

# More growth potential with a trusted index

Fidelity Multifactor Yield Index<sup>SM</sup> 5% ER

## Learn more about Fidelity Multifactor Yield Index<sup>SM</sup> 5% ER index options

Indexed universal life (IUL) insurance can provide your clients with death benefit protection and offer strong cash value growth potential they can use during their lifetime. One way that North American stands out in the IUL space is that we offer policyowners competitive fixed and indexed account options to diversify their strategy for navigating times of market uncertainty. To make these diversification choices even stronger, we offer two index allocation options for the **Fidelity Multifactor Yield Index<sup>SM</sup> 5% ER**, on all currently marketed IUL insurance products..



### NEW High Participation option for Fidelity Index

Because of its popularity, stability, and ability to balance and capitalize on market trends, we have added another option to the Fidelity index offering. The High Par option on the Fidelity Multifactor Yield Index<sup>SM</sup> 5% ER offers **more index crediting potential** through a higher participation rate, while our IUL products still **providing downside protection** with a zero percent floor! This option utilizes Annual Point-to-Point crediting methodology, is uncapped, and has no spread.

### How do the options on the Fidelity Index compare?

The crediting options on the Fidelity index we offer on our IUL products have individual strengths that can serve different purposes, depending on your client's financial goals. Over the past 20 years, if the high-par option had been available, the chart below depicts what the index credit would have looked like in comparison to the existing version of the Fidelity index on the **Builder Plus IUL® 3** product, which contains an additional bonus<sup>1</sup>. When combined, each option can complement the other to create more balance when exposed to market volatility.

**Exhibit 1: Comparing performance of different options on the Fidelity Multifactor Yield Index<sup>SM</sup> 5% ER**



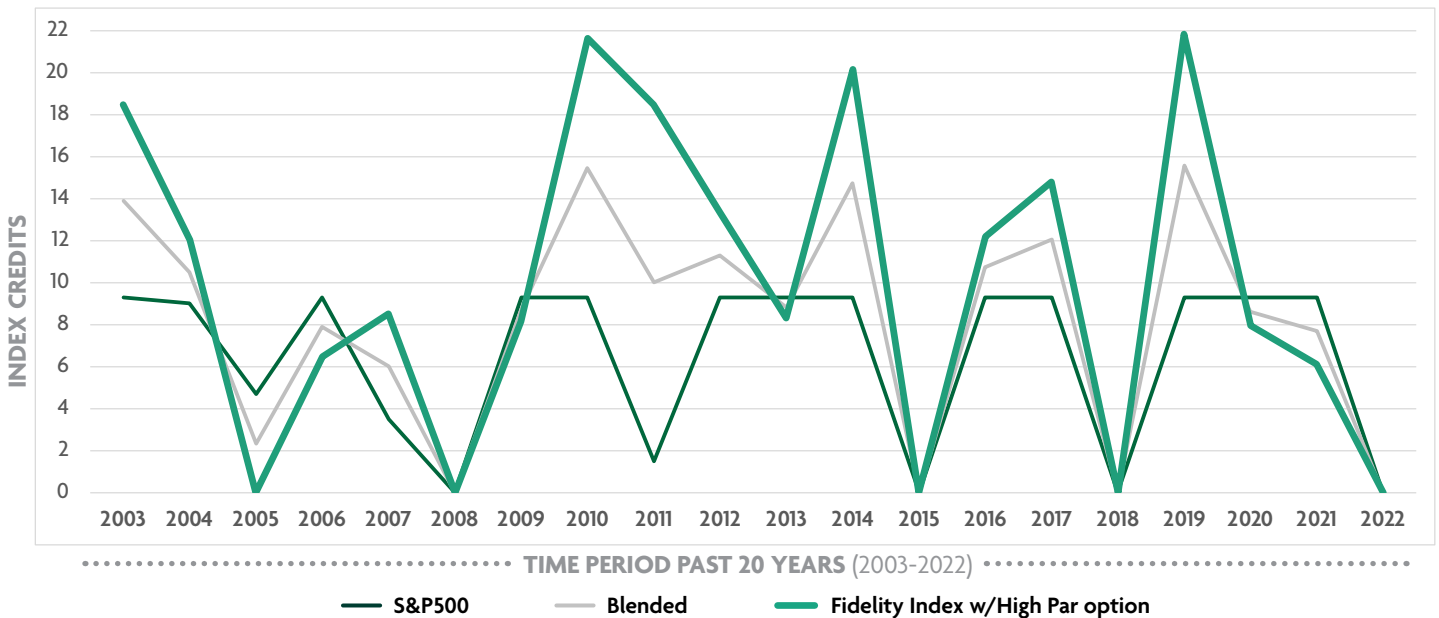
Source: Internal data, July 2023. Past performance is not indicative of future performance. The Fidelity Index launched December 11, 2019. Any performance prior to that date has been back-casted. The chart shows what historical index credits would have been based on the back-casted data and current participation and bonus rates for the Builder Plus IUL 3.

## Volatility control without limiting upside

Diversification in index options offers flexibility for clients wishing to balance cash value growth, while limiting the impact of market volatility.

With the High-Par option on the Fidelity Index selection, a policy's potential to earn double digit interest crediting rate, cash value growth in up-market years is possible, illustrating the benefit of uncapped growth strategies. The 0% floor offered on our IUL products can help harness market volatility in a positive way, by helping to protect clients' cash value during market losses.

**Exhibit 2: Historical index credits on Builder Plus IUL 3 with additional bonus snapshot comparing: S&P500® PtP, Fidelity with bonus option, and hypothetical performance of Fidelity with high par (based off historical data over the past 20 years)**



Source: Internal data, July 2023. Past performance is not indicative of future performance. The Fidelity Index launched December 11, 2019. Any performance prior to that date has been back-casted. The chart shows what historical index credits would have been based on the back-casted data and current participation and bonus rates for the Builder Plus IUL 3.

As you can see from the chart above, each option has its own unique performance pattern over the past 20 years. With the back-casted **High Par option on the Fidelity Index**, there has generally been less volatility with fewer zero credit years than the other options, while retaining returns in comparison. **The bottom line?** North America's IUL products continue to get stronger by offering a diverse range of indexed account options, and clients don't have to treat cash value growth and death benefit protection as mutually exclusive choices. Each product and policy design can be based on your client's long-term goals.

## Why Fidelity?

Not only is the Fidelity Multifactor Yield Index 5% ER built on expertise and consistency, it's weighted to enhance income potential by applying fixed weights to six Fidelity factor indices.

## Diversification against risk

Certain factors have tended to perform well in varying market environments, but no single factor outperforms all the time. Combining factors may provide diversification benefits, including selecting the S&P 500® index and other widely known indices.

## Combination of six key factors

Supported by years of academic research and empirical data, six equity factor indices were combined to create the Fidelity Multifactor Yield Index 5% ER. Each factor and weighting was chosen with the goal of enhancing returns, managing risk, and targeting specific outcomes. A rules-based index that blends six equity factor indices with U.S. Treasuries, and uses a dynamic allocation approach that seeks to reduce volatility to deliver more consistent returns over time.

## The 6 key factors within the Fidelity Multifactor Yield Index 5% ER

	Value	Momentum	Dividend yield	Quality	Low volatility	Size
What it is	Securities that are inexpensive relative to fundamentals	Positively trending securities	Securities that pay higher dividends	Financially healthy companies	Lower-risk securities	Smaller, potentially more agile companies
Underlying index name	Fidelity U.S. Value Factor Index <sup>SM</sup> (FIDUSVLT)	Fidelity U.S. Momentum Factor Index <sup>SM</sup> (FIDUSMOT)	Fidelity High Dividend Index <sup>SM</sup> (FIDUSCDT)	Fidelity U.S. Quality Factor Index <sup>SM</sup> (FIDUSQLT)	Fidelity U.S. Low Volatility Factor Index <sup>SM</sup> (FIDUSLVT)	Fidelity Small-Mid Factor Index <sup>SM</sup> (FIDUSSMT)

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## See it at work

[go.fidelity.com/FIDMFY](https://go.fidelity.com/FIDMFY)

Want to see how the Fidelity Multifactor Yield Index 5% ER performs over time? Visit the index website to view:

- **Performance:** Daily levels, daily changes, and cumulative returns for multiple time periods
- **Featured whitepapers & resources**
- **Plus** more index details and methodology



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## Talk to your Managing General Agency (MGA) today to learn more about optimizing your client's strategy.

1. Bonus option only available on Builder Plus IUL 3 product.

Indexed Universal Life Insurance products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

The Fidelity Multifactor Yield Index 5% ER is just one of the many index options available through North American. While we are featuring the Fidelity index crediting methods available, keep in mind that this material should not be viewed as allocation advice.

**THE S&P 500® COMPOSITE STOCK PRICE INDEX -> S&P 500® Index**

**THE S&P 400® COMPOSITE STOCK PRICE INDEX -> S&P MidCap 400® Index**

These Indices do not include dividends paid by the underlying companies.

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