



Shiller Barclays CAPE[®] US Sector Risk Controlled 10% USD Total Return Index

An Index Designed by Professor Robert J. Shiller and Barclays

ROBERT J. SHILLER is Professor of Economics and Finance at Yale University, the best-selling author of *Irrational Exuberance* and co-developer of the CAPE® Ratio.

BARCLAYS is a global financial services firm with expertise in investment banking and wealth management.

The Shiller Barclays CAPE® US Sector Risk Controlled 10% USD Total Return Index was developed based on the principles described in this brochure. The index was established on February 3, 2014, and any performance shown before this date is back-tested by applying the index strategy to historical financial data.

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Identifying Value and Reducing Risk

The Shiller Barclays CAPE® US Sector Risk Controlled 10% USD Total Return Index (the Index) is a rules-based equity index. A rules-based approach removes emotions, decisions and the need to time the market. The Index applies well-established principles for asset selection and allocation with a goal of providing positive long-term returns.

Each month, a defined set of rules is used to invest in four market sectors of the U.S. economy. Each day, the Index has the ability to allocate a portion to cash and a portion to the Shiller Barclays CAPE® US Sector Total Return Index based on the demonstrated stability of the equity market to help reduce potential risk and increase potential long-term returns. Two core principles are applied for sector selection and allocation:

▶▶ VALUE INVESTING

Value investing is a well-known and recognized investment style dating back to the 1930s. Value investors actively seek to buy assets when the price is low and sell when the price is high.

▶▶ RISK CONTROL

Risk of loss increases when there are more rapid movements in the market. When the market is moving rapidly—up or down—there is a greater chance of short-term loss. Risk control helps by reducing exposure to equities when the market is unstable.

The CAPE® ratio is a tool developed by Professor Shiller to identify assets that appear to be undervalued. The CAPE® ratio compares the current price to the average earnings over 10 years, adjusting for inflation. A lower CAPE® ratio is considered to be an indicator that an asset is undervalued. The Shiller Barclays CAPE® US Sector Total Return Index relies on a modified version of the classic CAPE® ratio called the Relative CAPE® Indicator.

This brochure was designed to provide information on the Shiller Barclays CAPE® US Sector Risk Controlled 10% USD Total Return Index and should only be used in conjunction with Athene Balanced Choice® Annuity Elevate (BCA Elevate™) materials. Barclays is not the issuer or producer of BCA Elevate. Barclays relationship to the BCA Elevate products described in this brochure is only licensing of the Index to Athene, in exchange for a fee, for use in connection with the BCA Elevate products. Fixed indexed annuities are not an investment and do not directly invest in the stock market or any index. It is not possible to invest directly in an index. Please ask your insurance professional and refer to the BCA Elevate product brochure and inserts for more information on fees, restrictions and limitations.

An Index Leveraging Value and Risk Control

Market Sector Selection Based on Principles for Identifying Value

A monthly sector selection seeks to identify values. To identify potentially undervalued market sectors, the 10 market sectors of the U.S. economy are evaluated to identify the five that appear to be most undervalued. An additional screen then eliminates one market sector with the least price momentum over the prior 12 months. Equal allocations are made in the remaining four sectors.

The 10 market sectors represented in the Shiller Barclays CAPE® US Sector Total Return Index are: Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrial, Materials, Real Estate, Technology and Utilities.¹

Monthly Re-Allocation Process



¹ Each market sector is represented by an exchange traded fund.

Daily Risk Control Helps Provide Smoother Returns

Rapid movement in the market, or volatility, can create greater potential risk to long-term returns. The Index attempts to reduce the impact of short-term volatility in the equity market sectors through daily re-allocations between the equity sectors selected by the Shiller Barclays CAPE® US Total Return Index and a cash account.



The Index seeks to maintain a 10% daily volatility target. If volatility falls below the target, the allocation to the equity market sectors is increased up to a maximum of 150%. If volatility is greater than the target, allocations to the equity market sectors may be reduced. Allocations below 100% to the equity market sectors will be reallocated to a cash account.²

Key terms and definitions

CAPE® RATIO – A statistical tool used to identify potential values, the CAPE® Ratio compares the current price to the average earnings over 10 years, adjusted for inflation.

MARKET SECTORS – Types of companies grouped based on the goods or services they produce, such as Health Care or Energy.

MOMENTUM – An indicator of a positive or negative trend in an asset's price movement over time. Momentum is calculated by comparing the market sector's current price to the price of the sector 12 months prior.

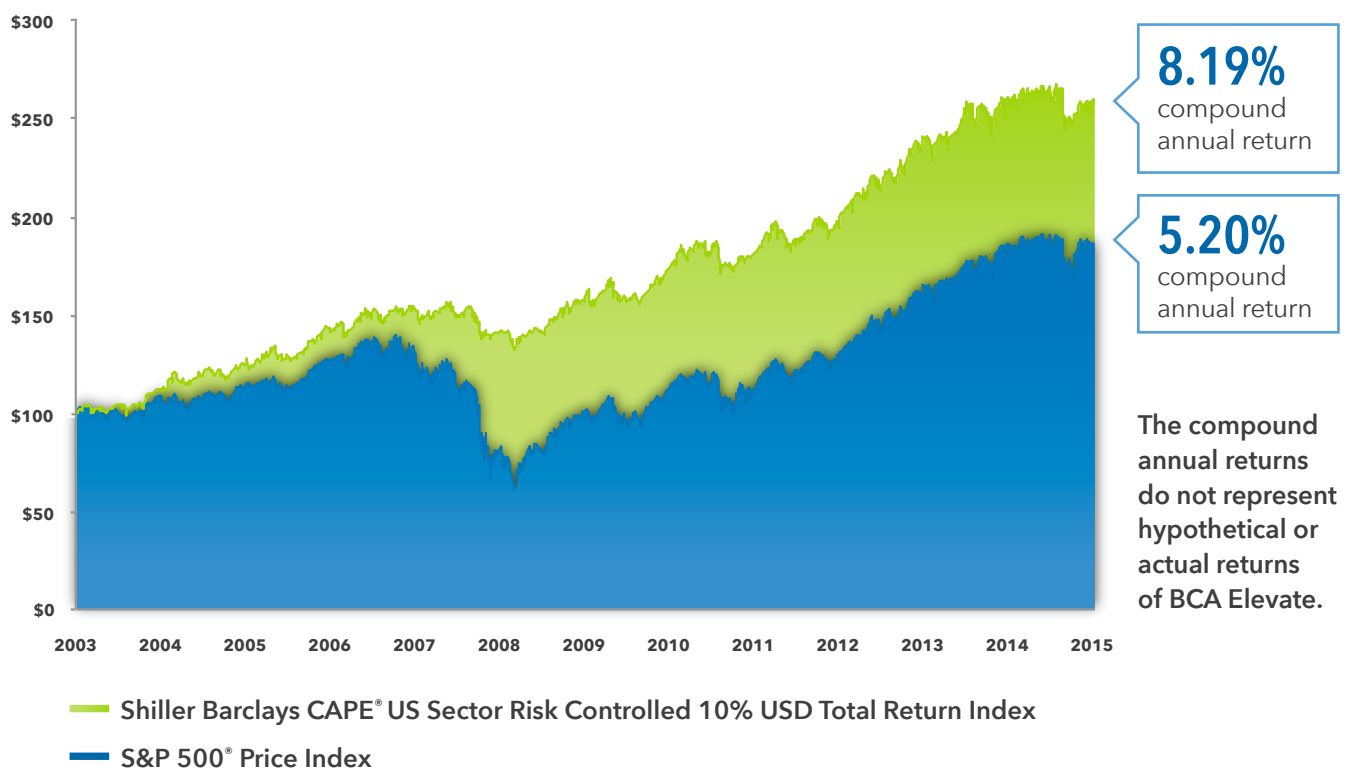
RELATIVE CAPE® INDICATOR – Measures the current CAPE® ratio compared to its rolling 20-year average. The Relative CAPE® Indicator helps the Index avoid repeatedly selecting sectors with low ratios and exclude sectors with high ratios without considering inherent, long-term differences that cause some sectors to consistently trade at higher or lower classic CAPE® ratios than others over time.

² Following periods of high short-term volatility, the Index may allocate up to 100% to the cash account, which earns interest based on the 1-month USD LIBOR rate.

Identifying Value and Risk Control Helped Create Positive Long-term Returns

Well-established principles of identifying value and risk control have historically provided positive returns that outpace the broader market. The graph below illustrates actual and back-tested performance of the Index. The Index would have provided **57% higher annualized returns than the S&P 500® Price Index with 52% less volatility.**

Shiller Barclays CAPE® US Index Performance



Hypothetical Assumptions: Represents the hypothetical growth of \$100 invested in the Shiller Barclays CAPE® US Index and S&P 500® Price Index from 12/31/03 to 12/31/15. It is not possible to invest directly in an index. Ask your insurance professional for more information on the historical performance of BCA Elevate, including the impact of the strategy rider charge and any optional rider charges. The Index was established on 2/3/14, and any performance shown before this date is back-tested by applying the index strategy to historical financial data. Back-tested performance is hypothetical and provided for informational purposes only. Past performance is not an indicator or guarantee of future results.

A photograph of a sailboat on the ocean at sunset. The sun is low on the horizon, creating a warm, golden glow. The sailboat's white hull and rigging are visible in the foreground, and the ocean waves are breaking behind it. The sky is a mix of orange and blue.

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Because the index applies a volatility control mechanism, the range of both the positive and negative performance of the index is limited. The index is managed to create stabilized performance and avoid very high positive returns and very low negative returns.

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