FIA FORECAST CREDITS AND MODEL ALLOCATIONS

Product Example 2

CARRIER: Insurance Company Name Here

PREMIUM RANGE: $100,000 or more

AS OF DATE: Jun 09, 2023

SURRENDER CHARGE PERIOD: 10 yrs

STATE AVAILABILITY: Not NY

SUGGESTED ALLOCATED INDICES & STRATEGIES

BALANCED BLEND

FORECASTED BLEND

WHAT YOU NEED TO KNOW

FIA Forecast Credits[1] provide expected rates of return of individual crediting strategies in a fixed indexed annuity. FIA Model Allocations[2] are suggested allocations to the indices and crediting strategies in an FIA most likely to generate the highest long-term returns, while diversifying risk. Model Allocations are based on two systematic models: Balanced Blend allocates equally to each selected crediting strategy, while Forecasted Blend tilts these allocations according to Forecast Credits.

INDEX	CREDITING STRATEGY	FORECAST CREDITS[1]			MODEL ALLOCATIONS[2]	
		Conservative	Moderate	Strong	Balanced Blend	Forecasted Blend
BlackRock ESG US 5% ER	2 year, point-to-point, 285% participation, with 1.0% charge	4.9%	8.6%	12.4%	20%	27%
Fidelity Multifactor Yield Index 5% ER	2 year, point-to-point, 295% participation, with 1.0% charge	4.8%	8.3%	11.7%	20%	25%
S&P 500 Low Volatility Daily Risk Control 5% Total Return	1 year, point-to-point, minus 1.65% spread	3.3%	4.7%	6.1%	20%	14%
S&P 500 Price Return	1 year, point-to-point, capped at 10.5%	3.4%	5.0%	6.5%	20%	15%
S&P MARC 5% Excess Return	2 year, point-to-point, 210% participation	3.6%	6.2%	8.9%	20%	19%

ALL STRATEGIES

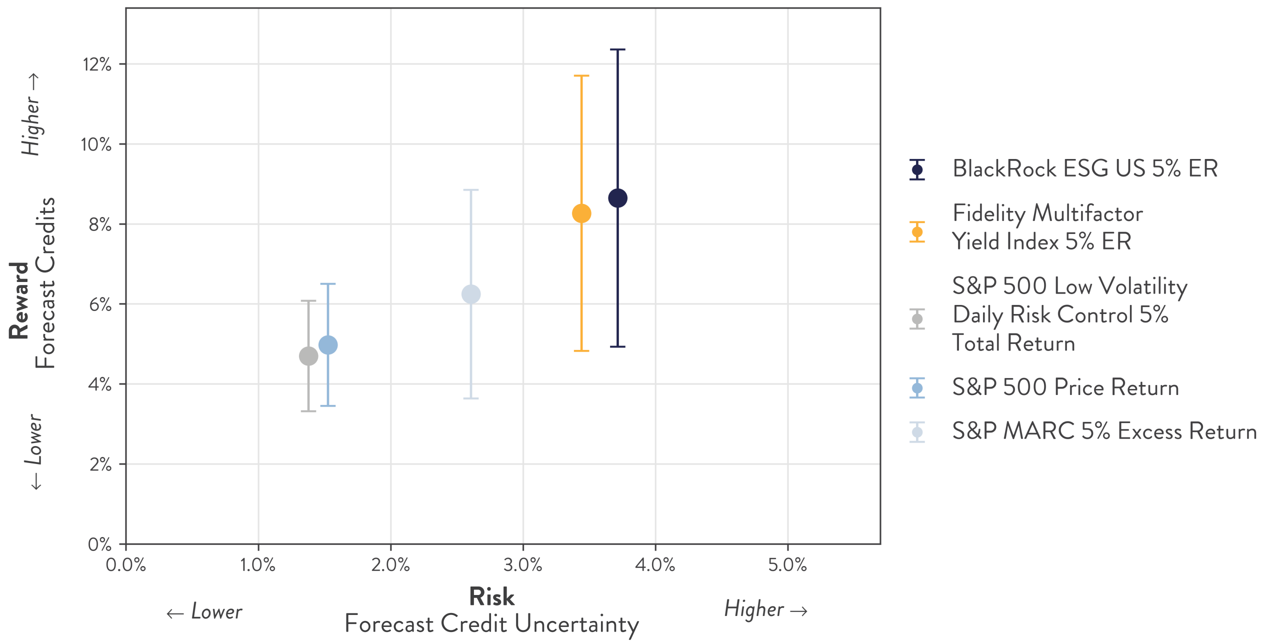
INDEX	CREDITING STRATEGY	FORECAST CREDITS[1]			MODEL ALLOCATIONS[2]	
		Conservative	Moderate	Strong	Balanced Blend	Forecasted Blend
BlackRock ESG US 5% ER	2 year, point-to-point, 285% participation, with 1.0% charge	4.9%	8.6%	12.4%	**20%**	**27%**
	2 year, point-to-point, 210% participation	4.5%	7.4%	10.2%	0%	0%
	1 year, point-to-point, 205% participation, with 1.0% charge	4.6%	7.3%	9.9%	0%	0%
	1 year, point-to-point, 155% participation	4.3%	6.4%	8.4%	0%	0%
Fidelity Multifactor Yield Index 5% ER	2 year, point-to-point, 295% participation, with 1.0% charge	4.8%	8.3%	11.7%	**20%**	**25%**
	2 year, point-to-point, 230% participation	4.7%	7.4%	10.2%	0%	0%
	1 year, point-to-point, 215% participation, with 1.0% charge	4.5%	6.9%	9.4%	0%	0%
	1 year, point-to-point, 165% participation	4.3%	6.2%	8.1%	0%	0%
S&P 500 Low Volatility Daily Risk Control 5% Total Return	1 year, point-to-point, minus 1.65% spread	3.3%	4.7%	6.1%	**20%**	**14%**
S&P 500 Price Return	1 year, sum, monthly, capped at 2.85%	0.7%	2.1%	3.4%	0%	0%
	1 year, point-to-point, capped at 10.5%	3.4%	5.0%	6.5%	**20%**	**15%**
	1 year, point-to-point, 35% participation	2.1%	3.6%	5.1%	0%	0%
	1 year, inverse performance triggered	2.1%	3.4%	4.7%	0%	0%
S&P MARC 5% Excess Return	2 year, point-to-point, 210% participation	3.6%	6.2%	8.9%	**20%**	**19%**
	1 year, point-to-point, 155% participation	3.7%	5.5%	7.4%	0%	0%
Fixed Rate	Daily, 3.7% fixed	3.7%	3.7%	3.7%	0%	0%

FORECAST CREDITS: RISK vs. REWARD VISUALIZATION

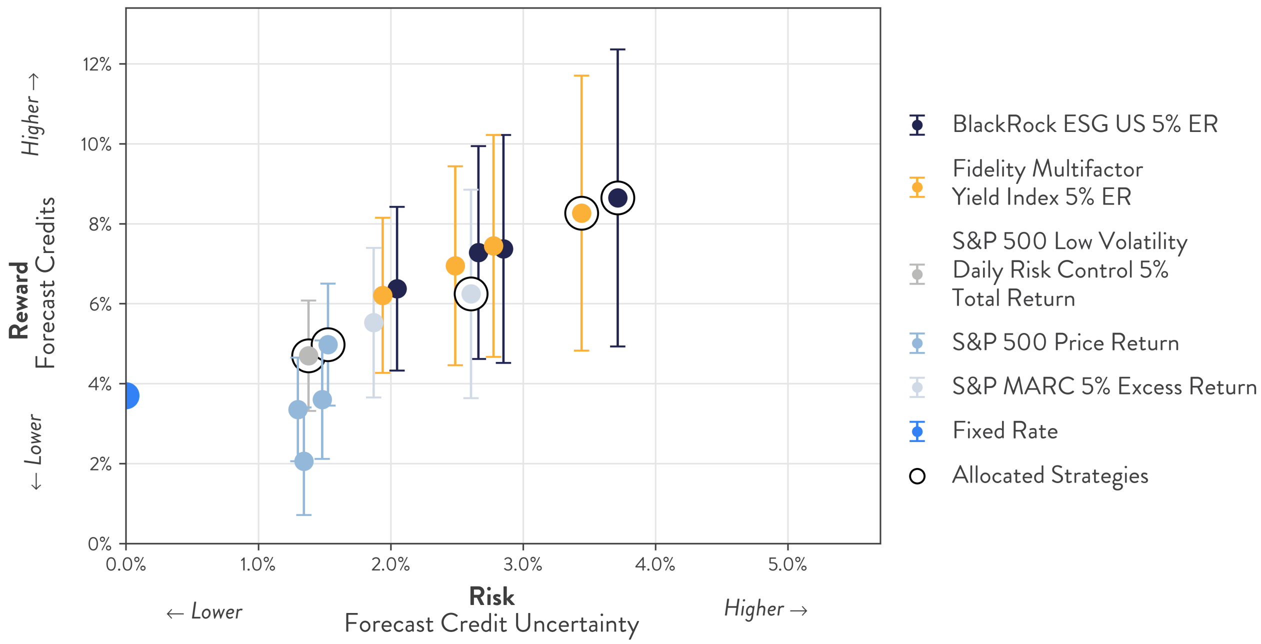
WHAT YOU NEED TO KNOW

The graphs below depict the expected risk vs. reward of the crediting strategies of this annuity. The top graph shows the Forecast Credits only for the crediting strategies allocated to in the two Model Allocations, from the table on Page 1. The bottom graph shows the Forecast Credits for all available strategies, from the table on Page 2. The Conservative, Moderate and Strong Forecast Credits ('Reward') are represented by the bottom, the central point and the top of a bar for each crediting strategy, with colors by underlying index. Numerical values can be read on the vertical axis. The difference between the Strong and Moderate Forecast Credits is the Forecast Credit Uncertainty ('Risk') for each crediting strategy. This is shown on the horizontal axis. In the bottom graph, the allocated strategies shown in the top graph have central point circled.

SUGGESTED ALLOCATED STRATEGIES



ALL STRATEGIES



INDEX DESCRIPTIONS, RATINGS, PERFORMANCE AND FORECASTS

INDEX	RATING[3]	HISTORICAL RETURN[4]	HISTORICAL VOLATILITY[5]	FORECAST RETURNS[6]		
				Conservative	Moderate	Strong
BlackRock ESG US 5% ER Index	Gold	4.0%	5.2%	1.8%	3.4%	4.9%
Fidelity Multifactor Yield Index 5% ER	Silver	2.9%	4.6%	1.2%	3.1%	5.1%
S&P 500 Low Volatility Daily Risk Control 5% TR Index	Platinum	4.8%	5.0%	4.7%	5.8%	6.8%
S&P 500 Price Return Index	Silver	9.9%	17.5%	2.2%	5.9%	9.5%
S&P MARC 5% ER Index	Gold	2.7%	5.0%	0.9%	2.7%	4.4%

BlackRock ESG US 5% ER Index: This index comprises of an equity ESG ETF that uses an MSCI ESG Index which selects stock with high environmental, social and governance scores. (Search for ESGU for more information on this ETF). The index selects up to three fixed income ETFs using the one-year momentum, and these ETFs can have tenors of either 1-3 years, 7-10 years or 20+ years. If any of the constituents have negative momentum, their potential weight is reduced in the optimization step. (Search for SHY, IEF and TLT for more information). The index then optimizes the weights of the ETFs to target a volatility level of 5%, with the more recent observations given more importance in the optimization process.

Fidelity Multifactor Yield Index 5% ER: The index provides exposure to a risk parity portfolio consisting of an equity component that employs six factors: dividend yield (45%), momentum (15%), low volatility (10%), value (10%), quality (10%) and size (10%); and a fixed income component switching between cash and US 10-year Treasuries. The index then overlays a dynamic risk control mechanism between the underlying portfolio and notional cash with a target volatility of 5%.

S&P 500 Low Volatility Daily Risk Control 5% TR Index: The index selects 100 of the least volatile large-cap stocks from the S&P 500 universe . Volatility for the stock selection is measured over the past year and the index weights the stocks by volatility, with the least volatile getting higher weights. There is a volatility control mechanism allocating between the underlying portfolio and notional cash to maintain a target volatility of 5%.

S&P 500 Price Return Index: The index represents approximately 500 US large-cap stocks and is considered the benchmark for the US. Note the constituents are not always the 500 largest companies, as the stocks are discretionarily selected by the S&P 500 Index Committee. The index is market-cap-weighted and excludes dividends.

S&P MARC 5% ER Index: The index offers exposure to three asset classes - equities, commodities and fixed income - through the S&P 500, S&P GSCI Gold and S&P 10-Year Treasury Note Futures Indices. These underlying indices are inversely weighted by volatility, with the least volatile components getting the most weight. It can leverage the underlying components by 150%. The index has a target volatility of 5% on the underlying indices and notional cash.

These notes are meant to provide outlines only. For more complete information, please contact us at **info@theindexstandard.com**

1. FIA Forecast Credits

These are The Index Standard's forecasted annualized returns of each crediting strategy, taking into account all features (participation, floor, crediting frequency, spreads, fees, caps, etc.) of the given crediting strategy (but not including any overall rider fees or premium bonuses).

- The calculations use computer simulations based on The Index Standard's index forecast returns and volatilities.
- The FIA data are supplied by Cannex, who also perform the simulations.
- The Moderate Forecast Credit is the average value of the simulated annualized returns for a particular crediting strategy over a 10 year time horizon.
- The Strong and Conservative Forecast Credits are the Moderate Forecast Credit plus and minus the Forecast Credit Uncertainty.
- The Forecast Credit Uncertainty is a measure of the variability of these simulated annualized returns, calculated as their standard deviation.
- Forecast Credits are analytical estimates of future crediting rates. Actual credits may differ materially.

2. FIA Model Allocations

These are suggested allocations to the crediting strategies, according to two different models designed by The Index Standard.

- The models are based on the FIA Forecast Credits and are entirely systematic.
- For a given FIA, the objective is to allocate to the crediting strategies which the Forecast Credits indicate are most likely to generate the highest long-term returns, while also diversifying risk.
- The model allocations are meant to provide a starting point for financial professionals in their discussions with clients.

The models consist of two steps:

- Selection (both models):
    - o for each index select the crediting strategy with the highest Moderate Forecast Credit;
    - o from these, discard any crediting strategies with very low Moderate Forecast Credits compared to the others of the FIA;
    - o include the fixed rate crediting strategy (if any) if 50% or more of the indices have been discarded in the previous step;
    - o rank the list in descending order of Moderate Forecast Credits and discard any beyond 5th.
- Allocation:
    - o the Balanced Blend Model allocates weights equally to each selected crediting strategy;
    - o the Forecasted Blend Model tilts allocations according to the level of Moderate Forecast Credits, subject to a maximum tilt of 10% vs. the Balanced Blend Model.

3. Index Rating

This is The Index Standard's rating of the overall quality of the index, ranging from the highest rating Platinum, through Gold, Silver and Copper, to Neutral and Watch.

4. Index Historical Return

This is the average annualized return of the index, calculated from the overall index return over the past 10 years.

5. Index Historical Volatility

This is a measure of the annual variability of the index returns, calculated from the daily index returns over the past 10 years.

6. Index Forecast Returns

These are The Index Standard's forecasted annualized returns of the index. They are based on computer simulations using consensus market return expectations, along with critical index characteristics. The Conservative, Moderate and Strong forecast returns are the 25th, 50th and 75th percentile values of the simulated returns.

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