

# EXPLORE DIVERSIFICATION ALTERNATIVES

The performance of various asset classes over time underscores how diversifying\* can reduce overall portfolio volatility.

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Natural Res 36.6%	Real Estate 42.4%	Em Mkt Equity 39.8%	Managed Fut 18.3%	Em Mkt Equity 79.0%	Private Equity 31.5%	Global Infra 13.8%	Private Equity 31.3%	Private Equity 37.2%	Managed Fut 16.4%
Em Mkt Equity 34.5%	Global Infra 36.7%	Natural Res 34.4%	Bonds 5.2%	Private Equity 61.6%	Gold Equity 29.9%	Bonds 7.8%	Real Estate 28.7%	U.S. Equity 33.6%	Global Infra 16.3%
Gold Equity 28.8%	Em Mkt Equity 32.6%	Gold Equity 21.9%	Merger Arb -3.3%	Convertible Arb 47.3%	Natural Res 23.9%	Em Mkt Debt 7.3%	Em Mkt Equity 18.6%	Int'l Equity 23.3%	Real Estate 15.9%
Commodities 21.4%	Int'l Equity 26.9%	Global Infra 16.3%	Em Mkt Debt -12.0%	Real Estate 38.3%	Real Estate 20.4%	Covered Calls 5.7%	Int'l Equity 17.9%	Natural Res 16.5%	US Equity 12.6%
Private Equity 17.6%	Private Equity 26.8%	Commodities 16.2%	Gold Equity -19.2%	Natural Res 37.5%	Em Mkt Equity 19.2%	Convertible Arb 1.1%	Em Mkt Debt 17.4%	Global Infra 15.9%	Em Mkt Debt 7.4%
Real Estate 15.4%	Indices Avg 18.1%	Int'l Equity 11.6%	Covered Calls -28.7%	Global Infra 34.2%	U.S. Equity 16.9%	U.S. Equity 1.0%	U.S. Equity 16.4%	Covered Calls 13.3%	Bonds 6.0%
Int'l Equity 14.0%	Natural Res 16.8%	Indices Avg 11.2%	Indices Avg -28.7%	Int'l Equity 32.5%	Commodities 16.8%	Merger Arb 0.8%	Global Infra 16.0%	Convertible Arb 6.0%	Covered Calls 5.6%
Indices Avg 13.5%	U.S. Equity 15.7%	Merger Arb 8.8%	Convertible Arb -31.6%	Indices Avg 31.7%	Indices Avg 15.4%	Indices Avg -3.8%	Indices Avg 10%	Indices Avg 5.4%	Indices Avg 2.1%
Global Infra 11.0%	Convertible Arb 14.3%	Bonds 7.0%	Commodities -35.6%	Gold Equity 30.5%	Global Infra 12.5%	Managed Fut -4.2%	Convertible Arb 7.8%	Merger Arb 4.9%	Private Equity -0.1%
Em Mkt Debt 10.3%	Covered Calls 13.3%	Covered Calls 6.6%	Global Infra -36.4%	Em Mkt Debt 29.8%	Em Mkt Debt 12.2%	Real Estate -5.8%	Covered Calls 5.2%	Real Estate 4.4%	Convertible Arb -0.5%
U.S. Equity 6.1%	Gold Equity 13.3%	Em Mkt Debt 6.2%	U.S. Equity -37.3%	U.S. Equity 28.3%	Managed Fut 12.2%	Natural Res -7.4%	Bonds 4.2%	Bonds -2.0%	Merger Arb -1.4%
Covered Calls 4.2%	Em Mkt Debt 9.9%	Managed Fut 6.0%	Natural Res -42.6%	Covered Calls 25.9%	Convertible Arb 11.0%	Int'l Equity -11.7%	Merger Arb 2.8%	Em Mkt Equity -2.3%	Em Mkt Equity -1.8%
Merger Arb 3.1%	Merger Arb 8.1%	Convertible Arb 5.2%	Int'l Equity -43.1%	Commodities 18.9%	Int'l Equity 8.2%	Commodities -13.3%	Natural Res 2.2%	Managed Fut -2.6%	Int'l Equity -4.5%
Bonds 2.4%	Managed Fut 8.1%	U.S. Equity 5.1%	Real Estate -47.7%	Merger Arb 12.0%	Bonds 6.5%	Gold Equity -15.1%	Commodities -1.1%	Em Mkt Debt -5.3%	Natural Res -9.8%
Managed Fut -0.1%	Bonds 4.3%	Real Estate -7.0%	Em Mkt Equity -53.1%	Bonds 5.9%	Covered Calls 5.9%	Em Mkt Equity -18.2%	Managed Fut -2.9%	Commodities -9.5%	Gold Equity -14.2%
Convertible Arb -2.5%	Commodities 2.1%	Private Equity -10.4%	Private Equity -64.1%	Managed Fut -6.6%	Merger Arb 3.2%	Private Equity -18.9%	Gold Equity -14.0%	Gold Equity -52.2%	Commodities -17.0%

□ **Indices Annual Average** Calculated by Jackson, this is a simple arithmetic average of the 15 asset class indices and is not available for direct investment.

■ **Bonds (Barclays U.S. Aggregate Bond Index)** Composed of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate, and mortgage-backed securities between one and 10 years.

■ **Commodities (Bloomberg Commodity Index)** Designed to be a highly liquid and diversified benchmark for the commodity futures market and is composed of futures contracts on 19 physical commodities.

- **Convertible Arbitrage (Credit Suisse Cnvt Arb Hedge Fund Index)** A subset of the Credit Suisse Hedge Fund Index that measures the aggregate performance of convertible arbitrage funds.
- **Covered Calls (CBOE S&P 500 Buywrite Index)** Designed to reflect the return on a portfolio that consists of a long position in stocks in the S&P 500 index and a short position in an S&P 500 (SPX) call option.
- **Emerging Market Debt (JPM EMBI Global Diversified Index)** Designed to limit asset-weighting of larger debt issuers, the index is intended to measure the performance of emerging market bond issuances from around the world.
- **Emerging Market Equity (MSCI Emerging Markets Index)** Designed to measure equity market performance in global emerging markets, it is a float-adjusted market capitalization index and consists of indices in 26 emerging economies.
- **Global Infrastructure (Dow Jones Brookfield Global Infrastructure Index)** Measures the stock performance of companies that exhibit strong infrastructure characteristics, defined as those that derive 70% or more of their cash flows from infrastructure lines of business.
- **Gold Equity (FTSE Gold Mines Index)** Designed to reflect the performance of the worldwide market in the shares of companies whose principal activity is the mining of gold.
- **International Equity (MSCI EAFE Index)** Comprises 21 MSCI country indices, representing the developed markets outside North America. The country indices included are those from Europe, Australasia, and the Far East.
- **Listed Private Equity (S&P Listed Private Equity)** Comprised of 30 leading listed private equity companies, the index is designed to provide tradable exposure to the leading publicly listed companies in the asset class.
- **Managed Futures (Credit Suisse Managed Futures Hedge Fund Index)** An asset-weighted index that seeks to measure the aggregate performance of managed futures funds.
- **Merger Arbitrage (Credit Suisse ED Rsk Arb Hedge Fund Index)** A subset of the Credit Suisse Hedge Fund Index that measures the aggregate performance of risk arbitrage funds.
- **Natural Resources (S&P North American Natural Resources Sector Index)** A modified capitalization weighted index of U.S. traded natural resources equity securities.
- **Real Estate (FTSE EPRA/NAREIT Developed Index)** Tracks the performance of listed real estate companies and REITs worldwide.
- **U.S. Equity (Russell 3000® Index)** Measures the performance of the 3,000 largest U.S. companies—approximately 98% of the investable U.S. equity market.

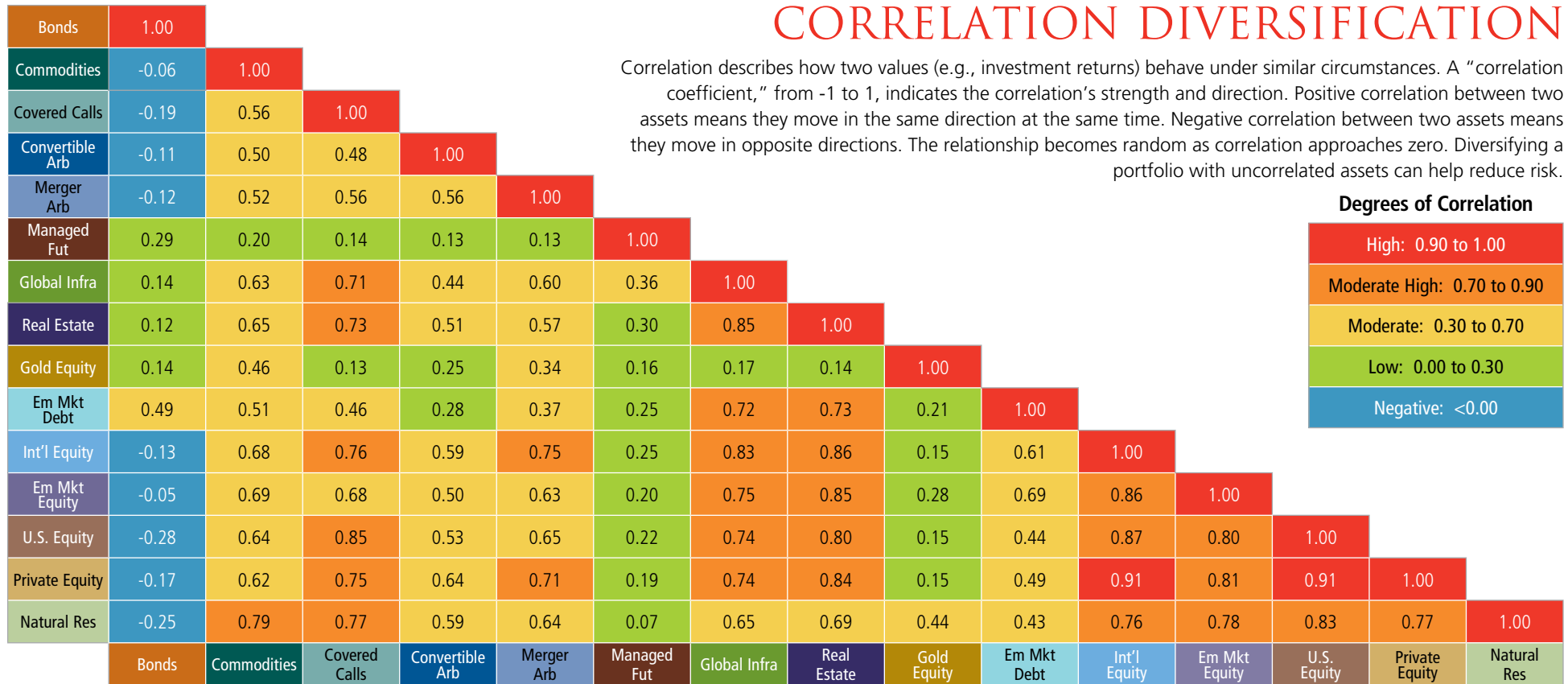
Source: Lipper, a Thomson Reuters Company, January 2015. This example is for illustrative purposes only and is not representative of the future performance of any particular product. **Past performance is no guarantee of future results.** The indices described are unmanaged and not available for direct investment. Dow Jones® and the Dow Jones branded indexes identified herein are trade and/or service marks of CME Group Index Services LLC (CME Indexes), its affiliates, and/or licensors, as the case may be, and have been licensed for use by Jackson National Life Insurance Company®. The product(s) referenced is/are not sponsored, endorsed, sold, or promoted by CME Indexes, its affiliates, and/or licensors, or their respective affiliates, and such parties make no representations or warranties, express or implied, regarding the advisability of trading in the product(s).

\* **Diversification does not assure a profit or guarantee against a loss.**

**JACKSON®**

# CORRELATION DIVERSIFICATION

Correlation describes how two values (e.g., investment returns) behave under similar circumstances. A "correlation coefficient," from -1 to 1, indicates the correlation's strength and direction. Positive correlation between two assets means they move in the same direction at the same time. Negative correlation between two assets means they move in opposite directions. The relationship becomes random as correlation approaches zero. Diversifying a portfolio with uncorrelated assets can help reduce risk.



### Degrees of Correlation

High: 0.90 to 1.00
Moderate High: 0.70 to 0.90
Moderate: 0.30 to 0.70
Low: 0.00 to 0.30
Negative: <0.00

Source: Lipper, a Thomson Reuters Company, January 2015. Correlations constitute the most recent five years of data.

**Read a prospectus carefully before investing. It contains the investment objectives, risks, charges, expenses and other information, which should be considered carefully before investing. To obtain a prospectus please contact the Company.**

Diversification does not assure a profit or protect against loss in a declining market. Portfolios that have a greater percentage of alternatives may have greater risks, especially those including arbitrage, currency, leveraging and commodities. This additional risk can offset the benefit of diversification.

Alternative investment strategies such as leveraging, arbitrage and commodities investing are subject to greater risks and volatility than more traditional investment offerings. Although asset allocation among different asset categories generally limits risk and exposure to any one category, the risk remains that management may favor an asset category that performs poorly relative to the other asset categories. Other risks include general economic risk, geopolitical risk, commodity-price volatility, counterparty and settlement risk, currency risk, derivatives risk, emerging markets risk, foreign securities risk, high-yield bond exposure, noninvestment-grade bond exposure commonly known as "junk bonds," index investing risk, industry concentration risk, leveraging risk, market risk, prepayment risk, liquidity risk, real estate investment risk, sector risk, short sales risk, temporary defensive positions and large cash positions.

Jackson® is the marketing name for Jackson National Life Insurance Company (Home Office: Lansing, Michigan) and Jackson National Life Insurance Company of New York® (Home Office: Purchase, New York). Jackson National Life Distributors LLC.

Not FDIC/NCUA insured • May lose value • Not bank/CU guaranteed • Not a deposit • Not insured by any federal agency



LONG-TERM SMART®