

# BofA U.S. Agility Index Crediting Strategy - FAQ

As of June 30, 2023, a fourth crediting strategy is available on our entire Indexed Universal Life product portfolio. Please review this FAQ for answers to some commonly asked questions:

## BofA U.S. Agility Index Overview:

Index Name	BofA U.S. Agility Index
Rebalancing	Daily
Volatility Target	5%

## Crediting Strategy Overview:

Guaranteed Minimum Participation Rate	50%
Segment Cap	None
Guaranteed Minimum Floor Rate	0.00%
Segment Term	12 Months with point-to-point crediting method

### Q. What is the BofA U.S. Agility Index?

**A.** The BofA U.S. Agility Index (the “Agility Index”) aims to provide consistent performance in different market environments. It adapts to changing conditions by rebalancing between equities and fixed income daily. The Agility Index has a 5% annualized volatility target. In comparison, S&P volatility has historically been around 20%.<sup>1</sup>

<sup>1</sup>Data from 12/31/2021 to 5/31/2022. Ticker: SPX Index. Volatility calculated on an annualized basis. Past performance is not indicative of future performance. Actual performance will vary, perhaps materially from the performance set forth herein.

### Q. Why choose this index?

**A.** Market conditions are constantly changing. The Agility Index is a rules-based multi-asset strategy that aims to provide consistent performance in different environments. It is designed to be nimble, swiftly adapting to market shifts by rebalancing between equities, fixed income and a notional cash position on a daily basis.

### Q. How is the Agility Index constructed?

#### A. 1. Maximize allocation to equities

- The Agility Index allocates to S&P 500 rolling futures daily, then the asset basket sets an equity weight based on equity market volatility measured during the trading day.

#### A. 2. Allocate remainder to fixed income

- To complete the asset basket, the remainder is allocated to fixed income assets through the BofA Strategic Bonds Index (the “bond index”).
- The bond index seeks to add diversification to the asset basket, and can allocate up to 100% in cash when market conditions deteriorate.

#### A. 3. Risk management is applied

- The Agility Index has a 5% volatility target, with maximum leverage of 150% to the asset basket. It measures volatility frequently throughout trading hours and rebalances daily between the asset basket and a notional cash position with an aim to reduce volatility.



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## Q. How does the BofA Strategic Bonds Index work?

A. The BofA Strategic Bonds Index allows the Agility Index to take advantage of a wide spectrum of fixed income assets to enhance diversification. Depending on volatility levels, the bond index can also shift into cash, allocating up to 100%. Put simply, the bond index is designed to be dynamic, with the goal of capturing returns when fixed income assets outperform, and aim to mitigate drawdowns when conditions aren't as favorable.

## Q. Why did Mutual of Omaha select the Agility Index?

A. Our IUL is straightforward and stable, and we feel that the BofA U.S. Agility Index fits our product story. We selected the Agility Index in an effort to help our clients respond to the ever changing market conditions. Additionally, Bank of America as a whole continues to prove they are a strong, reputable company working to improve the financial lives of their clients through the power of responsible growth.

## Q. Can all policies choose the BofA U.S. Agility Index?

A. Yes, it is open to all new business applications, and existing policyholders can select to allocate to the Agility Index on their annual anniversary. Policyholders will receive a letter on or before their policy anniversary informing them of this option.

## Q. Is there a historical interest rate flyer for the BofA U.S. Agility Index currently?

A. No, not currently. The Agility Index is new; therefore, we do not have actual performance. We anticipate that we will publish a rate flyer next year. Additionally, we have hypothetical back-tested performance below for your review:

### BofA U.S. Agility Index

Back-tested Monthly Performance<sup>1</sup>

As of:	YTD Return	1 yr Return	2yr Return	3yr CAGR	5yr CAGR	10yr CAGR							
5/31/23	-1.73%	-3.82%	-3.91%	-0.02%	3.24%	4.33%							
	January	February	March	April	May	June	July	August	September	October	November	December	Year
2023	1.02%	-1.77%	-0.02%	0.13%	-1.08%								-1.73%
2022	-2.15%	-0.91%	0.92%	-2.12%	0.81%	-1.53%	1.58%	-2.30%	-1.55%	1.30%	1.25%	-0.80%	-5.50%
2021	-1.53%	-0.73%	0.42%	1.74%	-0.04%	0.86%	1.24%	1.01%	-2.84%	2.40%	0.29%	0.54%	3.30%
2020	1.45%	-0.31%	-1.21%	0.69%	0.37%	0.12%	1.24%	2.74%	-0.88%	-2.71%	2.19%	1.54%	5.21%
2019	3.61%	0.57%	2.15%	2.20%	-1.22%	3.49%	0.10%	0.45%	-0.07%	0.70%	2.47%	0.61%	16.01%
2018	4.17%	-1.89%	-1.09%	-0.29%	0.03%	0.00%	1.37%	1.59%	0.23%	-2.89%	0.72%	-0.79%	0.98%
2017	0.63%	3.23%	0.26%	0.76%	-0.29%	0.24%	1.41%	0.24%	0.94%	2.20%	2.96%	0.49%	13.80%
2016	-0.71%	0.48%	3.00%	0.44%	0.10%	1.46%	1.73%	-0.10%	-0.93%	-1.14%	0.21%	0.77%	5.37%
2015	0.91%	0.46%	-1.33%	0.01%	-0.36%	-1.85%	0.21%	-2.26%	0.80%	2.02%	-0.89%	-0.91%	-3.23%
2014	-1.23%	2.60%	-0.03%	0.51%	2.78%	1.78%	-1.35%	3.06%	-2.17%	1.24%	1.95%	-2.16%	7.01%
2013	1.40%	0.16%	1.45%	1.17%	-1.33%	-0.39%	1.46%	-2.23%	1.46%	2.19%	0.95%	0.58%	7.00%
2012	2.40%	1.70%	0.30%	0.65%	-1.74%	1.51%	2.46%	0.66%	1.65%	-0.21%	0.21%	0.30%	10.26%
2011	1.57%	1.31%	0.24%	2.42%	0.23%	-1.21%	1.10%	-0.28%	-1.71%	1.62%	-1.76%	1.42%	4.93%
2010	0.34%	0.43%	2.29%	1.05%	-2.26%	0.41%	2.74%	-0.18%	2.98%	1.60%	-0.82%	1.13%	10.01%
2009	-1.80%	-1.34%	3.04%	0.48%	1.79%	0.14%	3.09%	1.36%	2.93%	0.07%	1.81%	-0.25%	11.75%
2008	-1.22%	-0.34%	-0.50%	1.16%	-0.50%	-2.74%	-0.06%	0.87%	-2.86%	-1.76%	1.06%	2.10%	-4.81%
2007	0.12%	-1.27%	-0.09%	1.22%	0.32%	-2.87%	-0.54%	1.01%	2.25%	0.75%	0.62%	-0.38%	1.05%
2006	0.46%	0.04%	-0.40%	0.38%	-2.04%	0.28%	-0.26%	1.67%	0.95%	1.68%	0.77%	-0.35%	3.17%

(Source BofA Securities, Bloomberg (December 31, 2005 - May 31, 2023))

<sup>2</sup> Data from 12/31/2005 to 5/31/2023. No actual financial product which allowed tracking of the performance of the BofA U.S. Agility Index (the "Index") was possible before May 3, 2023. Any hypothetical "back-tested" information provided herein is illustrative only and determined by retroactive application of a back-tested model, itself designed with the benefit of hindsight based on certain data and assumptions and estimates (not all of which may be specified herein and which are subject to change without notice). For certain index components, where actual historical information was not available for the date range, BofAS used a substitute similar component for purposes of the back-testing. Please reach out to BofAS for details on such substitute components. These back-tested, hypothetical, historical annualized Index returns have inherent limitations. The results obtained from different models, assumptions, estimates and/or data may be materially different and might produce significantly different results and may prove to be more appropriate from the results presented herein. Actual performance will vary, perhaps materially from the performance set forth herein. The performance of the Index is excess return and includes a 50bps embedded cost, and does not include fees or costs of any financial instrument referencing the Index. No representation is made by BofAS that in the future the Index will have the returns illustrated herein. Hypothetical "back-tested" information should not be considered indicative of the actual results that might be obtained from a financial product or participation in a financial instrument or transaction referencing the Index. BofAS expressly disclaims any responsibility for (i) the accuracy or completeness of the models, assumptions, estimates and data used in deriving the hypothetical "back-tested" information, (ii) any errors or omissions in computing or disseminating the hypothetical "back-tested" information, and (iii) any uses to which the hypothetical "back-tested" information may be put by any recipient of such information.

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