

Lenwood Volatility Control Index

Quarterly Performance Report

March 31, 2016



INDEX METHODOLOGIES

Index Methodologies, LLC

Executive Summary

- Global equities mapped a V-shaped trajectory, despite some large daily swings, over heightened concerns about China’s outlook and the greater global economy. Equities fell sharply to mid-February 2016 and then rebounded to end the first quarter nearly flat. Worldwide central banks’ actions and a recovery in the price of oil were important contributors to the market rebound.
- Bonds had a strong first quarter as interest rates declined across the fixed income yield curve. The Lenwood index had substantial bond allocations in February and March during the sharp equity downturn and positioned the index for positive first quarter performance. The benchmark Barclays Aggregate Bond Index had a 3.0% return for the quarter, the index’s largest quarterly return since 2011. LVCI’s fixed income underlying components, the 2, 5 and 10 year U.S. Treasury Note Futures Indexes had returns of 0.75, 2.54 and 3.92%, respectively.
- Followers of the Lenwood Volatility Control Index will recall the steep equity market plunges in August and October of 2015 which caused the fully-rules-based LVCI index to position itself with a defensive portfolio structure. That same plunging and recovery scenario played out again in the first quarter of 2016 when U.S. and global equity markets tanked in the beginning of the year through mid-February. January’s equity markets’ decline caused the Lenwood index portfolio in February to only allocate 30% to equities and the balance to fixed income and 90 day USD LIBOR assets. That portfolio allowed the index to reflect positive performance in February while most other equity benchmark indices remained negative.
- In March, the Lenwood Volatility Control Index’s rules furthered the defensive portfolio structure based on January and February equity markets’ turmoil. The 20% allocation to equities for the month did not allow the LVCI index to broadly participate in the sizeable equity markets’ recovery during the month. While the Lenwood index posted a highly-respectable 1.81% for the month, even while in a highly defensive posture, the S&P 500 Total Return Index benchmark itself increased 6.78% in March.
 - **Lenwood Volatility Control Index performance for 1st Quarter 2016:** **0.98%**
 - **Benchmark 1: S&P 500 Total Return Index for 1st Quarter 2016 :** **1.35%**

Sources: Fidelity Investments’ “Second Quarter 2016 Quarterly Market Update”¹, JPMorgan’s “Market Insights: Guide to the Markets”[®] as of 3/31/16, “Schroders Quarterly Markets Review”, April 2016, U.S. Department of Commerce Bureau of Economic Analysis website, Bloomberg News

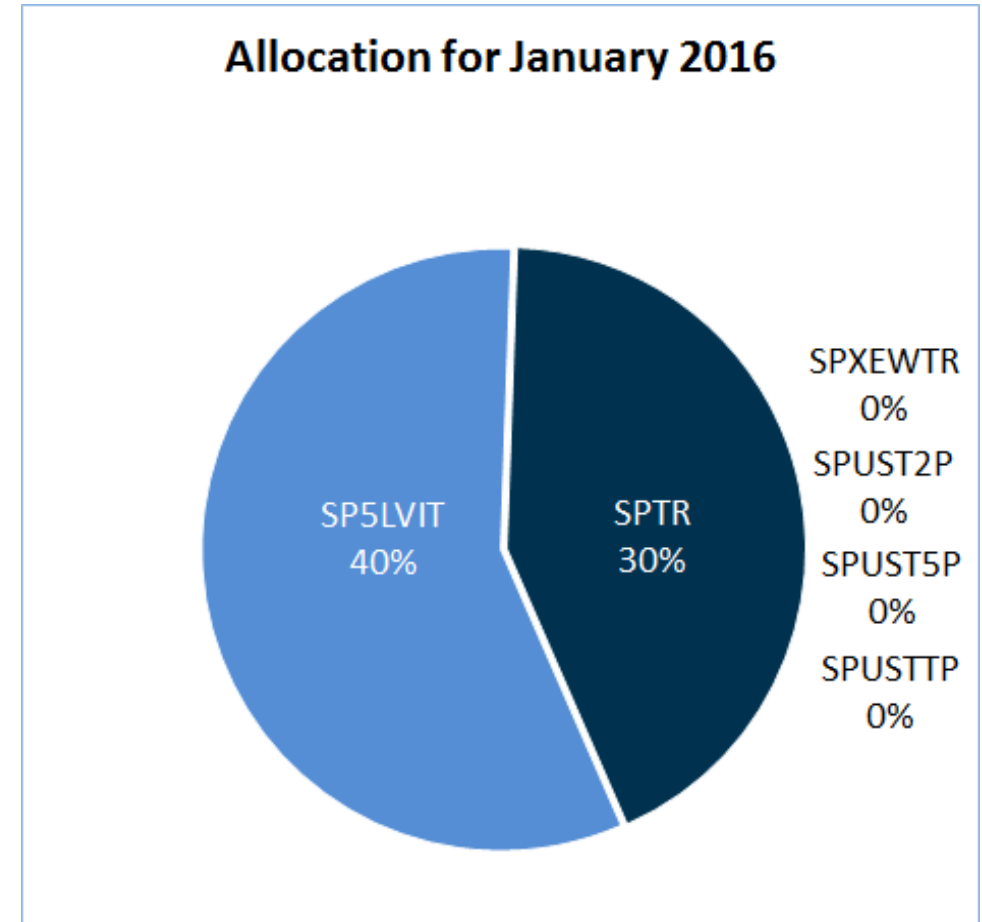
LVCI Constituents for January 2016

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	SP5LVIT Index
2	SPTR Index
3	-
4	-



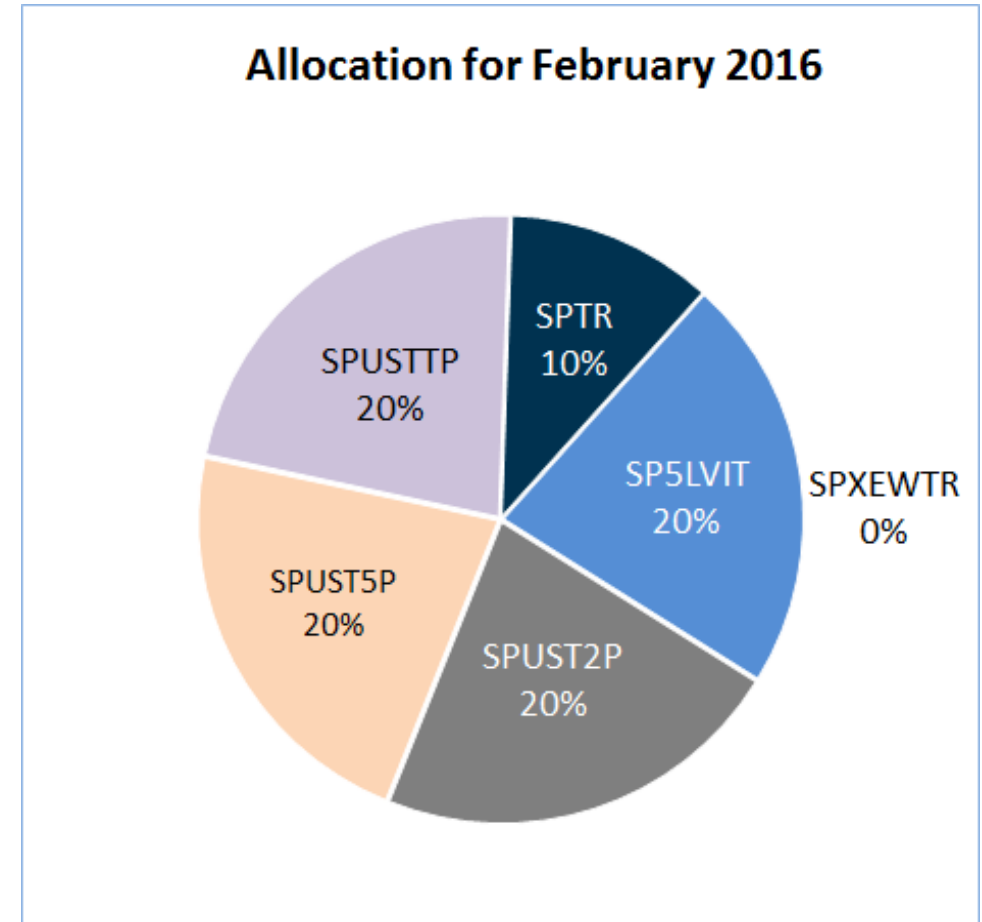
LVCI Constituents for February 2016

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	SPUST5P Index
2	SPUSTTP Index
3	SPUST2P Index
4	-



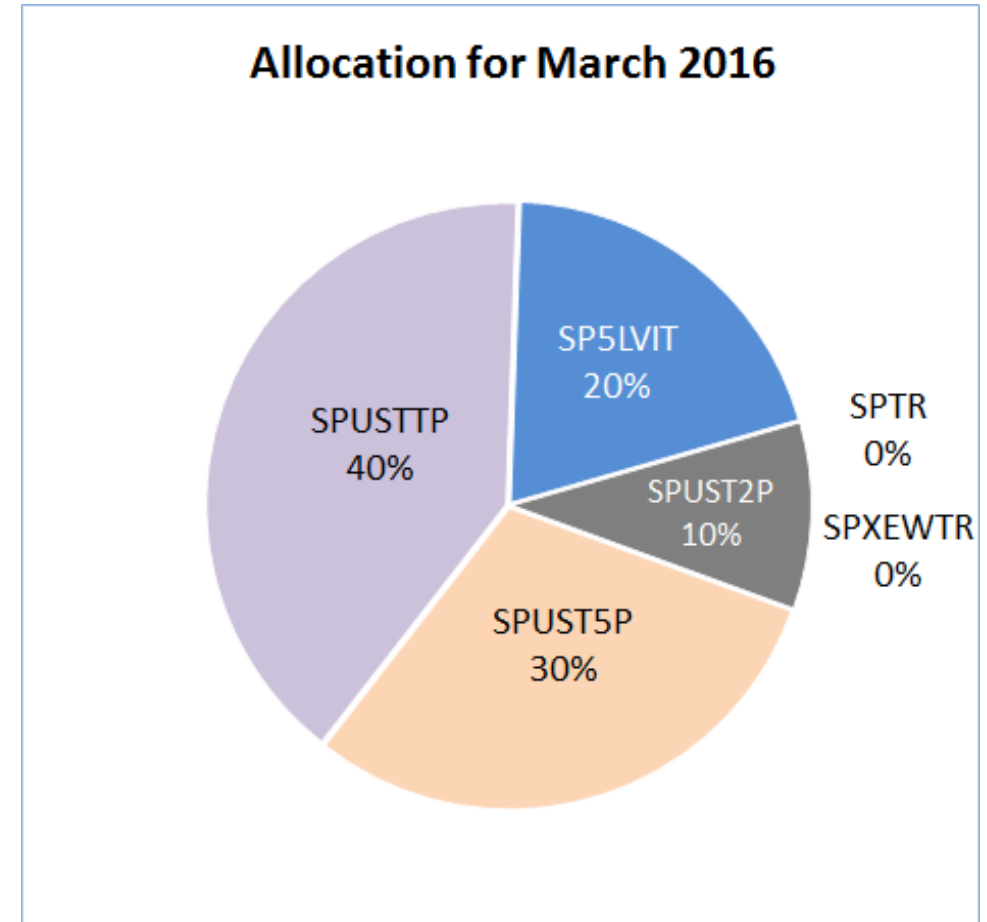
LVCI Constituents for March 2016

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	SPUSTTP Index
2	SPUST5P Index
3	SP5LVIT Index
4	SPUST2P Index

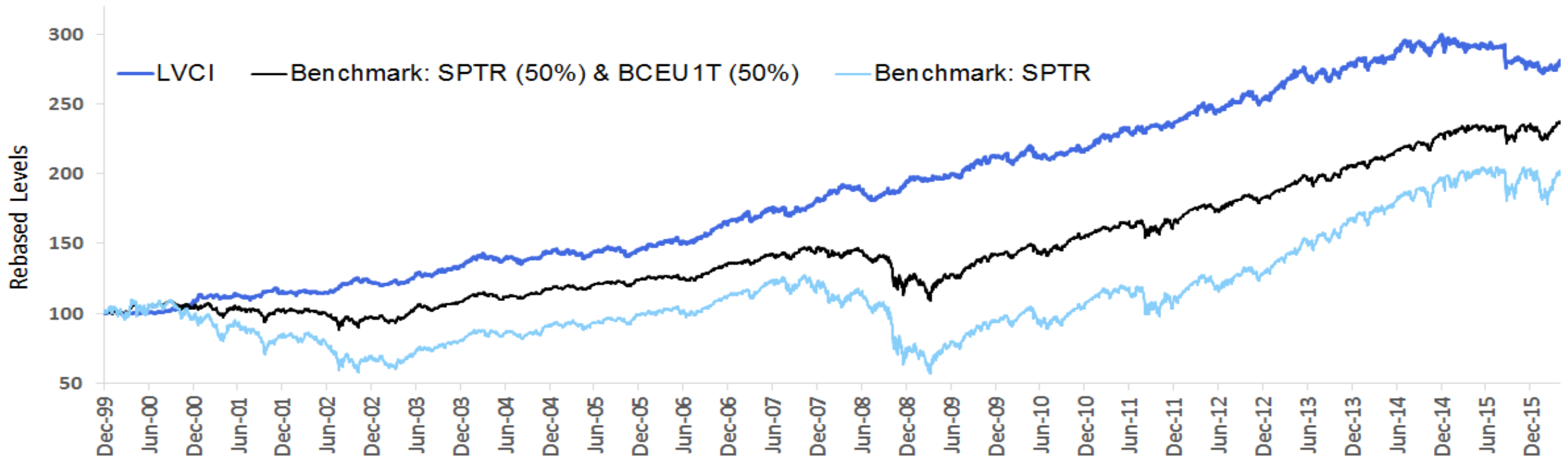


Historical Performance of LVCI vs. Benchmarks

(December 01, 1999 – March 31, 2016)*



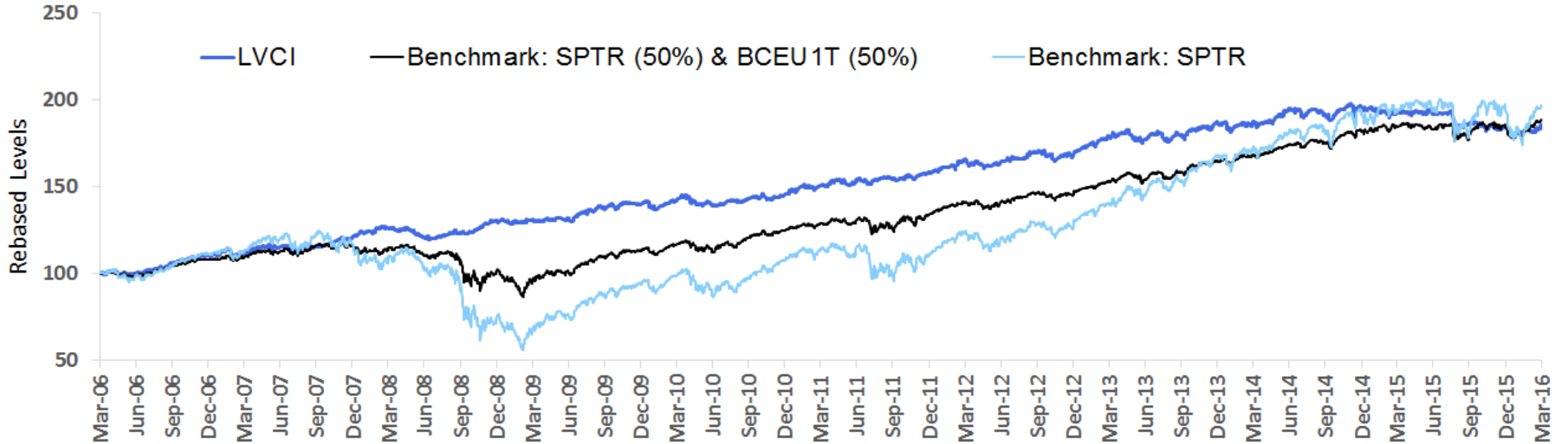
	Annualized Return	Standard Deviation	Sharpe Ratio	Crisis drawdown (Oct 2007 to Oct 2008)
LVCI	6.53%	5.89%	1.11	-5.99%
Benchmark: SPTR (50%) & BCEU1T (50%)	5.45%	9.44%	0.58	-20.90%
Benchmark: SPTR	4.38%	20.14%	0.22	-44.55%



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

10 Years Performance of LVCI vs. Benchmarks

(March 31, 2006 – March 31, 2016)*



Returns for the period ending March 31, 2016**					
	MTD	QTD	YTD	One year	Since inception*
LVCI	1.81%	0.98%	0.98%	-3.42%	6.53%
Benchmark: SPTR (50%) & BCEU1T (50%)	3.44%	2.49%	2.49%	2.46%	5.45%
Benchmark: SPTR	6.78%	1.35%	1.35%	1.78%	4.38%

*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 – March 31, 2016*				
	Annualized Return	Standard Deviation	Sharpe Ratio	Crisis drawdown (Oct 2007 to Oct 2008)
LVCI	6.53%	5.89%	1.11	-5.99%
SPTR	4.38%	20.14%	0.22	-44.55%
SP5LVIT	9.70%	14.72%	0.66	-31.38%
SPXEWTR	8.66%	21.49%	0.40	-48.42%
SPUST2P	1.56%	1.63%	0.96	-2.36%
SPUST5P	3.51%	4.10%	0.86	-5.06%
SPUSTTP	4.83%	6.32%	0.76	-5.95%

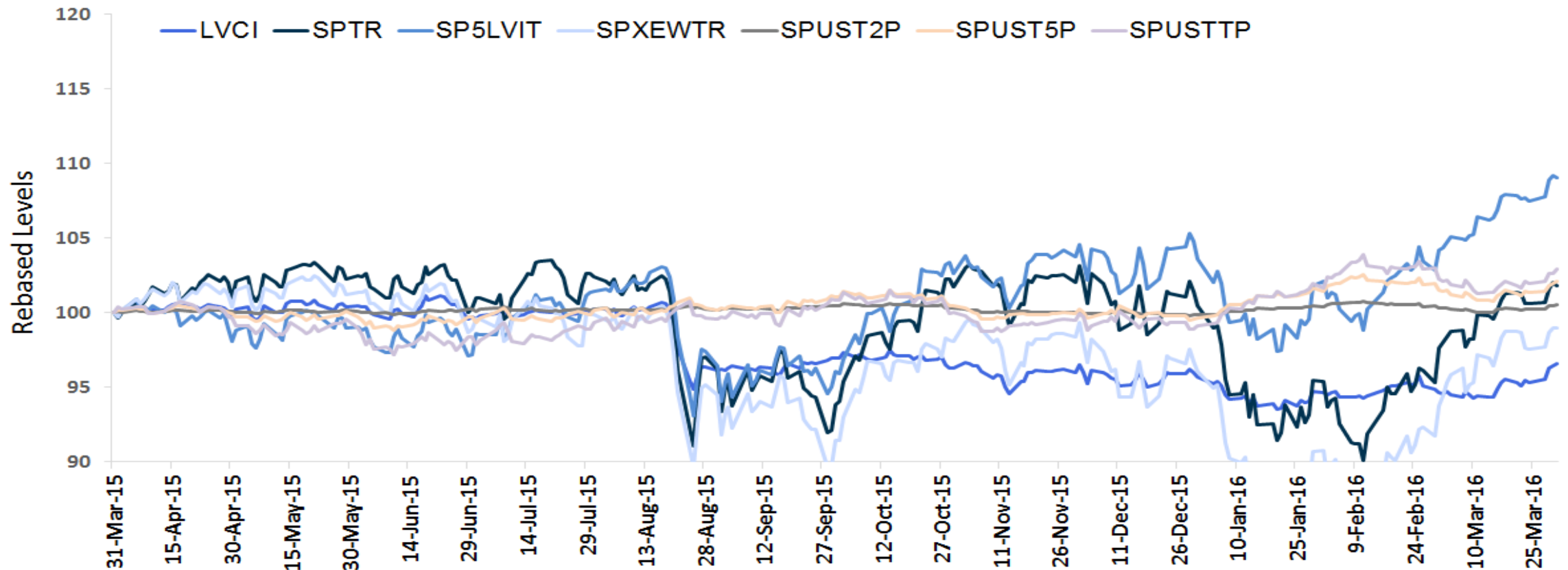
Returns for the period ending March 31, 2016**					
	MTD	QTD	YTD	One year	Since Inception*
LVCI	1.81%	0.98%	0.98%	-3.42%	6.53%
SPTR	6.78%	1.35%	1.35%	1.78%	4.38%
SP5LVIT	5.97%	5.21%	5.21%	8.99%	9.70%
SPXEWTR	7.94%	3.04%	3.04%	-1.02%	8.66%
SPUST2P	0.09%	0.67%	0.67%	0.51%	1.56%
SPUST5P	0.15%	2.47%	2.47%	2.09%	3.51%
SPUSTTP	-0.10%	3.84%	3.84%	2.88%	4.83%

*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

(March 31, 2015 – March 31, 2016)



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

