

QoL Max Accumulator+ offers four index interest crediting strategies. All are 1 year point-to-point designs with different participation or cap rates and account value enhancements.

Different interest earnings are possible from each due to their varying exposure to market volatility. All four strategies are outlined below.

PARTICIPATION STRATEGIES

1

ML Strategic Balanced Index®
BLEND STRATEGY

Guaranteed Minimum Interest Rate	Participation Rate	Non-Guaranteed AG 49 Illustrative Rate	Current Account Value Enhancement (Policy Years 6+)	Total Illustrative Rate (Policy Years 6+)
0%	100%	7.30%	0.65%	7.95%

2

PIMCO Global Optima Index™
GLOBAL BLEND STRATEGY

0%	80%	7.39%	0.30%	7.69%
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CAP STRATEGIES

3

S&P 500® Index
HIGH CAP STRATEGY

Cap Rate				
Guaranteed Minimum Interest Rate	Participation Rate	Non-Guaranteed AG 49 Illustrative Rate	Current Account Value Enhancement (Policy Years 6+)	Total Illustrative Rate (Policy Years 6+)
0%	11.50%	6.79%	0.25%	7.04%

4

S&P 500® Index
HIGH BONUS STRATEGY

0.25%	8.25%	5.25%	0.75%	6.00%
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Current Participation/Cap Rates and Illustrative Rates on Max Accumulator+ (As of 12/07/2019)

The reality is that no one can predict the future performance of the market. If however, you take the client risk profile and different expectations of the market into consideration, you could help clients determine possible index account allocations that would be more suitable, and potentially closer to their desired objectives.

Let's start by narrowing in on historical market performance.

The table below lists the historical performance of the underlying indices included in QoL Max Accumulator+ with current participation or cap rates. It displays the actual returns from each of the indices over the past 20 years and then shows what would have been credited to each of the index strategies using the current cap or participation rates.¹

Begin Date	End Date	ML Strategic Balanced Index® BLEND STRATEGY 1-Yr Pt-to-Pt Blend Participation Rate: 100%		PIMCO Global Optima Index™ GLOBAL BLEND STRATEGY 1-Yr Pt-to-Pt Participation Rate: 80%		S&P 500® Index HIGH CAP STRATEGY 1-Yr Pt-to-Pt Index Cap Rate: 11.50%		S&P 500® Index HIGH BONUS STRATEGY 1-Yr Pt-to-Pt Index Cap Rate: 8.25%	
		Index Return	Hypothetical Interest Credited	Index Return	Hypothetical Interest Credited	Index Return	Hypothetical Interest Credited	Index Return	Hypothetical Interest Credited
12/31/1998	12/31/1999	-0.44%	0.00%	N/A	N/A	19.53%	11.50%	19.53%	8.25%
12/31/1999	12/31/2000	10.69%	10.69%	N/A	N/A	-10.14%	0.00%	-10.14%	0.25%
12/31/2000	12/31/2001	2.07%	2.07%	-5.33%	0.00%	-13.04%	0.00%	-13.04%	0.25%
12/31/2001	12/31/2002	6.00%	6.00%	-4.16%	0.00%	-23.37%	0.00%	-23.37%	0.25%
12/31/2002	12/31/2003	9.89%	9.89%	23.74%	18.99%	26.38%	11.50%	26.38%	8.25%
12/31/2003	12/31/2004	7.32%	7.32%	16.30%	13.04%	8.99%	8.99%	8.99%	8.25%
12/31/2004	12/31/2005	1.74%	1.74%	11.01%	8.80%	3.00%	3.00%	3.00%	3.00%
12/31/2005	12/31/2006	6.81%	6.81%	20.72%	16.58%	13.62%	11.50%	13.62%	8.25%
12/31/2006	12/31/2007	10.57%	10.57%	9.98%	7.98%	3.53%	3.53%	3.53%	3.53%
12/31/2007	12/31/2008	-0.36%	0.00%	-11.45%	0.00%	-38.49%	0.00%	-38.49%	0.25%
12/31/2008	12/31/2009	2.92%	2.92%	16.48%	13.18%	23.45%	11.50%	23.45%	8.25%
12/31/2009	12/31/2010	13.39%	13.39%	12.05%	9.64%	12.78%	11.50%	12.78%	8.25%
12/31/2010	12/31/2011	10.17%	10.17%	0.70%	0.56%	0.00%	0.00%	0.00%	0.25%
12/31/2011	12/31/2012	7.82%	7.82%	8.31%	6.65%	13.41%	11.50%	13.41%	8.25%
12/31/2012	12/31/2013	2.68%	2.68%	12.44%	9.95%	29.60%	11.50%	29.60%	8.25%
12/31/2013	12/31/2014	10.52%	10.52%	0.69%	0.55%	11.39%	11.39%	11.39%	8.25%
12/31/2014	12/31/2015	-1.41%	0.00%	-3.60%	0.00%	-0.73%	0.00%	-0.73%	0.25%
12/31/2015	12/31/2016	2.73%	2.73%	5.41%	4.33%	9.54%	9.54%	9.54%	8.25%
12/31/2016	12/31/2017	7.95%	7.95%	23.14%	18.51%	19.42%	11.50%	19.42%	8.25%
12/31/2017	12/31/2018	-2.93%	0.00%	-6.47%	0.00%	-6.24%	0.00%	-6.24%	0.25%
Compound Annual Average		5.58%		6.95%		6.29%		4.88%	

Returns for the Index before inception represent hypothetical data determined by retroactive application of a backtested model, itself designed with the benefit of hindsight. The above hypothetical chart is intended only to show the performance of the PIMCO Global Optima Index™, ML Strategic Balanced Index®, and the S&P 500® Index from 1998-2018. Actual results for a specific insurance contract would depend on the crediting strategy chosen and the spread or participation rate for the time period(s) shown.

As you can see, among the two volatility control index strategies the:

- Global Blend Participation strategy (tracking the **PIMCO Global Optima Index™**) potentially provides higher returns with global market exposure and higher volatility.
- Blend Participation strategy (tracking the **ML Strategic Balanced® Index**) offers more consistent and stable returns, especially during market downturns, such as the 2001-2002 dot-com bust and the 2008-2009 financial crisis.

And between the strategies tracking the S&P 500® index the:

- **High Cap Rate** strategy displays the highest volatility and potentially credits at a higher rate in strong equity markets.
- **High Bonus Rate** strategy actually provides higher guarantees in negative return years due to a higher minimum guaranteed interest rate.

¹ Hypothetical performance of QoL Max Accumulator+ index interest credit strategies does not take into consideration the account value enhancements which could improve the performance. Past performance is not indicative of future results, and this is not a reflection or guarantee of future performance.

So if we combine the assumptions from the previous page (based on past market performance) with potential client profiles; we can identify some broad segments for strategy recommendations. Use the graphic below to assist in understanding how certain clients might benefit from certain strategies.

PARTICIPATION STRATEGIES

Volatility Control Index Options

<p>ML Strategic Balanced Index® BLEND STRATEGY</p>	<p><i>POTENTIAL CLIENT PROFILE</i> Have lower risk tolerance and prefer to protect against volatile markets by dynamically diversifying equity and fixed income in domestic markets.</p>	<p>May provide a hedge against S&P 500® Index volatile periods.</p>
<p>PIMCO Global Optima Index™ GLOBAL BLEND STRATEGY</p>	<p><i>POTENTIAL CLIENT PROFILE</i> Have higher appetite for volatility; seek maximum diversity of assets and the desire to build values based on global market performance.</p>	<p>May work better in a strong equity market with certain segments or markets outperforming others.</p>

CAP STRATEGIES

S&P 500® Index Tracking Options

<p>S&P 500® Index HIGH CAP STRATEGY</p>	<p><i>POTENTIAL CLIENT PROFILE</i> Can accept greater risk for larger potential annual gains in rising domestic markets.</p>	<p>May work better in large S&P 500® index performance years.</p>
<p>S&P 500® Index HIGH BONUS STRATEGY</p>	<p><i>POTENTIAL CLIENT PROFILE</i> Seek greater stability through higher guaranteed minimum interest crediting and a higher persistency bonus.</p>	<p>May provide more consistent returns in low or moderate market return periods.</p>

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The ML Strategic Balanced Index[®] provides systematic, rules-based access to the blended performance of two underlying indices—the S&P 500 (without dividends), which serves to represent equity performance, and the Merrill Lynch 10-year U.S. Treasury Futures Total Return Index, which serves to represent fixed income performance. To help manage overall return volatility, the Index may also systematically utilize cash performance in addition to the performance of the two underlying indices.

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