

# About the S&P 500® Low Volatility Daily Risk Control Indices

The S&P 500 Low Volatility Daily Risk Control Indices strive to create stable returns through managing volatility on the S&P 500 Low Volatility Index, which measures performance of the 100 least volatile stocks in the S&P 500. The index covers major asset sectors seen in the Diversification table in order to better diversify represented companies. Additional details around the indices' diversification and how they manage volatility are detailed below. Because these indices are managed to volatility levels (5% and 8%), the index performance will not match the underlying performance of the S&P 500 Low Volatility Index (typically the volatility control tends to reduce the rate of negative performance and positive performance of the underlying S&P 500 Low Volatility Index – thus creating more stabilized performance).

## Premium allocated to the Term Point to Point with Index Margin (Annual and Two-Year)

Premium allocated to the S&P 500 Low Volatility Daily Risk Control Indices are not a direct investment in the stock market or in the applicable index itself. Interest credits will not mirror the actual performance of the index. The allocation provides the potential for interest to be credited based in part on the performance of the index without risk of loss of premium due to market downturn or fluctuation. The point-to-point crediting method measures the change in index value using two points in time; the beginning index value and the ending index value for that term, either annual or two-year. Index linked gains are calculated based on the difference between these two values. Once the index linked gains are calculated, an Index Margin is subtracted to determine your interest credit. No Cap Rate is applied. The annual interest credit will never be less than zero.

## Managing Volatility and Portfolio Allocation

Volatility is the amount of uncertainty (or risk) with market fluctuations (changes in market performance). The indices strive to create stable returns over time by managing volatility (risk control). These indices attempt to manage volatility to a 5% and 8% level by allocating a portion of the portfolio to cash in certain market environments. When market volatility increases, the indices allocate more funds to cash. When volatility decreases, the indices allocate more funds to stocks. In either case, a portion of the indices may be allocated to cash to bring the expected volatility of the index within the risk control.

## Diversification

The underlying index covers major asset sectors (see list below) and may also allocate to cash as a result of managing volatility.

Reminder: Premium allocated to this index is not a direct investment in the stock market or in the applicable index itself.



Information Technology



Financials



Health Care



Consumer Discretionary



Energy



Industrials



Consumer Staples



Materials



Telecommunication Services



Utilities

For more information including index values, visit [spindices.com](http://spindices.com) and search ticker symbol **SPLV5UT & SPLV8UT**.

### The S&P 500® Low Volatility Daily Risk Control 5% Index is available on the:

- NAC BenefitSolutions<sup>SM</sup> Fixed Index Annuity
- NAC RetireChoice<sup>®</sup> Fixed Index Annuity
- NAC IncomeChoice<sup>SM</sup> Fixed Index Annuity
- Performance Choice<sup>®</sup> Series Fixed Index Annuity

### The S&P 500® Low Volatility Daily Risk Control 8% Index is available on the:

- NAC RetireChoice<sup>®</sup> Fixed Index Annuity
- NAC IncomeChoice<sup>SM</sup> Fixed Index Annuity

## Disclosure

These products and riders are issued by North American Company for Life and Health Insurance®, West Des Moines, IA. Product features and riders may not be available in all states or appropriate for all clients. This is a brief summary of one product feature. Please see the specific product brochure and materials for more detailed information on product features and limitations.

The NAC BenefitSolutions<sup>SM</sup> is issued on form NC/NA1006A (certificate/contract), AE560A, AE561A, AE563A, AE564A, AE565A, AE567A, LR427A, and LR433A (riders/endorsements) or appropriate state variation.

The NAC RetireChoice<sup>®</sup> is issued on form LC/LS160A (certificate/contract), LR431A, LR424A-1, LR423A, AE520A, AE533A, AE529A, AE532A, AE531A, AE556A, LR433A, AE530A, AE528A, AE511A and LR427A (riders/endorsements) or appropriate state variation.

The NAC IncomeChoice<sup>SM</sup> is issued on form NC/NA1004A(certificate/contract), LR431A, LR423A, LR424A-1, AE520A, AE552A, AE551A, AE556A and LR433A (riders/endorsements) or appropriate state variation.

The Performance Choice<sup>®</sup> is issued on form LC/LS160A (certificate/contract), LR431A, LR424A-1, AE520A, LR426A, LR427A, LR428A, AE509A, AE510A, AE511A, AE556A, and LR433A, (riders/endorsements) or appropriate state variation.

This index is managed to a volatility target, and as a result the index performance will not match the performance of any other index or the markets in general since volatility control tends to reduce both the rate of negative performance and positive performance of the underlying index, thereby creating more stabilized performance. The S&P 500<sup>®</sup> Low Volatility Daily Risk Control 5% Index and S&P 500<sup>®</sup> Low Volatility Daily Risk Control 8% Index have been in existence since 8/18/2011. Ending values in years prior to inception are determined by S&P Dow Jones Indices LLC or its affiliates ("SPDJ") using the same methodology as used currently.

Fixed Index Annuities are not a direct investment in the stock market. They are long term insurance products with guarantees backed by the issuing company. They provide the potential for interest to be credited based in part on the performance of specific indices, without the risk of loss of premium due to market downturns or fluctuation. Although Fixed Index Annuities guarantee no loss of premium due to market downturns, deductions from your Accumulation Value for additional optional benefit riders could under certain scenarios exceed interest credited to your Accumulation Value, which would result in loss of premium. They may not be appropriate for all clients.

The "S&P 500<sup>®</sup>", "S&P 500<sup>®</sup> Low Volatility Daily Risk Control 5% Index", "S&P 500<sup>®</sup> Low Volatility Daily Risk Control 8% Index", "S&P MidCap 400<sup>®</sup>", and "DJIA<sup>®</sup>", Indices ("Indices") are products of S&P Dow Jones Indices LLC or its affiliates ("SPDJ") and have been licensed for use by North American ("the Company"). Standard & Poor's<sup>®</sup> and S&P<sup>®</sup> are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones<sup>®</sup> is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJ and sublicensed for certain purposes by the Company. NAC BenefitSolutions<sup>SM</sup>, NAC RetireChoice<sup>®</sup>, NAC IncomeChoice<sup>SM</sup> and Performance Choice<sup>®</sup> are not sponsored, endorsed, sold or promoted by SPDJ, Dow Jones, S&P, or their respective affiliates and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the Indices.

For more information including index values, visit [spindices.com](http://spindices.com) and search ticker symbol **SPLV5UT & SPLV8UT**.