as of July 2017, U.S. Department of Commerce Bureau of Economic Analysis website

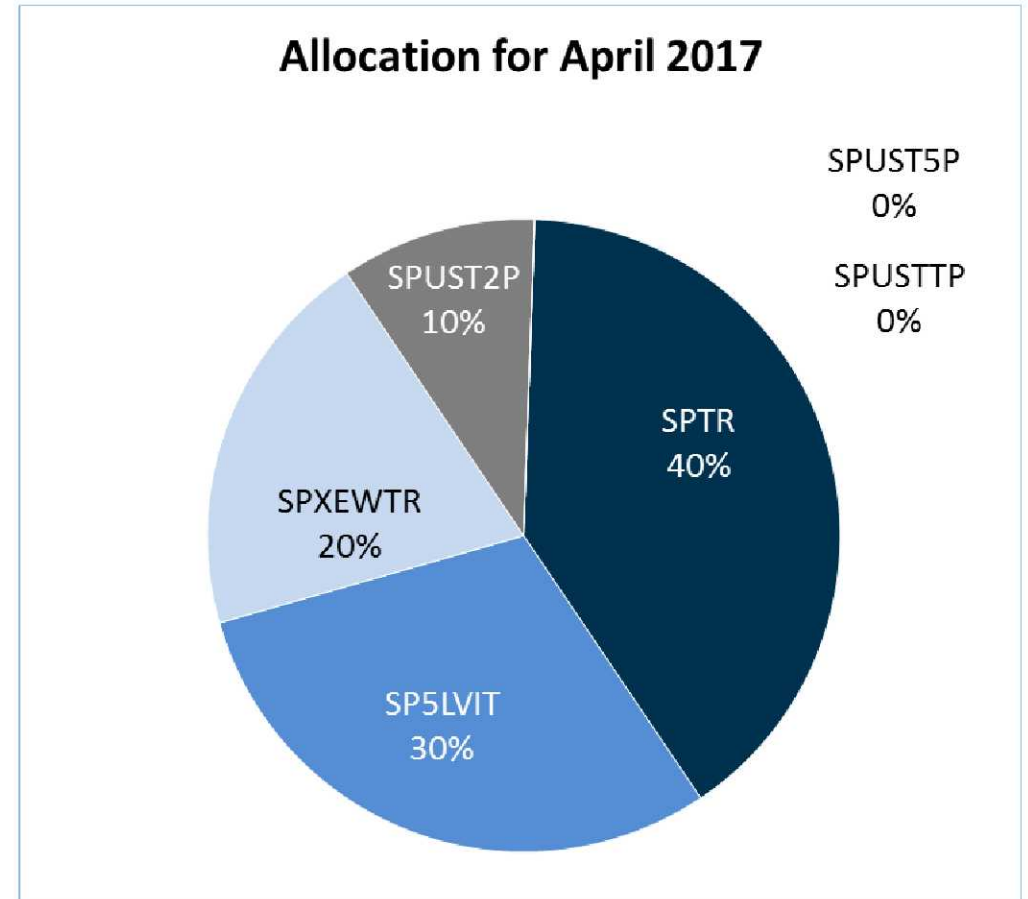
LVCI Constituents for April 2017

Universe of LVCI Constituents

Underlying Index	Bloomberg Ticker
S&P 500 Total Return Index	SPTR Index
S&P 500 Low Volatility Total Return Index	SP5LVIT Index
S&P 500 Equal Weight Total Return Index	SPXEWTR Index
S&P 2-Yr U.S. Treasury Note Futures Index ER	SPUST2P Index
S&P 5-Yr U.S Treasury Note Futures Index ER	SPUST5P Index
S&P 10-Yr U.S. Treasury Note Futures Index ER	SPUSTTP Index

Top Four LVCI Constituents with Non-Zero Weight

Rank of Relative Strength	Bloomberg Ticker
1	SPTR Index
2	SP5LVIT Index
3	SPXEWTR Index
4	SPUST2P Index



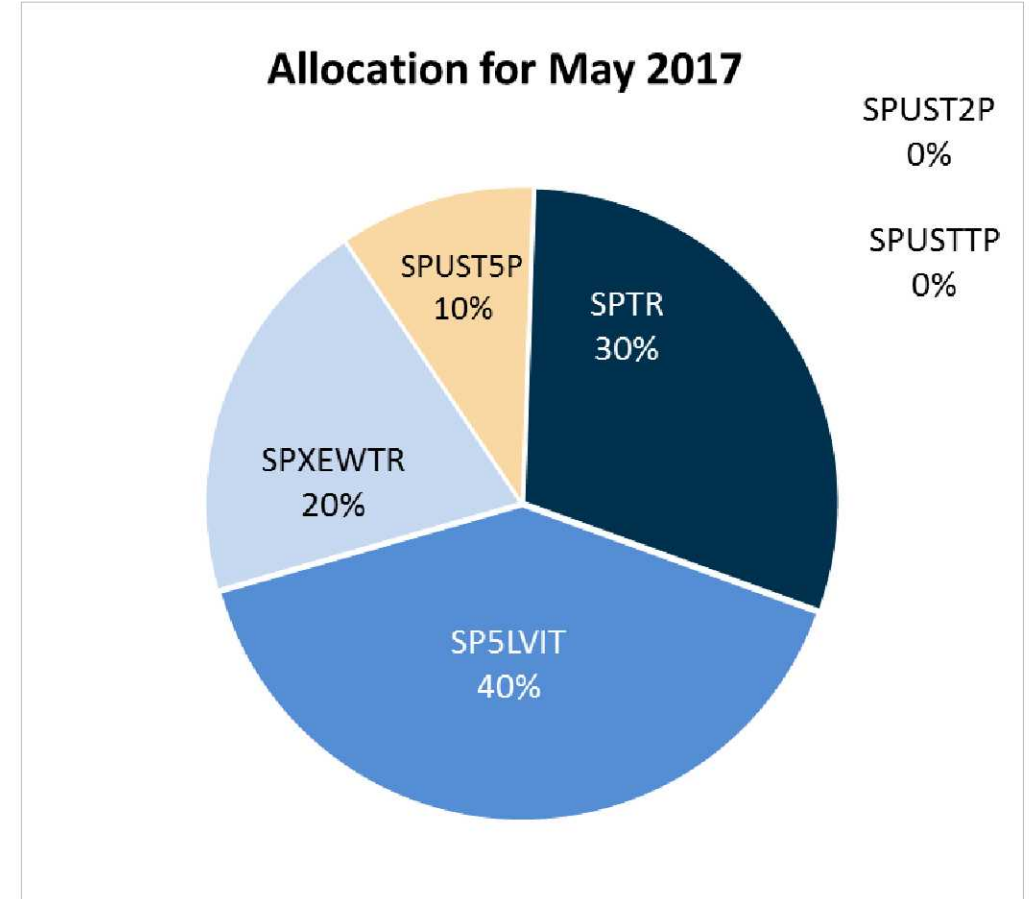
LVCI Constituents for May 2017

Universe of LVCI Constituents

Underlying Index	Bloomberg Ticker
S&P 500 Total Return Index	SPTR Index
S&P 500 Low Volatility Total Return Index	SP5LVIT Index
S&P 500 Equal Weight Total Return Index	SPXEWTR Index
S&P 2-Yr U.S. Treasury Note Futures Index ER	SPUST2P Index
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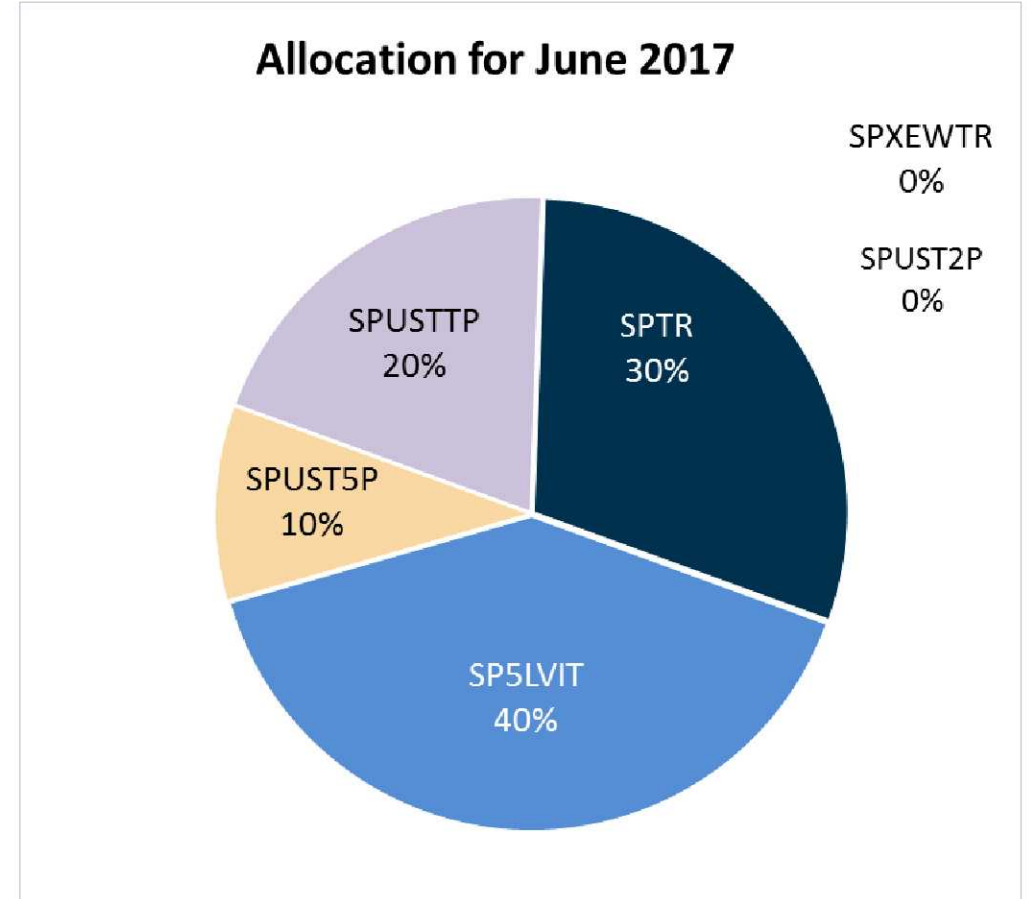
LVCI Constituents for June 2017

Universe of LVCI Constituents

Underlying Index	Bloomberg Ticker
S&P 500 Total Return Index	SPTR Index
S&P 500 Low Volatility Total Return Index	SP5LVIT Index
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Top Four LVCI Constituents with Non-Zero Weight

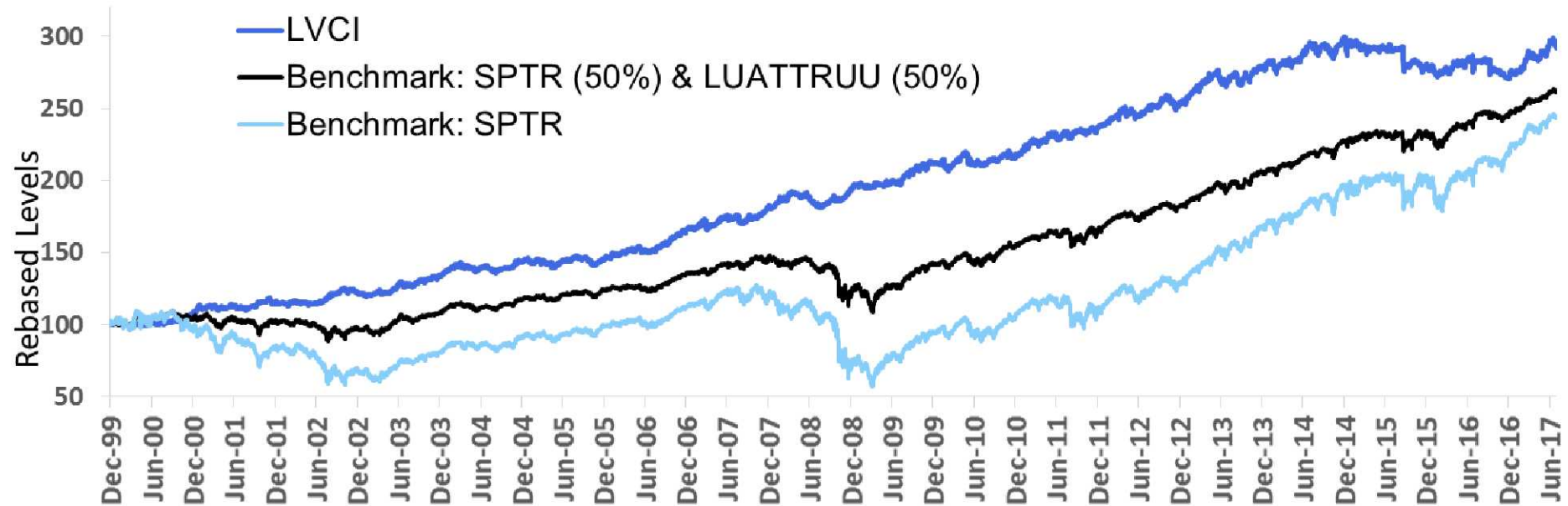
Rank of Relative Strength	Bloomberg Ticker
1	SP5LVIT Index
2	SPTR Index
3	SPUSTTP Index
4	SPUST5P Index



Historical Performance of LVCI vs. Benchmarks

(December 01, 1999 – June 30, 2017)*

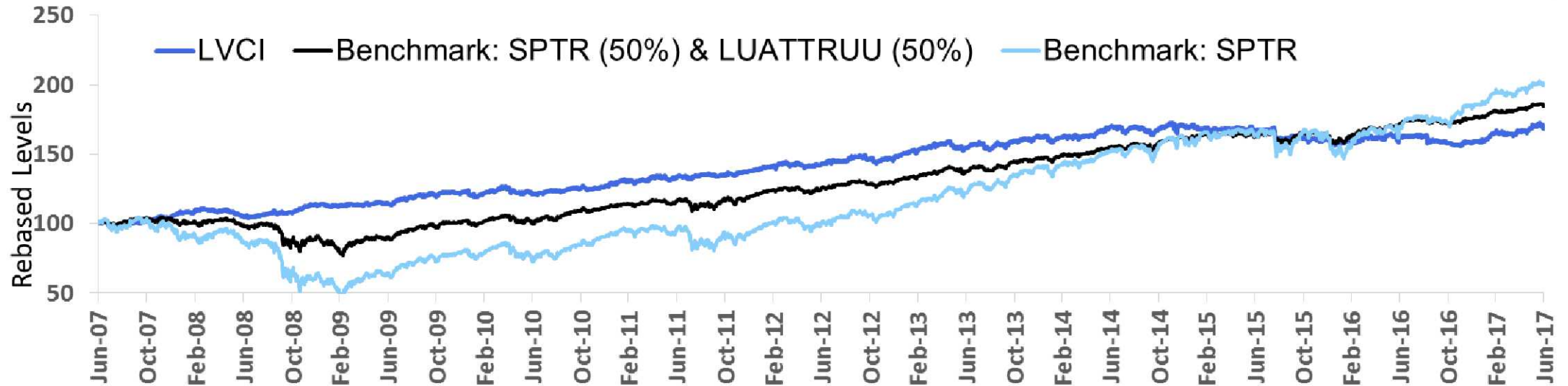
	Annualized Return	Standard Deviation	Sharpe Ratio	Crisis drawdown (Oct 2007 to Oct 2008)
LVCI	6.30%	5.97%	1.05	-5.99%
Benchmark: SPTR (50%) & LUATTRUU (50%)	5.61%	9.19%	0.61	-20.93%
Benchmark: SPTR	5.19%	19.57%	0.27	-44.55%



*Simulated performance period: December 01, 1999 to May 27, 2014; Actual performance period: May 28, 2014 onwards

10 Years Performance of LVCI vs. Benchmarks

(June 30, 2007 – June 30, 2017)



Returns for the period ending June 30, 2017**					
	MTD	QTD	YTD	One year	Since inception*
LVCI	-0.21%	2.27%	6.95%	4.11%	6.30%
Benchmark: SPTR (50%) & LUATTRUU (50%)	0.24%	2.16%	5.59%	7.80%	5.61%
Benchmark: SPTR	0.62%	3.09%	9.34%	17.90%	5.19%

*Simulated performance period: December 01, 1999 to May 27, 2014; Actual performance period: May 28, 2014 onwards

**Returns for MTD, QTD, YTD and One year; Annualized returns for the period 'Since Inception'

Performance: LVCI vs. Constituents



Historical Performance for the Period: December 01, 1999 – June 30, 2017*				
	Annualized Return	Standard Deviation	Sharpe Ratio	Crisis drawdown (Oct 2007 to Oct 2008)
LVCI	6.30%	5.97%	1.05	-5.99%
SPTR	5.19%	19.57%	0.27	-44.55%
SP5LVIT	9.81%	14.36%	0.68	-31.38%
SPXEWTR	9.16%	20.91%	0.44	-48.42%
SPUST2P	1.42%	1.59%	0.90	-2.36%
SPUST5P	3.18%	4.01%	0.79	-5.06%
SPUSTTP	4.37%	6.20%	0.71	-5.95%

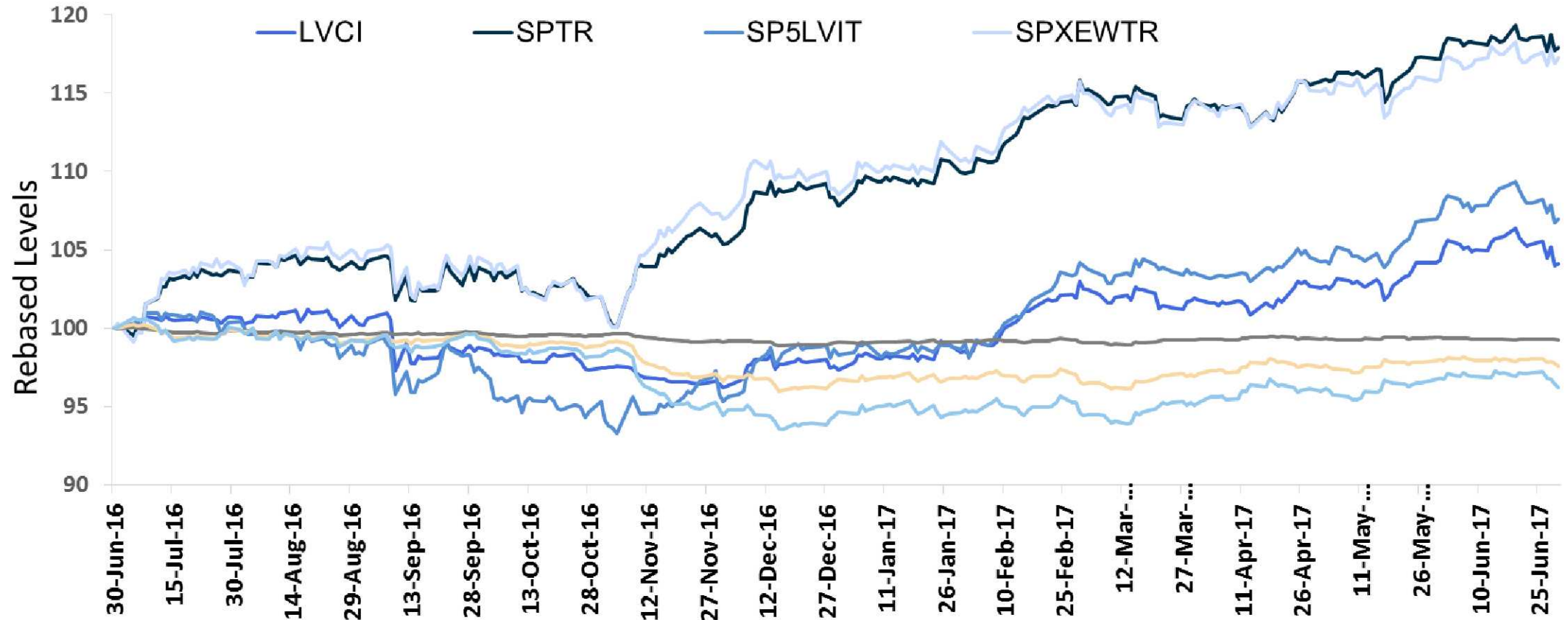
Returns for the period ending June 30, 2017**					
	MTD	QTD	YTD	One year	Since Inception*
LVCI	-0.21%	2.27%	6.95%	4.11%	6.30%
SPTR	0.62%	3.09%	9.34%	17.90%	5.19%
SP5LVIT	-0.32%	3.48%	8.87%	6.99%	9.81%
SPXEWTR	1.20%	2.50%	8.05%	17.26%	9.16%
SPUST2P	-0.18%	-0.05%	0.12%	-0.78%	1.42%
SPUST5P	-0.40%	0.54%	0.90%	-2.42%	3.18%
SPUSTTP	-0.60%	1.03%	1.68%	-3.77%	4.37%

*Simulated performance period: December 01, 1999 to May 27, 2014; Actual performance period: May 28, 2014 onwards

**Returns for MTD, QTD, YTD and One year; Annualized returns for the period 'Since Inception'

1 Year Performance of LVCI vs. Constituents

(June 30, 2016 – Jun 30, 2017)



Disclaimer

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Performance

Simulated Operating History

The Index will be first calculated on a live basis on or around the Live Date and therefore lacks actual historical performance. The Calculation Agent and the Sponsor have retrospectively calculated the closing levels of the Index from the Base Date to but excluding the Live Date. However, because the Index will not be calculated before the Live Date, all such retrospective closing levels are simulated and must be considered hypothetical and illustrative only.

Simulated data prior to the Live Date may be constructed using certain procedures that vary from the procedures used to calculate the Index following its establishment and on the basis of certain assumptions that may not apply in the future. Although these assumptions are considered reasonable or necessary, the variations used in producing simulated historical data from those used to calculate the Index going forward could produce variations in returns of indeterminate direction and amount.

In particular, simulated history for the period from December 31, 1991 to one day prior to Live Date was constructed in two parts: from December 31, 1991 to December 1, 1999 bond futures with Bloomberg tickers TU1 Comdty, FV1 Comdty and TY1 comdty are used. To make the simulated history more representative, from December 2, 1999 to one day prior to Live Date, S&P excess return bond indices with Bloomberg tickers SPUST2P Index, SPUST5P Index, and SPUSTTP Index are used. December 1, 1999 is the earliest date for which S&P excess return indices are available.

To generate live Index Levels US Treasury Note Futures indices with Bloomberg tickers SPUST2P Index, SPUST5P Index, and SPUSTTP Index shall be used as the underlyings.

The actual performance of the Index may be materially different from the results presented in any Simulated Operating History relating to the Index. Past performance should not be considered indicative of future performance.

Future Index Performance

No assurance can be given that the strategies employed by the Calculation Agent and/or the Sponsor will be successful or that the return on the Index, as demonstrated by the Simulated Operating History, will continue in the future. The Simulated Operating History should not be considered indicative of future performance of the Index as markets are unpredictable.

There can be no assurance that the Index will generate positive returns or outperform any benchmark index or alternative strategy.

For the period using Bloomberg rolled futures, the following Bloomberg settings are used: Prices "Ratio", Adjusted "2", Days "Relative to First Notice".



LVCI Methodology

