

Lenwood Volatility Control Index

Quarterly Performance Report

September 30, 2016



INDEX METHODOLOGIES

Index Methodologies, LLC

Executive Summary

- Global markets experienced yet another turbulent quarter as the markets reacted (a) in July to the “Brexit” vote for the United Kingdom to leave the European Union and uncertain implications therefrom and (b) to the increased likelihood that the U.S. Federal Reserve will raise interest rates this year. Volatility seemed ever-present in the third quarter yet the U.S. and EU economic activity still was deemed “expansionary”¹, as the U.S. business cycle growth was debated between “mid-and-late-cycle”¹.
- The Lenwood Volatility Control underperformed its peer benchmark indices for the quarter and thus merits looking “under the hood” to examine the causes. Lenwood’s 100% rules-based, relative strength investment strategy has six (6) strategic underlying investment indices: three equity components which are versions of the S&P 500, and three fixed income duration selections of U.S. Treasuries. Five of the nine fixed income indices experienced negative performance in each month of the quarter. The versions of the S&P 500 indices fared little better for the quarter as six of the nine had di minimis to negative performance. In short, poor component performance led to poor portfolio performance for the quarter.
- The Lenwood index could continue to be challenged in 2016 as interest rate and U.S. presidential election angst drives volatility levels which influences portfolio composition and performance.

Sources: Fidelity Investments’ “Fourth Quarter 2016 Quarterly Market Update”¹, JPMorgan’s “Market Insights: Guide to the Markets®” as of 9/30/16, “Schroders Quarterly Markets Review”, October 2016, U.S. Department of Commerce Bureau of Economic Analysis website, Bloomberg News

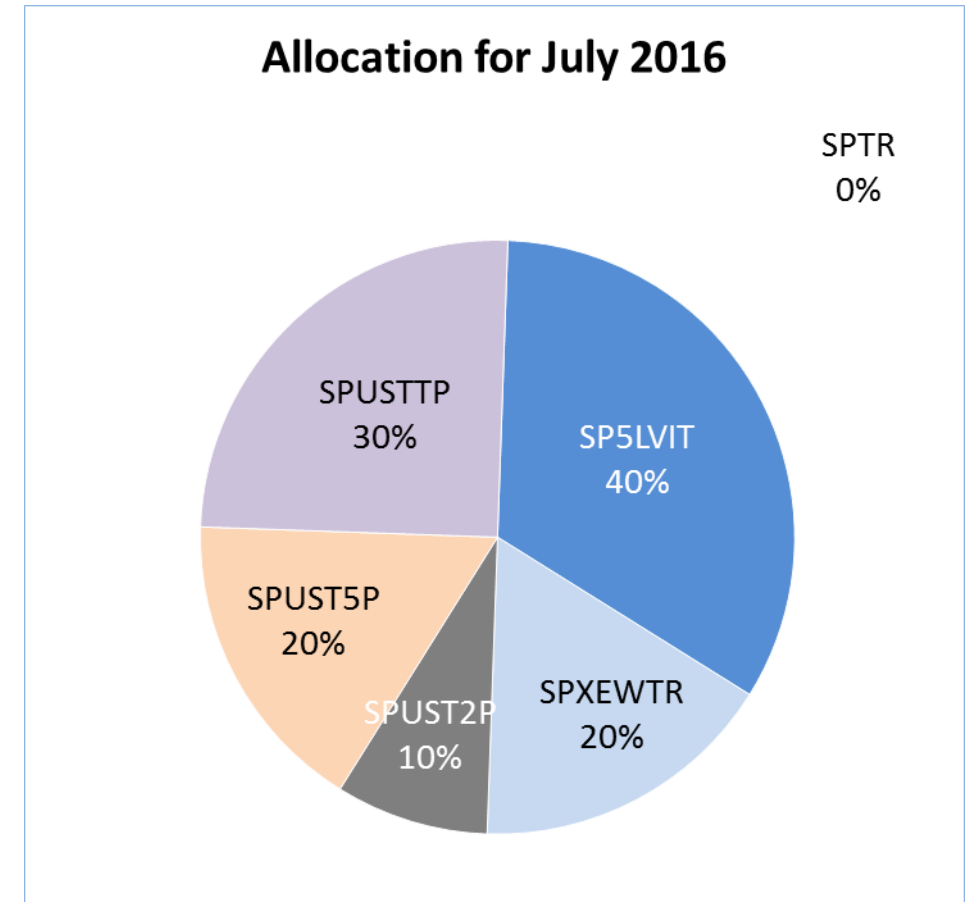
LVCI Constituents for July 2016

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	SPUSTTP Index
3	SPUST5P Index
4	SPUST2P Index



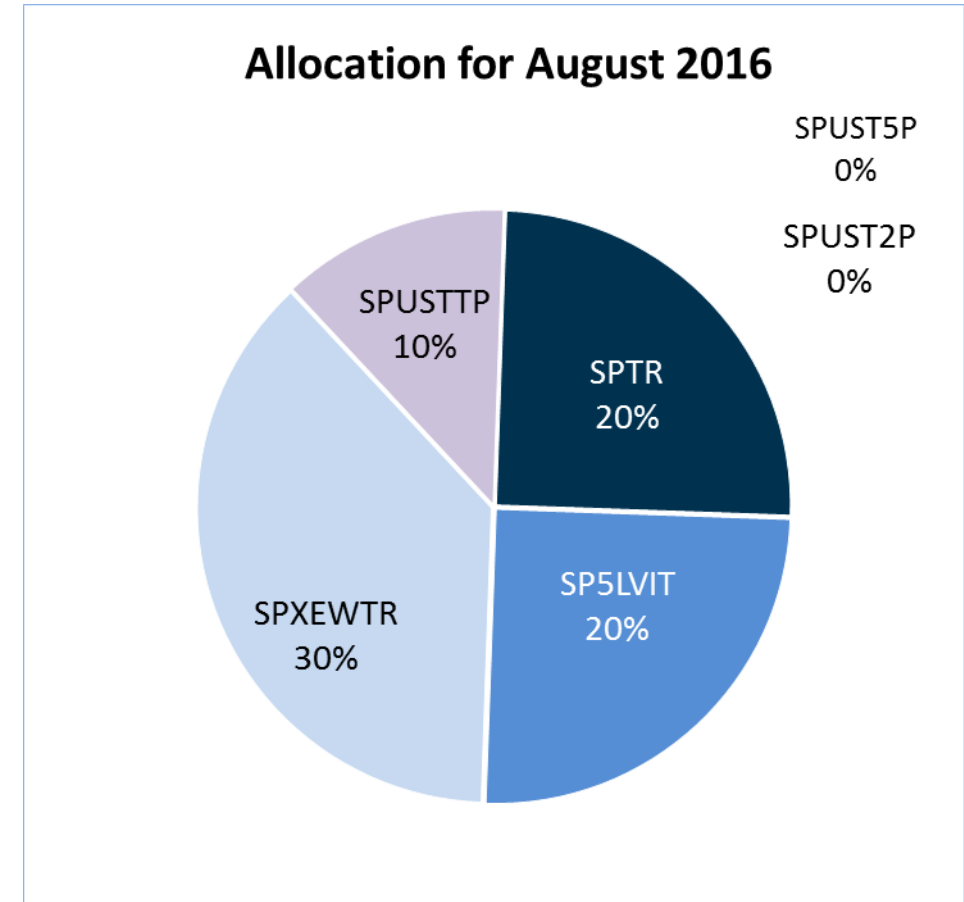
LVCI Constituents for Aug 2016

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

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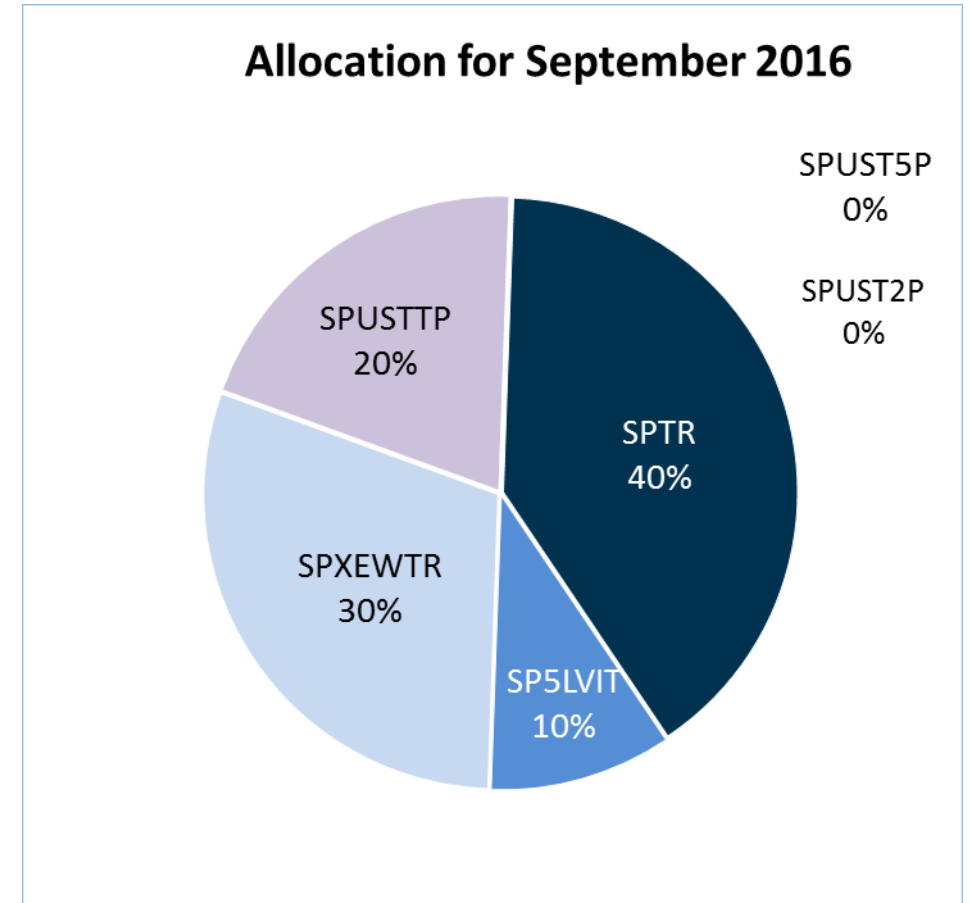
LVCI Constituents for Sep 2016

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

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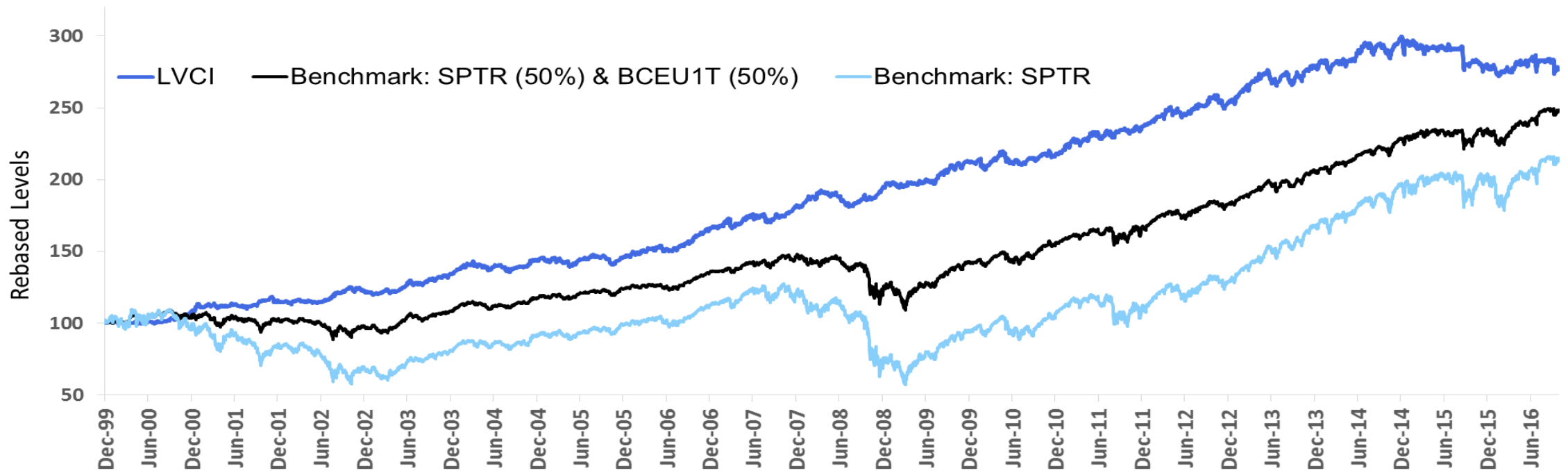


Historical Performance of LVCI vs. Benchmarks

(December 01, 1999 – September 30, 2016)*



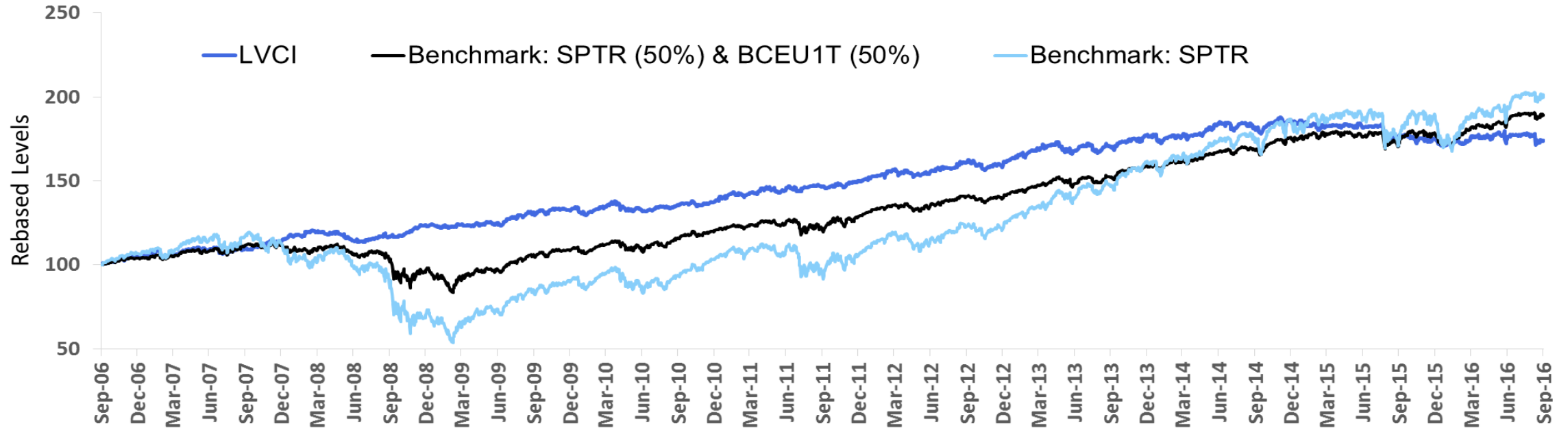
	Annualized Return	Standard Deviation	Sharpe Ratio	Crisis drawdown (Oct 2007 to Oct 2008)
LVCI	6.25%	6.00%	1.04	-5.99%
Benchmark: SPTR (50%) & BCEU1T (50%)	5.54%	9.35%	0.59	-20.90%
Benchmark: SPTR	4.63%	19.94%	0.23	-44.55%



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

10 Years Performance of LVCI vs. Benchmarks

(September 30, 2006 – September 30, 2016)*



Returns for the period ending September 30, 2016**

	MTD	QTD	YTD	One year	Since inception*
LVCI	-1.48%	-1.23%	-0.21%	-1.54%	6.25%
Benchmark: SPTR (50%) & BCEU1T (50%)	-0.06%	1.79%	6.87%	10.03%	5.54%
Benchmark: SPTR	0.02%	3.85%	7.84%	15.43%	4.63%

*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 – September 30, 2016*				
	Annualized Return	Standard Deviation	Sharpe Ratio	Crisis drawdown (Oct 2007 to Oct 2008)
LVCI	6.25%	6.00%	1.04	-5.99%
SPTR	4.63%	19.94%	0.23	-44.55%
SP5LVIT	9.66%	14.60%	0.66	-31.38%
SPXEWTR	8.84%	21.30%	0.42	-48.42%
SPUST2P	1.52%	1.61%	0.94	-2.36%
SPUST5P	3.44%	4.06%	0.85	-5.06%
SPUSTTP	4.77%	6.28%	0.76	-5.95%

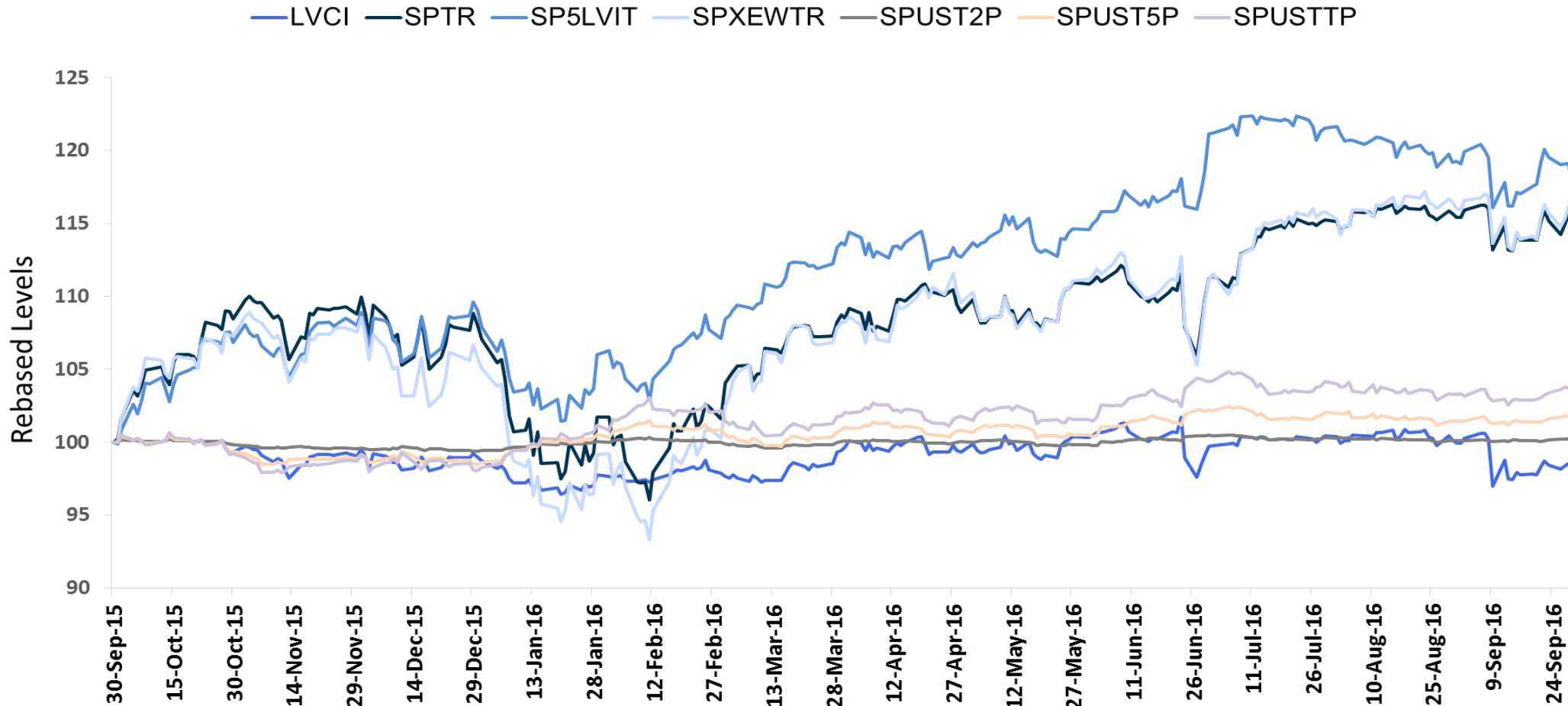
Returns for the period ending September 30, 2016**					
	MTD	QTD	YTD	One year	Since Inception*
LVCI	-1.48%	-1.23%	-0.21%	-1.54%	6.25%
SPTR	0.02%	3.85%	7.84%	15.43%	4.63%
SP5LVIT	-0.97%	-2.51%	9.49%	18.10%	9.66%
SPXEWTR	0.09%	4.52%	10.57%	16.14%	8.84%
SPUST2P	0.07%	-0.31%	0.75%	0.16%	1.52%
SPUST5P	0.22%	-0.52%	3.11%	1.65%	3.44%
SPUSTTP	0.16%	-0.67%	5.26%	3.44%	4.77%

*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

(September 30, 2015 – September 30, 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

