

FIA FORECAST CREDITS AND MODEL ALLOCATIONS

Product Example 1

CARRIER: Insurance Company Name Here

PREMIUM RANGE: \$100,000 or more

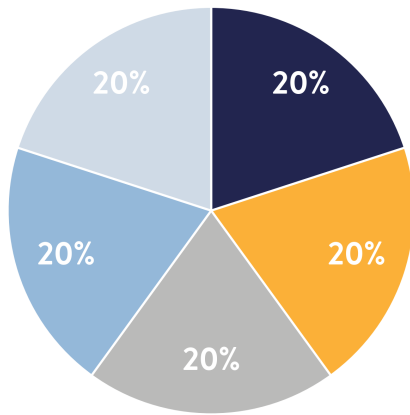
AS OF DATE: Jun 09, 2023

SURRENDER CHARGE PERIOD: 10 yrs

STATE AVAILABILITY: Not CA, NY

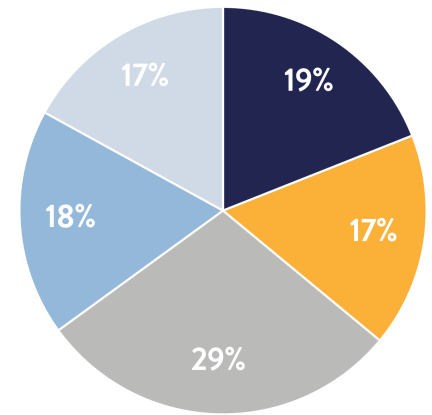
SUGGESTED ALLOCATED INDICES & STRATEGIES

BALANCED BLEND



- Franklin US
- MSCI EAFE Price Return
- PIMCO Balanced
- Russell 2000 Price Return
- S&P 500 Price Return

FORECASTED BLEND



WHAT YOU NEED TO KNOW

FIA Forecast Credits¹ provide expected rates of return of individual crediting strategies in a fixed indexed annuity. FIA Model Allocations² 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
Franklin US	2 year, point-to-point	3.4%	5.4%	7.4%	20%	19%
MSCI EAFE Price Return	1 year, point-to-point, capped at 10.0%	3.4%	4.9%	6.3%	20%	17%
PIMCO Balanced	1 year, point-to-point, 195% participation	5.5%	7.9%	10.4%	20%	29%
Russell 2000 Price Return	1 year, point-to-point, capped at 10.0%	3.4%	4.9%	6.4%	20%	18%
S&P 500 Price Return	1 year, point-to-point, capped at 10.0%	3.3%	4.8%	6.3%	20%	17%

ALL STRATEGIES

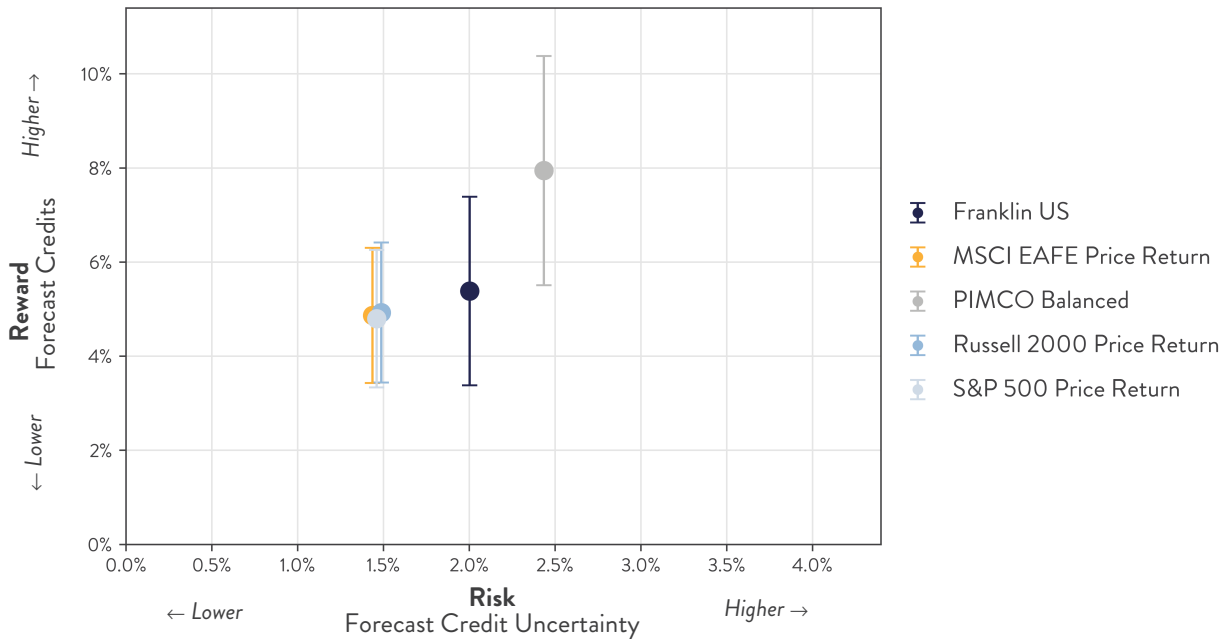
INDEX	CREDITING STRATEGY	FORECAST CREDITS ¹			MODEL ALLOCATIONS ²	
		Conservative	Moderate	Strong	Balanced Blend	Forecasted Blend
BlackRock iBLD Diversa VC 7 ER	2 year, point-to-point	1.4%	2.9%	4.3%	0%	0%
	1 year, point-to-point, capped at 22.0%	2.2%	3.6%	4.9%	0%	0%
Franklin US	2 year, point-to-point	3.4%	5.4%	7.4%	20%	19%
MSCI EAFE Price Return	1 year, point-to-point, capped at 10.0%	3.4%	4.9%	6.3%	20%	17%
PIMCO Balanced	1 year, point-to-point, 195% participation	5.5%	7.9%	10.4%	20%	29%
Russell 2000 Price Return	1 year, point-to-point, capped at 10.0%	3.4%	4.9%	6.4%	20%	18%
S&P 500 Price Return	1 year, point-to-point, capped at 10.0%	3.3%	4.8%	6.3%	20%	17%
	1 year, performance triggered	3.3%	4.4%	5.6%	0%	0%
Fixed Rate	Daily, 4.0% fixed	4.0%	4.0%	4.0%	0%	0%

FORECAST CREDITS: RISK vs. REWARD VISUALIZATION

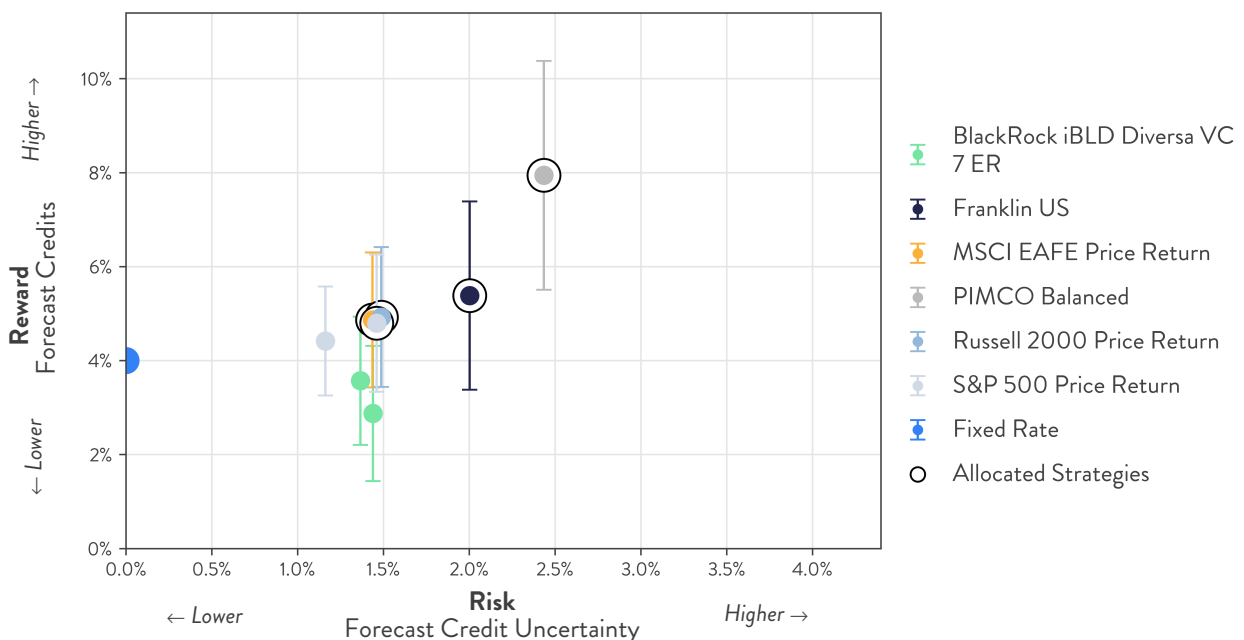
WHAT YOU NEED TO KNOW

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 iBLD Diversa VC 7 ER Index	Gold	2.1%	6.1%	-0.3%	2.1%	4.4%
<p>The index provides diversified exposure to global assets by covering 13 ETFs across three asset classes - equities, alternatives and fixed income. The index starts off with the overall asset allocation weights to equities, fixed income and alternatives at 50%, 45%, and 5%, respectively. It then uses a mean variance optimization process (with an emphasis on the more recent performance as inputs to the optimizer) to determine the tilts away from pre-set weights. There is a dynamic volatility control mechanism on the final portfolio and notional cash with a target volatility of 7%.</p>						
Franklin US Index	Platinum	4.8%	7.0%	3.4%	5.1%	6.8%
<p>The index selects 250 stocks from a pool of 1,000 US companies based on four factors: quality, value, momentum and low volatility. It then allocates 50%, 30%, 10% and 10%, respectively, to these factors to achieve a lower level of risk and higher risk-adjusted performance over the long term. The underlying equity component is combined with a fixed income duration-dependent allocation to 5-year or 10-year US Treasuries (depending on if rates are rising or falling). The index applies a dynamic risk control framework between the underlying portfolio and notional cash with a target volatility of 7%.</p>						
MSCI EAFE Price Return Index	Silver	1.8%	14.5%	1.9%	5.8%	9.7%
<p>The index selects large-, mid- and small-cap stocks from Europe, Australasia and the Far East. The countries include: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, South Africa, Taiwan, Thailand, Turkey and the UAE. The all-cap approach ensures that the index covers 99% of the free-float market capitalization of these countries. This is a price return index and is usually associated with futures.</p>						
PIMCO Balanced Index	Platinum	3.1%	4.8%	2.1%	3.5%	4.9%
<p>The index creates an underlying portfolio with an equity component consisting of the S&P 500 ETF, and a fixed income component of 10-year Treasury note futures. Exposure to the 10-year Treasury is altered based on the level of interest rates. The index uses a dynamic volatility control mechanism on the underlying portfolio and notional cash with a target volatility of 5%.</p>						
Russell 2000 Price Return Index	Copper	5.9%	22.0%	3.3%	7.5%	11.6%
<p>The index selects 2,000 US stocks that range from the 1,001th to the 3,000th largest stocks as defined by FTSE Russell. The index is market-cap-weighted and dividends are excluded.</p>						
S&P 500 Price Return Index	Silver	9.9%	17.5%	2.2%	5.9%	9.5%
<p>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.</p>						

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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Past performance is not indicative of future performance.

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