

Volatility Control: What It Is and Why It Matters

What is Volatility Control?

Volatility control adjusts index exposure to maintain a target level of volatility - creating a more stable risk profile and smoother returns for policyholders.

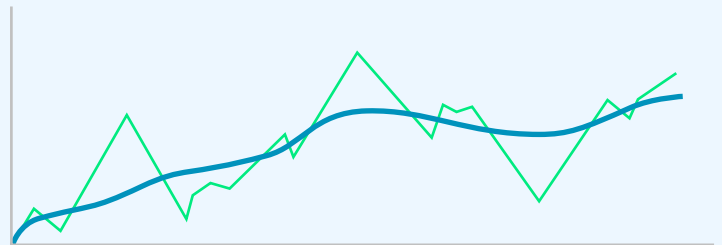
Problem:

Traditional Indexes provide predictable exposure, but unpredictable volatility. Every day in the markets carries different levels of risk, despite tracking the same underlying exposure.

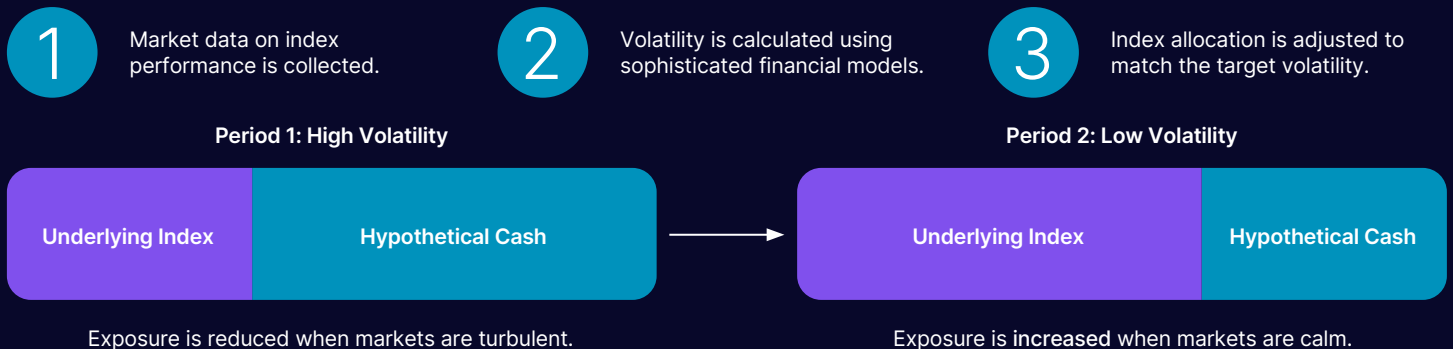
Date	1-Day Return of NDX®	1y Realized Vol
12/01/2008 Global Financial Crisis	-8.00%	42%
12/21/2017 Uneventful Day during Tech Boom	0.00003%	10%

Solution:

By adjusting index exposure to target a certain level of volatility, risk can be controlled, giving a policyholder a stable and predictable risk profile.



How does Volatility Control work?



How does Volatility Control Improve the Client Experience?



Day 1:

Client enters policy

Vol control indexes can carry **higher par and cap rates** because of their stable risk profile.



Year 1-5:

Accumulation

Vol control indexes can have **more consistent returns** because of their stable risk profile.



Years 5-10:

Client renewal process

Vol control indexes may **renew at more similar rates** because of their stable risk profile.

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