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August 2022 Year to Date Review

Ever heard of a "Dead Cat Bounce?"

In a lot of ways, we hope that answer is a resounding "NO!" Wall Street has a way with words and analogies. "Unicorns," "Pikers," "Castles in the Sky," "Junked Up," "Bottom Fishing," "Triple Witching," and "Never Jump in Front of a Train" are just a few of the other examples. A Dead Cat Bounce is a phrase that typically references the stock market rebounding from a decline, only to fall once again. You might be starting to put together the analogy… It's not a great picture, neither literally, nor as a metaphor for the market. The same phenomenon is also known as a "Sucker Rally" or a "Headfake." As far as investments are concerned, the first 6 months of this year were pretty rough. Not only were global stocks down approximately 20%, but global bonds were down 14%, as well (source Blackrock, see attached). By August 12, 2022, stocks had recovered more than half of that decline. Bonds had recovered slightly by then, but not as notably. That brings us to the largely looming question of whether this recent market rebound is the start of a new bull market, or just a short-lived uptick in the middle of a protracted downturn in the economy and the equity and bond markets.

We believe that most of the answer lies within another Wall Street set of terms. Will we have a "soft landing" or a "hard landing?" You may have heard mention of this in the news. The Federal Reserve manipulates interest rates and Treasury bond purchases in an effort to keep inflation at a manageable level. Typically, as inflation rises, the "Fed" will increase interest rates to try to slow down the economy. The idea being that less companies and consumers will borrow money to buy or build things, thus less demand for those things and lower prices (less inflation). Essentially, an economic "soft landing" means that the Federal Reserve will be able to achieve this without slowing the economy down so much that we go into a recession or depression. A hard landing obviously results in a more severe retraction of the economy. The Fed has increased rates several times this year and has previously signaled that they will continue to increase them throughout the end of the year. However, the most recent minutes from the Fed meeting show that many members are becoming more cautious about future hikes. We are hopeful that this will lead to at least a "softer" landing.

Another likely contributor to the DCB answer will come in the form of an election and potential shift in some spending and legislative policies. As we have stated before, the markets typically like a split government because it reduces the chance that major legislation will change the playing field dramatically and create headwinds for business. We acknowledge that polls can and will change between now and November, but currently it looks like history and the polls show that the election may result in a divided government.

You all probably understand that predicting what the Fed will do, or predicting elections, are never safe bets. Neither is predicting short term moves in the stock market. However, we do try to give you educated information that will help you prepare for possible outcomes. We have never done this before, but we felt like this was an appropriate addition to the Mid Year letter. We are including the last paragraph from the February 2022 letter:

"If you own equities, it is always a good thing to consider whether or not you are prepared for the risks that they hold in short-term periods and also understand the benefits of holding for longer periods. We feel like we have prepared for volatility with our clients, but if you have any questions, please don't hesitate to call us."

Our hope is that you will consider what has transpired in the last 8 months and think through how you felt about the volatility levels in your statements. We have already talked to many of you throughout this year but if the volatility was something that you are just not comfortable with (compared to the long term growth potential of bonds and equities), this recent rebound may be an opportunity to address it. It is best to address it ***before*** we know for sure whether we are seeing a Dead Cat Bounce or something significantly more positive…literally and metaphorically.

As always, thank you for putting your trust in us. We have the best clients we could ever ask for and we are truly thankful for your relationships.

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Product Spotlight

* **Fixed Index Annuity**

With the changing rate environment, we have seen a positive effect on the caps offered in fixed index annuities. Rates tie to an underlying index offering clients capped upside potential but shielding them from downside risk. Fixed rates are also available. Fixed index annuities are not FDIC insured but are backed by the insurance company offering the annuity. We have included a piece from one of our partners reviewing how a point-to-point cap works. Annuities may or may not be a fit for your specific circumstance.

Points of Interest

* **Inflation** - Over the decade from 7/01/2011 to 6/30/2021, US export prices, including all commodities and agricultural products, rose just +4.6% (*in total*, *not per year*). Over the 1-year from 7/01/2021 to 6/30/2022, US export prices rose +18.2%
(source: Bureau of Labor Statistics).

* **Election** – The 2022 midterm elections are set for November 8, 2022. All 435 House seats and 34 of the 100 Senate seats are up for re-election. (source: Congress).

*** Market Misses** – Over the last 30 years, 8/1/1992-7/31/22, the S&P 500 gained +10% total return per year. If you remove the best 22 trading days over the same time period, the return for the S&P 500 drops in half to +5% per year. (source: BTN Research).

YTD Change as of 8/12/22

S&P 500	-10.2% YTD 8/12/22 (Raymond James Market Summary)
NASDAQ	-16.6 YTD 8/12/22 (Raymond James Market Summary)
DJIA	-7.09% YTD 8/12/22 (Raymond James Market Summary)
Russell 2000	-10.19% YTD 8/12/22 (Raymond James Market Summary)
Global Dow	-9.57% YTD 8/12/22 (Raymond James Market Summary)
6 month Brokered CD Rate	2.7% as of 8/16/22 (Raymond James Trading Platform)
10-Year Treasuries	1.51% as of 12/31/21 (Raymond James Market Summary) 2.84% +133 bps YTD as of 8/12/22 (Raymond James Market Summary)

The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The Global Dow is an equally weighted stock index. It is composed of the stocks of 150 top companies from around the world as selected by Dow Jones editors and based on the companies' long history of success and popularity among investors. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow", is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal. The NASDAQ Composite Index is an unmanaged index of securities traded on the NASDAQ system. The Russell 2000 index is an index measuring the performance of approximately 2,000 smallest-cap American companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. stocks. It is a market-cap weighted index. CDs are insured by the FDIC and offer a fixed rate of return, whereas the return and principal value of investment securities fluctuate with changes in market conditions. Diversification and asset allocation do not ensure a profit or protect against a loss. Guarantees are based on the claims paying ability of the issuing company. Raymond James Financial Services, Inc. does not provide advice on tax, legal or mortgage issues. These matters should be discussed with the appropriate professional.

For Fixed Index Annuities
ANNUAL CAP

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Thinking Ahead

One-Year Point-to-Point with **Cap** Interest Crediting Strategy

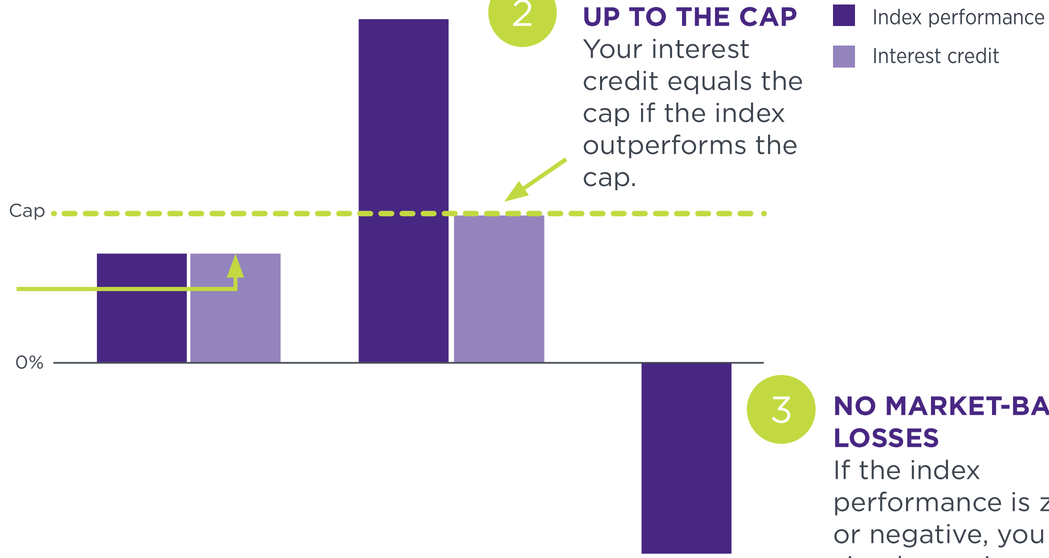
One-year point-to-point with cap is a strategy where there is no threat of market-based losses due to negative performance. In years of lower performance, a cap may capture greater overall interest credits when compared to other strategies. **Here's how it works:**

- Interest is based on the performance of an index however, you do not invest directly in any index
- The change in the value of the Index is calculated between the beginning and end of the strategy term
- Upon purchase, a **Cap** is set – which is the highest rate of interest that will be credited for the strategy term

Index caps are declared in advance and are guaranteed for the entire strategy term, but may change for future strategy terms. They will never be less than the Minimum Guaranteed Index Cap described in the contract.

Below is an example of how Interest is determined:

1 **OPPORTUNITY FOR GROWTH**
Your interest credit mirrors positive performance of the index, up to the cap.



2 **UP TO THE CAP**
Your interest credit equals the cap if the index outperforms the cap.

3 **NO MARKET-BASED LOSSES**
If the index performance is zero or negative, you simply receive zero interest crediting for that year.

This hypothetical example is for illustrative purposes only and not intended to be the performance of any specific product.

Considerations

- Interest crediting cannot exceed the stated cap
- No crediting or calculations are done during the strategy term
- No interest will be credited if the performance of the index is zero or negative
- When compared to other strategies, a cap will have lower interest credits in years of higher index performance

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WHAT IS AN FIA

An FIA is a tax-deferred long term saving option that offers interest crediting strategies that can provide downside market protection and the opportunity for growth in an up market. Interest crediting for index-based strategies are based on the performance of the underlying index. However, since an FIA is an insurance contract, you are never directly invested in any index, registered security or stock market investment.

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This material is intended to provide educational information regarding the features and mechanics of the product and is intended for use with the general public. It should not be considered, and does not constitute, personalized investment advice. The issuing insurance company is not an investment adviser nor registered as such with the SEC or any state securities regulatory authority. It's not acting in any fiduciary capacity with respect to any contract and/or investment.

This flyer must be preceded or accompanied by the applicable fixed index annuity product brochure.

Guarantees are based on the claims-paying ability of Forethought Life Insurance Company and assume compliance with the product's benefit rules, as applicable.

Not all strategies are available in all states and firms.

A fixed index annuity is intended for retirement or other long-term needs. It is intended for a person who has sufficient cash or other liquid assets for living expenses and other unexpected emergencies, such as medical expenses. A fixed index annuity is not a registered security or stock market investment and does not directly participate in any stock or equity investments or index.

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Taxable distributions (including certain deemed distributions) are subject to ordinary income taxes, and if made prior to age 59½, may also be subject to a 10% federal income tax penalty. Payments from IRAs are taxable in accordance with the normal rules surrounding taxation of payments from an IRA. Early surrender charges may also apply. Withdrawals will reduce the death benefit and any optional guaranteed amounts in an amount more than the actual withdrawal. If you are investing in a fixed index annuity through a tax-advantaged retirement plan such as an IRA, you will receive no additional tax advantage from a fixed index annuity. Under these circumstances, you should only consider buying a fixed index annuity if it makes sense because of the annuity's other features, such as lifetime income payments and death benefit protection.

Indices are not available for direct investment.

Fixed index annuities are issued by Forethought Life Insurance Company, 10 West Market Street, Suite 2300, Indianapolis, Indiana.

Rider forms FA4101-01 and ICC17-FA4101-01.

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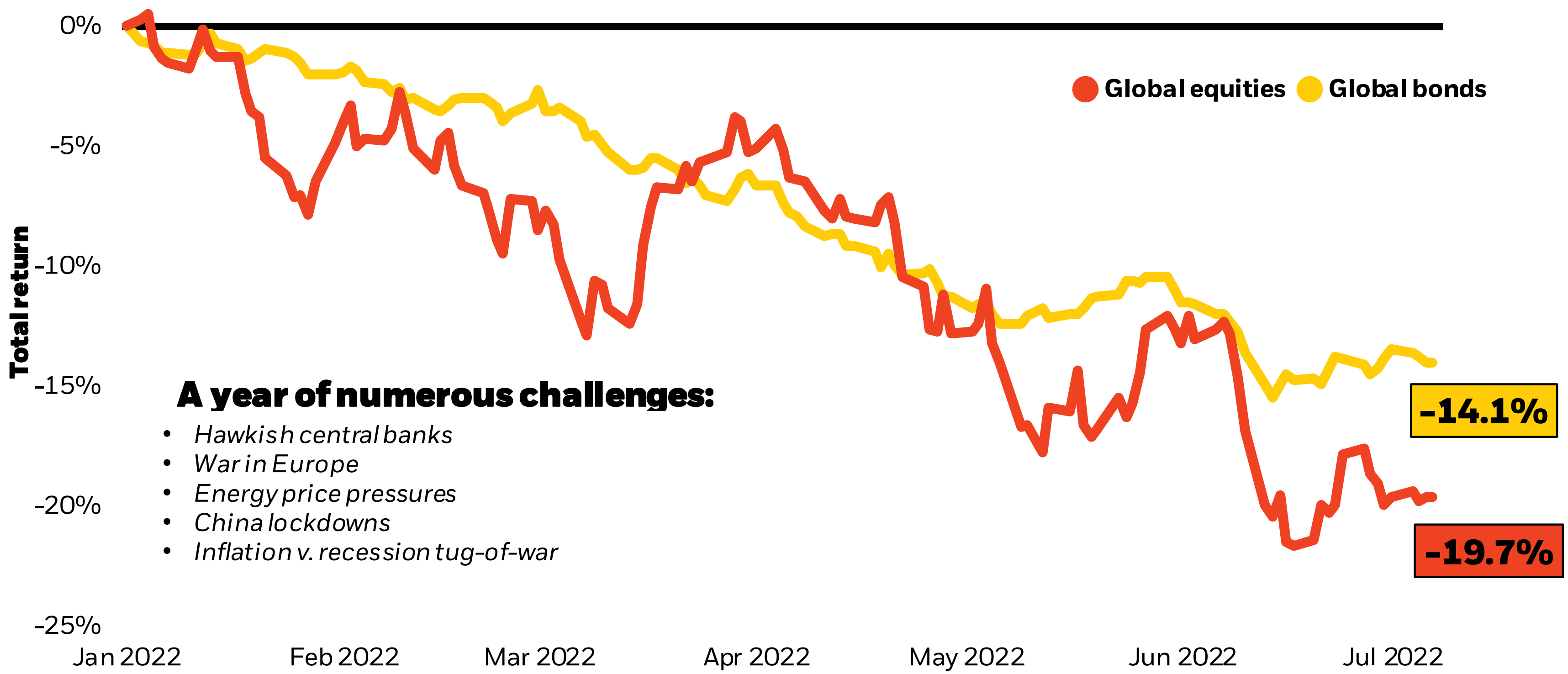
Not a bank deposit	Not FDIC/NCUA Insured	Not insured by any federal government agency	No bank guarantee	May lose value	Not a condition of any banking activity

Nowhere to hide: stocks and bonds down double digits midway through the year

- 3rd worst start to a year for a 60/40 portfolio, as stock/bond correlations reach highest in two decades*



A historic and tumultuous six months has hurt investors across the risk spectrum

Sources: BlackRock Investment Institute with data from Refinitiv Datastream and Bloomberg, Notes: The chart shows year-to-date to returns for the MSCI ACWI index ("Global equities") and Bloomberg Global Aggregate index ("Global bonds") since the start of the year, as of 7/8/2022. *The 60/40 portfolio is comprised of U.S. bonds represented by the IA SBBI US Gov IT Index from 1/1/26 to 1/3/89 and the Bloomberg U.S. Agg Bond TR Index from 1/3/89 to 6/30/22. U.S. stocks are represented by the S&P 500 Index from 3/4/57 to 6/30/22 and the IA SBBI U.S. Lrg Stock Tr USD Index from 1/1/26 to 3/4/57, unmanaged indexes that are generally considered representative of the U.S. stock market during each given time period. Index performance does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.