

# Portfolio Comparison Report

## Portfolio 1

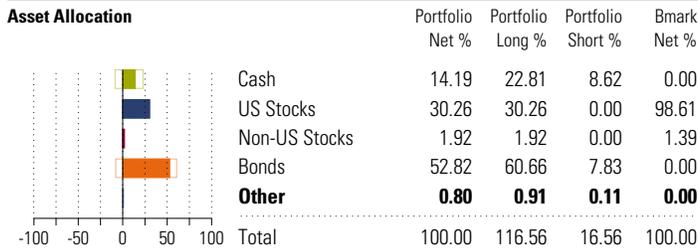
Benchmark:S&P 500 TR USD (USD, SPYZ)

## Portfolio 2

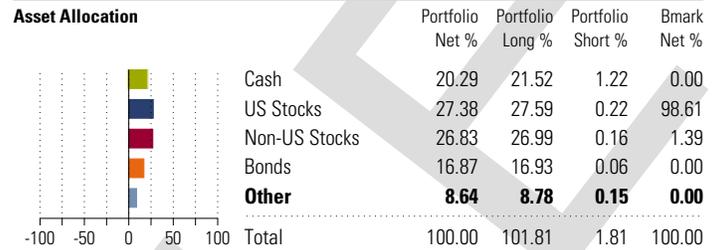
Benchmark:S&P 500 TR USD (USD, SPYZ)

The following pages take a detailed look at the differences in the stock and bond exposures between investments in the selected portfolios. This report uses the benchmark shown as a point of comparison between the portfolios in the Stock Sector Analysis, Regional Exposure, Historical Returns and Portfolio Statistics sections.

### Asset Mix Comparison

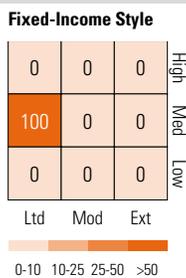
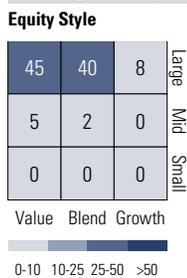


### Asset Mix Comparison

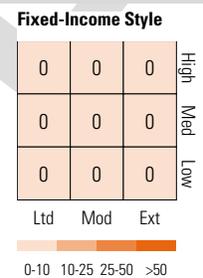
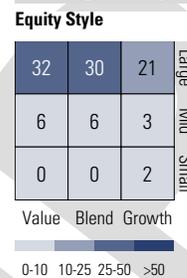


The Asset Mix graph and table show how assets in each portfolio are allocated among asset classes.

### Morningstar® Style Box™ Analysis



### Morningstar® Style Box™ Analysis



The Equity Style box shows how the investments are classified in terms of the size of the companies (large, medium, and small) and their price characteristics (value, core, and growth). The Fixed-Income Style box shows how bond holdings are classified in terms of their credit quality (high, medium, and low) and the duration of the bonds (short, intermediate, and long). Note the percentages may not add up to 100% as your holdings may own other types of investments such as cash.

### Sector Weightings

S&P Sector Weightings	Stock %	Bmark %
Energy	9.37	6.93
Materials	3.82	2.82
Industrials	14.79	10.05
Cons Disc	7.48	13.09
Cons Stpls	7.90	9.93
Health Care	13.27	14.67
Financials	26.03	16.53
Info Tech	8.89	20.41
Telecom	2.67	2.42
Utilities	5.77	3.15

### Sector Weightings

S&P Sector Weightings	Stock %	Bmark %
Energy	8.33	6.93
Materials	7.31	2.82
Industrials	12.93	10.05
Cons Disc	9.55	13.09
Cons Stpls	6.55	9.93
Health Care	15.08	14.67
Financials	20.20	16.53
Info Tech	13.10	20.41
Telecom	3.58	2.42
Utilities	3.36	3.15

Drilling down past the fund level, the Sector Analysis summarizes the stock allocation of the investments across 11 sectors.

# Portfolio Comparison Report

## Portfolio 1

Benchmark:S&amp;P 500 TR USD (USD, SPYZ)

Regional Exposure		
% of Assets	Stock %	Bmark %
<b>Greater Europe</b>	<b>3.94</b>	<b>1.11</b>
United Kingdom	1.59	0.22
Europe-Developed	2.35	0.89
Europe-Emerging	0.00	0.00
Africa/Middle East	0.00	0.00
<b>Americas</b>	<b>94.34</b>	<b>98.62</b>
North America	94.34	98.62
Latin America	0.00	0.00
<b>Greater Asia</b>	<b>1.72</b>	<b>0.27</b>
Japan	0.00	0.00
Australasia	0.33	0.00
Asia-Developed	1.36	0.08
Asia-Emerging	0.03	0.19
<b>Not Classified</b>	<b>0.00</b>	<b>0.00</b>

## Portfolio 2

Benchmark:S&amp;P 500 TR USD (USD, SPYZ)

Regional Exposure		
% of Assets	Stock %	Bmark %
<b>Greater Europe</b>	<b>22.58</b>	<b>1.11</b>
United Kingdom	7.10	0.22
Europe-Developed	13.65	0.89
Europe-Emerging	0.00	0.00
Africa/Middle East	1.83	0.00
<b>Americas</b>	<b>53.86</b>	<b>98.62</b>
North America	52.98	98.62
Latin America	0.88	0.00
<b>Greater Asia</b>	<b>23.56</b>	<b>0.27</b>
Japan	17.06	0.00
Australasia	0.30	0.00
Asia-Developed	3.57	0.08
Asia-Emerging	2.63	0.19
<b>Not Classified</b>	<b>0.00</b>	<b>0.00</b>

Investing overseas can provide valuable diversification. The Regional Exposure table helps you review the general location of the geographical distribution of stocks in each portfolio.

Trailing Returns* 09-30-2015					
	3 Mo %	1 Yr %	3 Yr %	5 Yr %	10 Yr %
Pre-Tax Port Ret	-1.95	-0.02	4.62	6.10	5.49
Benchmark Return	-6.44	-0.61	12.40	13.34	6.80
+/- Bmark Ret	4.49	0.59	-7.78	-7.24	-1.31

Trailing Returns* 09-30-2015					
	3 Mo %	1 Yr %	3 Yr %	5 Yr %	10 Yr %
Pre-Tax Port Ret	-6.50	-4.40	4.38	4.67	5.75
Benchmark Return	-6.44	-0.61	12.40	13.34	6.80
+/- Bmark Ret	-0.06	-3.79	-8.02	-8.67	-1.05

The Trailing Returns table shows the trailing returns of the portfolios over the periods shown. For comparison purposes, the return relative to the benchmark is shown as well.

Risk and Return Statistics*						
	3 Yr		5 Yr		10 Yr	
	Portfolio	Bmark	Portfolio	Bmark	Portfolio	Bmark
Standard Deviation	3.79	9.74	4.14	11.51	6.38	14.90
Mean	4.62	12.40	6.10	13.34	5.49	6.80
Sharpe Ratio	1.23	1.32	1.48	1.22	0.68	0.45

Risk and Return Statistics*						
	3 Yr		5 Yr		10 Yr	
	Portfolio	Bmark	Portfolio	Bmark	Portfolio	Bmark
Standard Deviation	6.29	9.74	8.73	11.51	10.28	14.90
Mean	4.38	12.40	4.67	13.34	5.75	6.80
Sharpe Ratio	0.72	1.32	0.57	1.22	0.48	0.45

The Risk and Return Statistics table shows the pre-tax return, standard deviation, and Sharpe ratio of each portfolio.

Modern Portfolio Theory Statistics*						
	3 Yr		5 Yr		10 Yr	
	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio
Alpha	0.43	1.80	1.80			
Beta	0.34	0.32	0.39			
R-Squared	75.71	77.43	81.35			

Modern Portfolio Theory Statistics*						
	3 Yr		5 Yr		10 Yr	
	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio
Alpha	-2.51	-4.28	0.92			
Beta	0.57	0.70	0.61			
R-Squared	78.56	84.18	79.11			

The MPT Statistics table shows investment statistics for each portfolio.

### Portfolio-Level Performance Disclosure

The portfolio-level performance shown is hypothetical and for illustrative purposes only. Investor returns will differ from the results shown. The performance data reflects monthly portfolio rebalancing.

\*Full return history is not available for all securities. Please see Return Participation disclosure.

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# Portfolio Comparison Report

## Portfolio 1

Benchmark:S&amp;P 500 TR USD (USD, SPYZ)

Portfolio Holdings		
Holdings	Type	Allocation %
BlackRock Equity Dividend Inv A (USD)	MF	33.34
BlackRock National Municipal Inv A (USD)	MF	33.33
BlackRock Strategic Income Opps Inv A (USD)	MF	33.33
		<b>100.00</b>

## Portfolio 2

Benchmark:S&amp;P 500 TR USD (USD, SPYZ)

Portfolio Holdings		
Holdings	Type	Allocation %
BlackRock Global Allocation Inv A (USD)	MF	100.00
		<b>100.00</b>

The Holdings table shows the current holdings in each portfolio.

### Illustration Returns

#### Portfolio 1

Total 4 holdings as of	Symbol	Type	Holdings Date	% of Assets	Holding Value \$	7-day Yield	1 Yr Ret %	3 Yr Ret %	5 Yr Ret %	10 Yr Ret %
BlackRock Equity Dividend Inv A (USD)	MDDVX	MF	09-2015	33.34	33,340	—	-3.23	8.06	10.19	6.44
BlackRock National Municipal Inv A (USD)	MDNLX	MF	09-2015	33.33	33,330	—	2.75	2.85	4.77	4.61
BlackRock Strategic Income Opps Inv A (USD)	BASIX	MF	09-2015	33.33	33,330	—	0.11	2.70	3.04	—

#### Portfolio 2

BlackRock Global Allocation Inv A (USD)	MDLOX	MF	07-2015	100.00	100,000	—	-4.40	4.38	4.67	5.75
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### Return Participation 09-30-2015

This portfolio report includes securities for which return data is not available for the entire history represented. When return is not available for a security, the remaining securities returns are reweighted to maintain consistent proportions for the securities that do have returns. The reweighting impacts trailing return data, as well as statistics that are

calculated using return, including standard deviation, mean, Sharpe ratio, alpha, beta and R-squared. The following securities do not have 120 months of return data reflected in the report.

#### Portfolio 1

##### Security

BlackRock Strategic Income Opps Inv A (USD, BASIX)

##### Start Date

03-31-2008

## Standardized and Tax Adjusted Returns Disclosure Statement

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end please visit <http://advisor.morningstar.com/familyinfo.asp>.

An investment in a money-market vehicle is not insured or guaranteed by the FDIC or any other government agency. The current yield quotation reflects the current earnings of the money market more closely than the total return quotation. Although money markets seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in them.

Standardized Returns assume reinvestment of dividends and capital gains. They depict performance without adjusting for the effects of taxation, but are adjusted to reflect sales charges and ongoing fund expenses.

If adjusted for taxation, the performance quoted would be significantly reduced.

For variable annuities, additional expenses will be taken into account, including M&E risk charges, fund-level expenses such as management fees and operating fees, contract-level administration fees, and charges such as surrender, contract, and sales charges.

After-tax returns are calculated using the highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or an IRA. After-tax returns exclude the effects of either the alternative minimum tax or phase-out of certain tax credits. Any taxes due are as of the time the distributions are made, and the taxable amount and tax character of each distribution are as specified by the fund on the dividend declaration date. Due to foreign tax credits or realized capital losses, after-tax returns may be greater than before-tax returns. After-tax returns for exchange-traded funds are based on net asset value.

### Annualized returns 09-30-2015

Standardized Returns (%)	7-day Yield Subsidized	7-day Yield Unsubsidized	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %
BlackRock Equity Dividend Inv A	—	—	-8.31	9.01	5.87	9.19	10-21-1994	5.25	NA	0.95	0.95
BlackRock Global Allocation Inv A	—	—	-9.41	3.55	5.18	8.57	10-21-1994	5.25	NA	1.13	1.13
BlackRock National Municipal Inv A	—	—	-1.62	3.86	4.16	5.26	10-21-1994	4.25	NA	0.72 <sup>1</sup>	0.85
BlackRock Strategic Income Opps Inv A	—	—	-3.89	2.21	—	3.76	02-05-2008	4.00	NA	0.92 <sup>2</sup>	1.11
<b>Barclays US Agg Bond TR USD</b>			<b>2.94</b>	<b>3.10</b>	<b>4.64</b>	—	—				
<b>MSCI EAFE NR USD</b>			<b>-8.66</b>	<b>3.98</b>	<b>2.97</b>	—	—				
<b>S&amp;P 500 TR USD</b>			<b>-0.61</b>	<b>13.34</b>	<b>6.80</b>	—	<b>01-30-1970</b>				
<b>USTREAS T-Bill Auction Ave 3 Mon</b>			<b>0.02</b>	<b>0.06</b>	<b>1.27</b>	—	—				

1. Contractual waiver; Expires 11-01-2015

2. Contractual waiver; Expires 05-01-2016

Return after Tax (%)	On Distribution					On Distribution and Sales of Shares				
	1Yr	5Yr	10Yr	Since Inception	Inception Date	1Yr	5Yr	10Yr	Since Inception	
BlackRock Equity Dividend Inv A	-9.90	7.99	4.98	7.43	10-21-1994	-3.86	6.76	4.35	6.91	
BlackRock Global Allocation Inv A	-11.81	2.25	3.76	6.40	10-21-1994	-4.21	2.42	3.71	6.15	
BlackRock National Municipal Inv A	-1.62	3.86	4.16	5.23	10-21-1994	0.46	3.84	4.14	5.16	
BlackRock Strategic Income Opps Inv A	-5.37	0.88	—	2.13	02-05-2008	-2.19	1.16	—	2.24	

# Comparison Report Disclosure Statement

Used as supplemental sales literature, the Comparison report must be preceded or accompanied by the fund's/policy's current prospectus or equivalent. Please read these carefully before investing. In all cases, this disclosure statement should accompany the Comparison report. Morningstar is not itself a FINRA-member firm.

The underlying holdings of the portfolio are not federally or FDIC-insured and are not deposits or obligations of, or guaranteed by, any financial institution. Investment in securities involve investment risks including possible loss of principal and fluctuation in value.

This report summarizes the composition characteristics of a portfolio of securities. It considers broad asset allocation and regional exposure, security style, and sector exposure to provide a variety of ways for considering the level of diversification within a portfolio, its potential riskiness, and its possible behavior in the future.

The information contained in this report is from the most recent information available to Morningstar as of the release date, and may or may not be an accurate reflection of the current composition of the securities included in the portfolio. There is no assurance that the weightings, composition and ratios will remain the same.

## Security Types

The following security types are represented herein: closed-end fund (CE), exchange-traded fund (ETF), holding company depository receipt (HOLDR), index (IDX), money market mutual fund (MM), open-end mutual fund (MF), separate account (SA), stock (ST), and variable annuity/life (VA/L).

## Items to Note Regarding Certain Underlying Securities

A closed-end fund is an investment company, which typically makes one public offering of a fixed number of shares. Thereafter, shares are traded on a secondary market such as the New York Stock Exchange. As a result, the secondary market price may be higher or lower than the closed-end fund's net asset value (NAV). If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

An exchange-traded fund (ETF) is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. The ETF will invest in either all or a representative sample of the securities included in the index it is seeking to imitate. Like closed-end funds, ETFs can be traded on a secondary market and thus have a market price that may be higher or lower than its net asset value. If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

A holding company depository receipt (HOLDR) is similar to an ETF, but focuses on narrow industry groups and initially own 20 stocks that are unmanaged, and can become more concentrated due to mergers, or the disparate performance of their holdings. HOLDRs can only be bought in 100-share increments. Investors may exchange shares of a HOLDR for its underlying stocks at any time.

A money market fund is an investment company that invests in commercial paper, banker's acceptances, repurchase agreements, government securities, certificates of deposit and other highly liquid securities, and pays money market

rates of interest. Money markets are not FDIC-insured, may lose money, and are not guaranteed by a bank or other financial institution. Although the money market seeks to preserve a stable per share value (i.e. \$1.00 per share), it is possible to lose money by investment in the fund.

A unit investment trust (UIT) is an investment company organized under a trust agreement between a sponsor and trustee. UITs typically purchase a fixed portfolio of securities and then sell units in the trust to investors. The major difference between a UIT and a mutual fund is that a mutual fund is actively managed, while a UIT is not. On a periodic basis, UITs usually distribute to the unit holder their pro rata share of the trust's net investment income and net realized capital gains, if any. If the trust is one that invests only in tax-free securities, then the income from the trust is also tax-free. UITs generally make one public offering of a fixed number of units. However, in some cases, the sponsor will maintain a secondary market that allows existing unit holders to sell their units and for new investors to buy units.

Variable annuities are tax-deferred investments structured to convert a sum of money into a series of payments over time. Variable annuity policies have limitations and are not viewed as short-term liquid investments. An insurance company's fulfillment of a commitment to pay a minimum death benefit, a schedule of payments, a fixed investment account guaranteed by the insurance company, or another form of guarantee depends on the claims-paying ability of the issuing insurance company. Any such guarantee does not affect or apply to the investment return or principal value of the separate account and its subaccount. The financial ratings quoted for an insurance company do not apply to the separate account and its subaccount. If the variable annuity subaccount is invested in a money-market fund, although it seeks to preserve a stable per share value (i.e. \$1.00 per share), it is possible to lose money by investment in the fund.

Variable life insurance is a cash-value life insurance that has a variable cash value and/or death benefit depending on the investment performance of the subaccount into which premium payments are invested. Unlike traditional life insurance, variable life insurance has inherent risks associated with it, including market volatility, and is not viewed as a short-term liquid investment. For more information on a variable life product, including each subaccount, please read the current prospectus. Please note, the financial ratings noted on the report are quoted for an insurance company and do not apply to the separate account and its subaccount. If the variable life subaccount is invested in a money-market fund, although it seeks to preserve a stable per share value (i.e. \$1.00 per share), it is possible to lose money by investment in the fund.

A bond is a debt security. When an investor purchases a bond, the purchase amount is lent to a government, municipality, corporation or other entity known as an issuer. The issuer promises to pay a specified rate of interest during the life of the bond and repay the face value of the bond when it matures. Individual bond issue data, price evaluations, and effective duration are provided by Interactive Data Corporation.

## Asset Mix

This pie chart and table shows the portfolio's exposure to various asset classes. The "Other" category, if shown, represents an asset class that Morningstar recognizes but classifies outside of the other asset classes shown. (For example, funds that invest in a narrow sector such as Specialty-Precious Metals). "Not Classified" indicates the percentage of the portfolio Morningstar is unable to categorize.

## Morningstar Style Box Diversification

The Morningstar Style Box reveals a fund's investment style as of the date noted on this report.

For equity funds the vertical axis shows the market capitalization of the long stocks owned and the horizontal axis shows investment style (value, blend, or growth).

For fixed-income funds, the vertical axis shows the credit quality of the long bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's effective duration.

Morningstar seeks credit rating information from fund companies on a periodic basis (e.g., quarterly). In compiling credit rating information Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations (NRSROs). For a list of all NRSROs, please visit

<http://www.sec.gov/divisions/marketreg/ratingagency.htm>. Additionally, Morningstar accepts foreign credit ratings from widely recognized or registered rating agencies. If two rating organizations/agencies have rated a security, fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating, and in cases where there are more than two organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings. PLEASE NOTE: Morningstar, Inc. is not itself an NRSRO nor does it issue a credit rating on the fund. An NRSRO or rating agency ratings can change from time-to-time.

For credit quality, Morningstar combines the credit rating information provided by the fund companies with an average default rate calculation to come up with a weighted-average credit quality. The weighted-average credit quality is currently a letter that roughly corresponds to the scale used by a leading NRSRO. Bond funds are assigned a style box placement of "low", "medium", or "high" based on their average credit quality. Funds with a low credit quality are those whose weighted-average credit quality is determined to be less than "BBB-"; medium are those less than "AA-", but greater or equal to "BBB-"; and high are those with a weighted-average credit quality of "AA-" or higher. When classifying a bond portfolio, Morningstar first maps the NRSRO credit ratings of the underlying holdings to their respective default rates (as determined by Morningstar's analysis of actual historical default rates). Morningstar then averages these default rates to determine the average default rate for the entire bond fund. Finally, Morningstar maps this average default rate to its corresponding credit rating along a convex curve.

For interest-rate sensitivity, Morningstar obtains from fund companies the average effective duration. Generally, Morningstar classifies a fixed-income fund's interest-rate sensitivity based on the effective duration of the Morningstar Core Bond Index (MCBI), which is currently three years. The classification of Limited will be assigned to those funds whose average effective duration is between 25% to 75% of MCBI's average effective duration; funds whose average effective duration is between 75% to 125% of the MCBI will be classified as Moderate; and those that are at 125% or greater of the average effective duration of the MCBI will be classified as Extensive.

For municipal bond funds, Morningstar also obtains from fund companies the average effective duration. In these cases static breakpoints are utilized. These breakpoints are as follows: (i) Limited: 4.5 years or less; (ii) Moderate: more than 4.5 years but less than 7 years; and (iii) Extensive: more than 7 years. In addition, for non-US taxable and non-US domiciled fixed income funds static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: greater than 3.5 and less than equal to 6 years; (iii) Extensive: greater than 6 years.

### Stock Sector

This table shows the percentage of the portfolio's equity assets invested in each of the three "supersectors" (in bold) and 11 major industry subclassifications, in

comparison with a benchmark. "Not Classified" is for those securities Morningstar does not recognize or track. The percentage of each sector that composes the benchmark index is also listed.

### Regional Exposure

A broad breakdown of a portfolio's geographical exposure, by region and by market maturity. Only non-cash equity assets are evaluated in determining the exposures. "Not Classified" indicates the percentage of the equity portion of the portfolio for which Morningstar is unable to assess region or origin.

### Standardized Returns

For mutual funds, standardized return is total return adjusted for sales charges and reflects all ongoing fund expenses.

For money market mutual funds, standardized return is total return adjusted for sales charges and reflects all ongoing fund expenses. Current 7-day yield more closely reflects the current earnings of the money market fund than the total return quotation.

For VA subaccounts, standardized return is total return based on its inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees, and actual ongoing fund-level expenses.

For VL subaccounts, standardized return is total return based on its inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees, and actual ongoing fund-level expenses. For VLS, additional fees specific to a VL policy such as transfer fees and cost of insurance fees, which are based on specific characteristics on an individual policy, are not included. If VL fees were included in the return calculations, the performance would have been significantly lower. An investor should contact their financial advisor and ask for a personalized performance illustration, either hypothetical or historical, which reflects all applicable fees and charges including the cost of insurance. Please review the prospectus and SAI for more detailed information.

For ETFs and UITs, the standardized returns reflect performance, both at market price and NAV price, without adjusting for the effects of taxation or brokers commissions. These returns are adjusted to reflect all ongoing ETF expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

For HOLDRs, the standardized returns reflect performance at market price, without adjusting for the effects of taxation or brokers commissions. These returns are adjusted to reflect all ongoing expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

The charges and expenses used in the standardized returns are obtained from the most recent prospectus and/or shareholder report available to Morningstar. For mutual funds and VA/VLS, all dividends and capital gains are assumed to be reinvested. For stocks, stock acquired via divestitures is assumed to be liquidated and reinvested in the original holding.

### Trailing Returns

The portfolio's trailing returns reflect the weighted average of the underlying holding's non-standardized returns during the same periods.

**Past performance is no guarantee of future results.**

For mutual funds, total return is not adjusted for sales charges and reflects all ongoing fund expenses for various time periods. These returns assume reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the mutual fund returns would be reduced.

For money market funds, total return is not adjusted for sales charges and reflects all ongoing fund expenses for various time periods. These returns assume reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the money market returns would be reduced.

For VA and VL subaccounts, total return illustrates performance of the subaccount since the inception date of the underlying fund and is adjusted to reflect all actual ongoing subaccount-level expenses including M&E risk charges and underlying fund-level expenses. These returns assume reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the subaccount returns would be reduced.

For ETFs and closed-end funds, total returns are calculated based on its market price as of the end of the business day for the period noted and does not include any fee or expenses incurred in buying or selling such a security like brokerage commission.

### Benchmark Returns

Benchmark returns may or may not be adjusted to reflect ongoing expenses such as sales charges. An investment's portfolio may differ significantly from the securities in the benchmark.

Returns for custom benchmarks are calculated by applying user-supplied weightings to each benchmark's returns every month. Trailing returns are calculated by geometrically linking these weighted-average monthly returns. Custom benchmark returns thus assume monthly rebalancing.

### Risk and Return Statistics

All the following statistics are calculated for three-, five-, and 10-year periods for the portfolio and its benchmark.

Standard Deviation is a statistical measure of the volatility of a portfolio's returns around its mean.

Mean represents the annualized geometric return of the portfolio for the period shown.

Sharpe Ratio uses a portfolio's standard deviation and total return to determine reward per unit of risk.

### Modern Portfolio Theory (MPT) Statistics

All the following MPT statistics are calculated for three-, five-, and 10-year periods for the portfolio.

Alpha measures the difference between a portfolio's actual returns and its expected performance, given its beta and the actual returns of the benchmark index. Alpha is often seen as a measurement of the value added or subtracted by a portfolio's manager.

Beta measures the degree of change in value one can expect in a portfolio given a change in value in a benchmark index. A portfolio with a beta greater than one is generally more volatile than its benchmark index, and a portfolio with a beta of less than one is generally less volatile than the index.

R-squared reflects the percentage of a portfolio's movements that are explained

by movements in its benchmark index, showing the degree of correlation between the portfolio and a benchmark. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

### Holdings

This section reflects the underlying holdings in which the various portfolio statistics noted within this report are derived and their weighted average in terms of the overall portfolio. The determination of the holdings and to which portfolio they are assigned was made by your financial professional and not Morningstar.

## Investment Risks

**International/Emerging Market Equities:** Investing in international securities involves special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

**Sector Strategies:** Portfolios that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

**Non-Diversified Strategies:** Portfolios that invest a significant percentage of assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

**Small Cap Equities:** Portfolios that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

**Mid Cap Equities:** Portfolios that invest in companies with market capitalization below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

**High-Yield Bonds:** Portfolios that invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default.

**Tax-Free Municipal Bonds:** The investor should note that the income from tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

**Bonds:** Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio declines. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates.

**HOLDERS:** The investor should note that these are narrow industry-focused products that, if the industry is hit by hard times, will lack diversification and possible loss of investment would be likely. These securities can trade at a discount to market price, ownership is of a fractional share interest, the underlying investments may not be representative of the particular industry, the HOLDER might be delisted from the AMEX if the number of underlying companies drops below nine, and the investor may experience trading halts.

**Hedge Funds:** The investor should note that hedge fund investing involves specialized risks that are dependent upon the type of strategies undertaken by the manager. This can include distressed or event-driven strategies, long/short strategies, using arbitrage (exploiting price inefficiencies), international investing, and use of leverage, options and/or derivatives. Although the goal of hedge fund managers may be to reduce volatility and produce positive absolute return under a variety of market conditions, hedge funds may involve a high degree of risk and are suitable only for investors of substantial financial means who could bear the entire loss of their investment.

**Bank Loan/Senior Debt:** Bank loans and senior loans are impacted by the risks associated with fixed income in general, including interest rate risk and default risk. They are often non-investment grade; therefore, the risk of default is high. These securities are also relatively illiquid. Managed products that invest in bank loans/senior debt are often highly leveraged, producing a high risk of return volatility.

**Exchange Traded Notes (ETNs):** ETNs are unsecured debt obligations. Any repayment of notes is subject to the issuer's ability to repay its obligations. ETNs do not typically pay interest.

**Leveraged ETFs:** Leveraged investments are designed to meet multiples of the return performance of the index they track and seek to meet their fund objectives on a daily basis (or other time period stated within the prospectus objective). The leverage/gearing ratio is the amount of excess return that a leveraged investment is designed to achieve in comparison to its index performance (i.e. 200%, 300%, -200%, or -300% or 2X, 3X, -2X, -3X). Compounding has the ability to affect the performance of the fund to be either greater or less than the index performance multiplied by the multiple stated within the funds objective over a stated time period.

**Short Positions:** When a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker may demand more collateral and a manager might have to close out a short position at an inopportune time to limit further losses.

**Long-Short:** Due to the strategies used by long-short funds, which may include but are not limited to leverage, short selling, short-term trading, and investing in derivatives, these funds may have greater risk, volatility, and expenses than those focusing on traditional investment strategies.

**Liquidity Risk:** Closed-end fund, ETF, and HOLDR trading may be halted due to market conditions, impacting an investor's ability to sell a fund.

**Market Price Risk:** The market price of ETFs, HOLDERS, and closed-end funds traded on the secondary market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV, which will affect an investor's value.

**Market Risk:** The market prices of ETFs and HOLDERS can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

**Target-Date Funds:** Target-date funds typically invest in other mutual funds and are designed for investors who are planning to retire during the target date year. The fund's target date is the approximate date when investors expect to begin withdrawing their money. A target-date fund's investment objective/strategy typically becomes more conservative over time, primarily by reducing its allocation to equity mutual funds and increasing its allocations in fixed-income mutual funds. An investor's principal value in a target-date fund is not guaranteed at any time, including at the fund's target date.

**High double- and triple-digit returns:** High double- and triple-digit returns were the result of extremely favorable market conditions, which may not continue to be the case. High returns for short time periods must not be a major factor when making investment decisions.

## Benchmark Disclosure

### Barclays US Agg Bond TR USD

This index is composed of the BarCap Government/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The returns we publish for the index are total returns, which includes the daily reinvestment of dividends.

### MSCI EAFE NR USD

This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-U.S., industrialized country indexes.

This disclosure applies to all MSCI indices: Certain information included herein is derived by Morningstar in part from MSCI's Index Constituents (the "Index Data"). However, MSCI has not reviewed any information contained herein and does not endorse or express any opinion such information or analysis. MSCI does not make any express or implied warranties, representations or guarantees concerning the Index Data or any information or data derived therefrom, and in no event will MSCI have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) relating to any use of this information.

### S&P 500 TR USD

A market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenues are based in the US; it's often used as a proxy for the stock market. TR (Total Return) indexes include daily reinvestment of dividends.

### USTREAS T-Bill Auction Ave 3 Mon

Three-month T-bills are government-backed, short-term investments considered to be risk-free and as good as cash because the maturity is only three months. Morningstar collects yields on the T-bill on a weekly basis from the Wall Street Journal.