



SECURITY BENEFIT LIFE INSURANCE COMPANY

S&P 500[®] Factor Rotator Daily RC2 7% Index

A CLOSER LOOK

Key Features of the S&P 500 Factor Rotator Daily RC2 7% Index

The S&P 500 Factor Rotator Daily RC2 7% Index is comprised of three components that dynamically rebalance to target a volatility of 7%:

- 1 The S&P 500 Factor Rotator Index
- 2 The S&P 2-Year U.S. Treasury Note Futures Index
- 3 Cash

The S&P 500 Factor Rotator Index is designed to track the two best performing S&P 500 factor indices, based on past risk-adjusted momentum, out of five S&P 500 factor indices which are representative of five key factor strategies for the U.S. stock market.

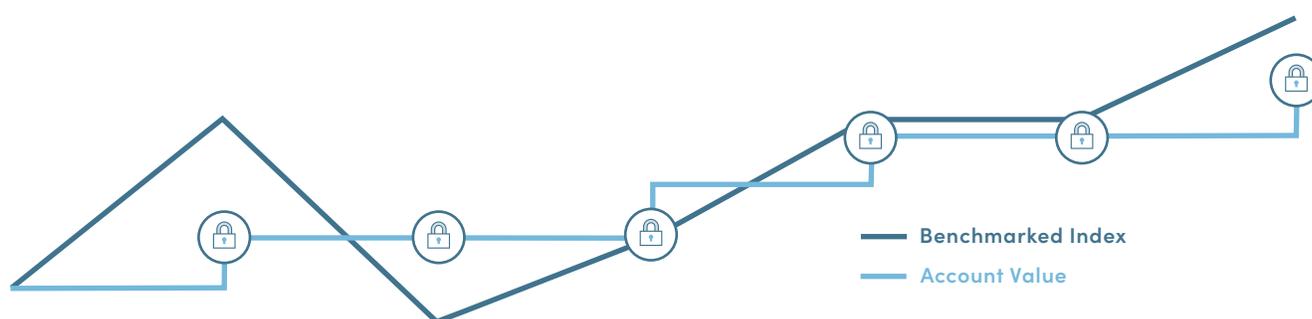
Before further exploring the S&P 500 Factor Rotator Daily RC2 7% Index, understanding how a Fixed Index Annuity (FIA) provides value and why indices are used in an FIA are important concepts that will help you make an informed decision.

How a Fixed Index Annuity Provides Value

A Fixed Index Annuity (FIA) offers the best features of a traditional fixed annuity — a guarantee of your purchase payment and tax deferral — combined with the opportunity to increase the value of your retirement savings by offering one or more interest crediting options based on an index.

By employing an index as an interest crediting option, an FIA has the potential to credit interest when the index goes up. If the index goes down, your purchase payment and previously credited interest are locked in and will not decline. However, you will not receive additional interest for that interest crediting period.

Unlike other savings vehicles where the account balance may decline due to market performance, your purchase payment and any previously credited interest in an FIA are guaranteed to never go down due to market downturns.



Why Use an Index?

An index is a way to measure the performance of a select group of financial assets as a benchmark to determine interest crediting inside of an FIA.

An FIA increases in value by crediting interest based on a formula that links to a market index, without the risk of direct participation in those markets. Using an index in an FIA allows for interest to be credited based on a diversified strategy that is linked to the market or markets represented in that index and its potential gains, without being subjected to the potential downturns of the market.

Security Benefit offers both an Annual Point to Point and a 2-yr Point to Point index account based on the S&P 500® Factor Rotator Daily RC2 7% Index.

What is the S&P 500 Factor Rotator Daily RC2 7% Index?

The S&P 500 Factor Rotator Index is a weighted return index that is designed to track the two best-performing S&P 500 Factor Indices, based on past risk-adjusted momentum, from the following five indices: S&P 500 Quality, S&P 500 Enhanced Value, S&P 500 Momentum, S&P 500 Low Volatility, and S&P 500 High Dividend.

The risk control framework (RC2) is applied to the underlying index and helps reduce portfolio volatility toward the 7% target by adjusting the portfolio allocation between the underlying index and a liquid bond index. When volatility increases, S&P 500 Factor Rotator Index weight decreases and S&P 2-Year U.S. Treasury Note Futures Index weight increases. When volatility decreases, S&P 500 Factor Rotator Index weight increases and S&P 2-Year U.S. Treasury Note Futures Index weight decreases.

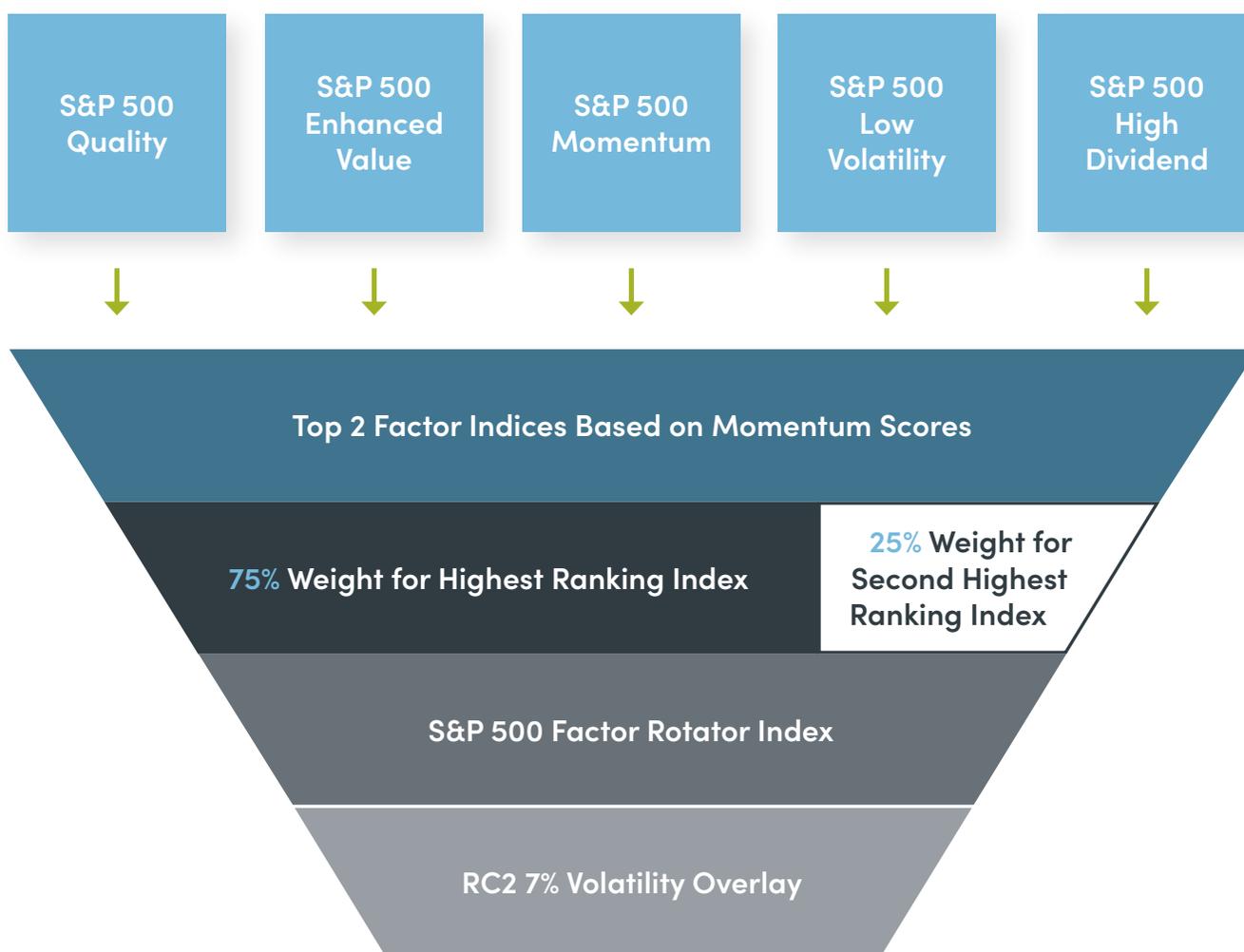
The S&P 500 Factor Rotator Daily RC2 7% Methodology

The weighting of the underlying S&P 500 Factor Indices occurs every month.

The two best performing factor indices, by past risk-adjusted momentum, are selected and form the index according to the following process:

1. Risk-adjusted momentum ratios for the preceding 20, 120, and 240 days are computed for each factor index based on total return data.
2. The average of the three risk-adjusted momentum ratios is computed for each factor index.
3. The factor indices are ranked, in descending order using the average ratios from step 2, and the top two indices are selected.
4. Weight the top two indices from step 3, applying a 75% weight for the highest-ranking index and a 25% weight for the next highest ranking.
5. Each month the index will rebalance following steps 1-4.

S&P 500 Factor Rotator RC2 7% Index



If all factors of the respective underlying indices are volatile, the risk control construct allows for reducing equity exposure by increasing the allocation to S&P 2-Year U.S. Treasury Note Futures Index. The S&P 500 Factor Rotator Daily RC2 7% Index may use leverage (borrowing cash) to allocate up to 150% to the component indices when underlying indices are less volatile.

The Index can dynamically adjust allocations to its factor index components, the S&P 2-Year Treasury Note Futures Index, and cash as it seeks to achieve a 7% annualized volatility target on a daily basis.

While the Index has a volatility target of 7%, there can be no guarantee that the realized volatility of the Index will not be less than or greater than 7%.

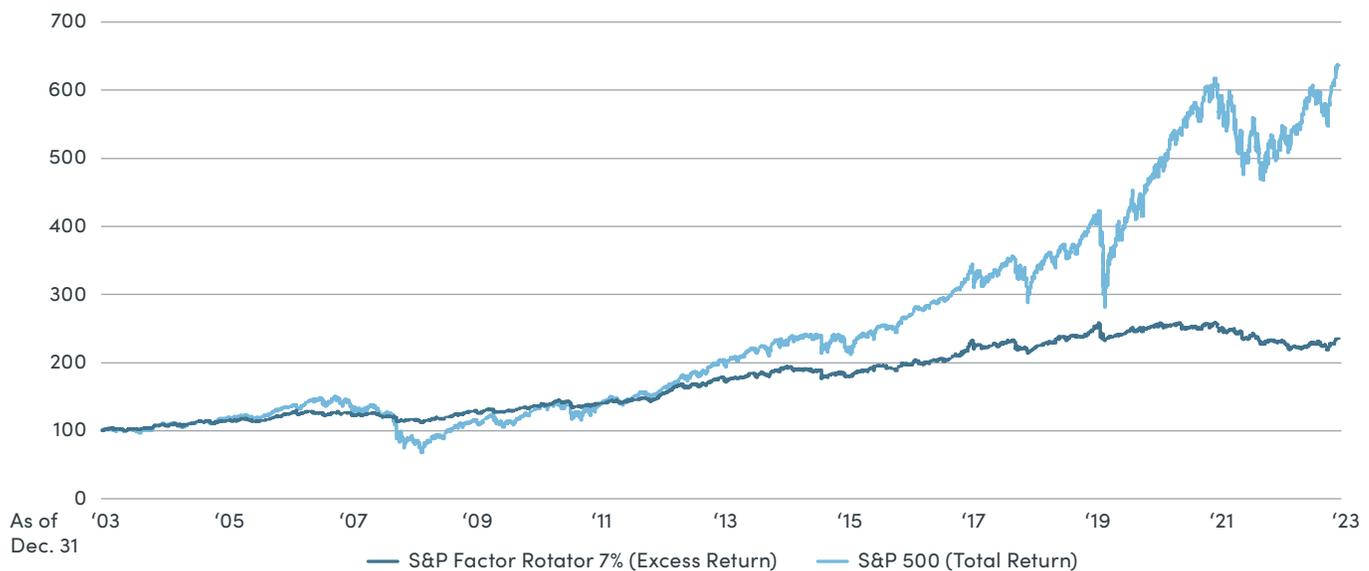
The Index is an Excess Return Index, which value is calculated by deducting the daily Effective Federal Funds Rate from the daily return of the underlying Total Return index.

Key Terms

- **Factor Investing:** Factor investing is a strategy that chooses securities on attributes that are associated with higher returns and is designed to enhance diversification while managing risk.
- **Volatility:** The amount of price variation. High volatility means the price moves up and down in wide ranges over a relatively short period of time. Low volatility means that the price does not change dramatically, but change happens at a more gradual pace.
- **Weighting:** The adjustment made in the allocation in order to account for the relative importance of an item in calculations.

Index Performance

The chart below shows the Index performance for the time period shown compared to the S&P 500 indexed to 100.



Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2020. Chart is provided for illustrative purposes. The S&P 500 Factor Rotator Daily RC2 7% Index was not available until March 25, 2020. Performance information for the Index prior to that date is simulated.

S&P Dow Jones Indices (S&P DJI): A Recognized Name in the Financial World

S&P DJI is the largest global resource for index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based upon S&P DJI's indices than any other index provider in the world. With over USD 8.3 trillion in passively managed assets linked to S&P DJI's indices and over USD 8.4 trillion benchmarked to its indices, S&P DJI's solutions are widely considered essential in tracking market performance, evaluating portfolios and developing investment strategies.

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Who Owns The S&P 500 Factor Rotator Daily RC2 7% Index?

The Index is owned by S&P Dow Jones Indices LLC and is calculated daily by S&P DJI.

For daily valuations and more information about the S&P 500 Factor Rotator Daily RC2 7% Index, visit spglobal.com/spdji and enter the Index ticker symbol SPXFRRE7 in the search field.

Security Benefit is a Kansas-based insurance company with a rich history of more than 130 years. We have become one of the fastest-growing companies in the US retirement market.

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Your path *To and Through Retirement*[®] begins here.

For more information about the S&P 500 Factor Rotator Daily RC2 7%, visit spglobal.com/spdji

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