

# Deutsche Bank's CROCI Sectors III USD 5.5% Volatility Control Index

**Deutsche Bank's CROCI Sectors III USD 5.5% Volatility Control Index ("CROCI Sectors 5.5% VC" or "the Index") is an allocation strategy, sponsored by Deutsche Bank, that allocates across a broad array of global equity markets and select industry sectors, balanced by a cash component that is used to help limit overall volatility.** The Index dynamically allocates daily between the equity portion and a cash component, based on historical realized volatility of the equity portion. It is part of a menu of index choices available within Delaware Life Fixed Index Annuities.

**The CROCI Sectors 5.5% VC crediting strategy may be appropriate if you seek to:**

- Earn interest based on an index that is not limited to U.S. markets
- Participate in a strategy based on identifying stocks that reflect attractive current value
- Include control elements designed to limit annualized volatility to a target of 5.5% or less and provide more consistent returns over long periods<sup>1</sup>

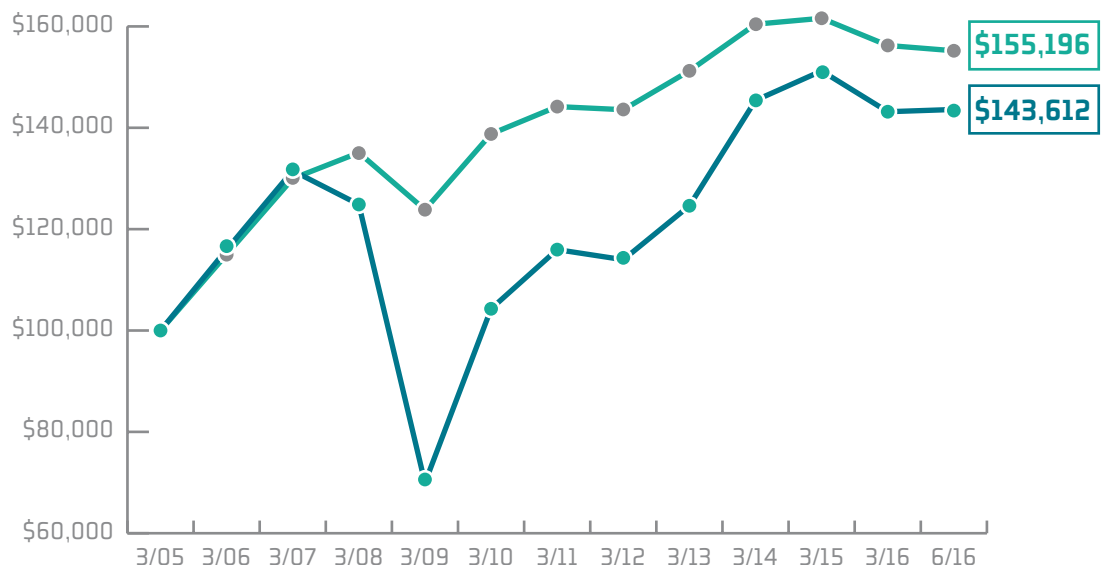
## Global Diversification and Volatility Control Designed for a Variety of Markets

**Deutsche Bank's CROCI  
Sectors III USD 5.5%  
Volatility Control Index:  
Historical Hypothetical  
Return Analysis<sup>2</sup>**

*Based on an initial  
investment of \$100,000*

**CROCI Sectors III USD  
5.5% Volatility  
Controlled Index**

**MSCI World Index<sup>3</sup>**



<sup>1</sup> See the Disclosure Statement for information regarding the annual spread and other crediting strategy details.

<sup>2</sup> No actual investment that allowed tracking of the performance of the Index was possible before March 13, 2015. The methodology of the Index was designed, constructed and tested using historical market data and based on knowledge of factors that may have affected its performance. This example represents backtested performance representing the eleven 12-month periods between 3/31/05 and 6/30/16. Any returns prior to March 13, 2016, were achieved by means of a retrospective application of the back-tested index methodology designed with the benefit of hindsight. The example does not reflect the effect of any fees, spreads, floors or other adjustments that may apply to an annuity or other product.

<sup>3</sup> The MSCI World Index is a broad global equity benchmark, representing large- and mid-cap equity performance across 23 countries with developed markets (source: msci.com/world).

# Deutsche Bank's CROCI Methodology: The Search for Real Value

Deutsche Bank's proprietary CROCI (Cash Return on Capital Invested) valuation methodology was first introduced by Deutsche Bank's Global Institutional Solutions Group in 1996.

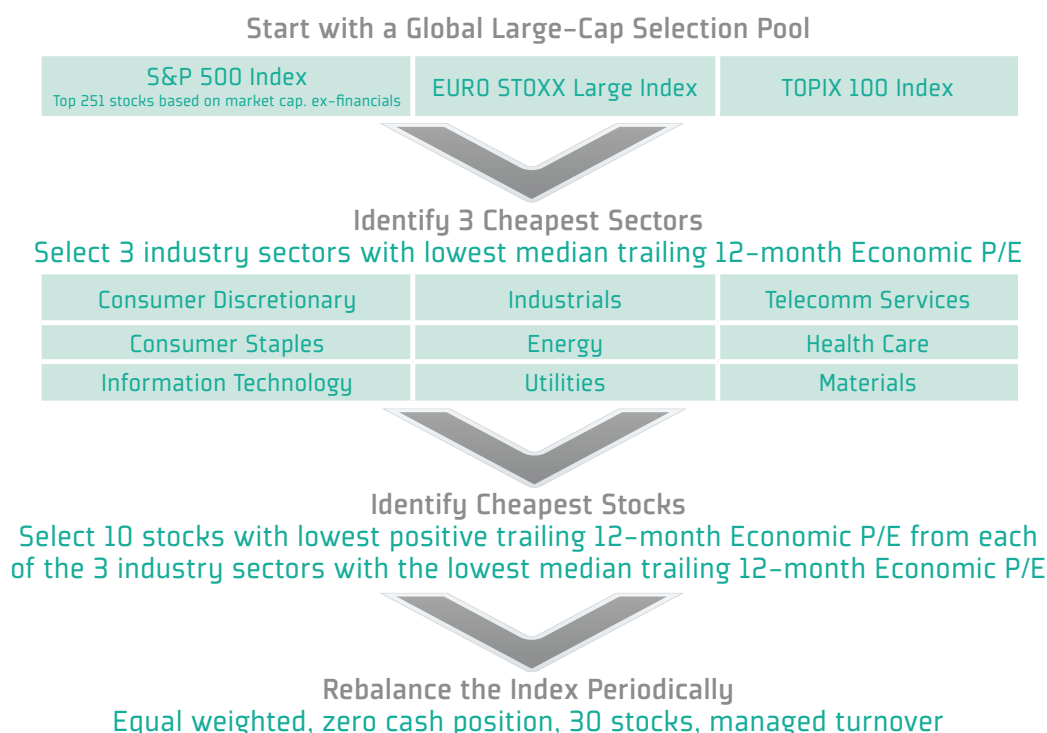
The CROCI valuation methodology aims to look at companies the way a Chief Financial Officer might analyze a potential corporate acquisition. The central aim of CROCI is to ensure that company valuations are comparable—regardless of their sector or geography. To accomplish this, CROCI converts financial statement data into a set of economic inputs used to calculate Economic P/E, a metric that aims to be comparable across markets and sectors.

With nearly 20 years of history, the CROCI database consists of economic data for over 850 companies, and is supported by a global team of 60 people.

## The CROCI Sectors Strategy

The equity portion of Deutsche Bank's CROCI Sectors III USD 5.5% Volatility Control Index is represented by Deutsche Bank's CROCI Sectors III Index<sup>1</sup>, which is composed of 30 stocks of companies located in the U.S., the Eurozone and Japan that are identified as potentially being undervalued, as measured by the CROCI Economic P/E.

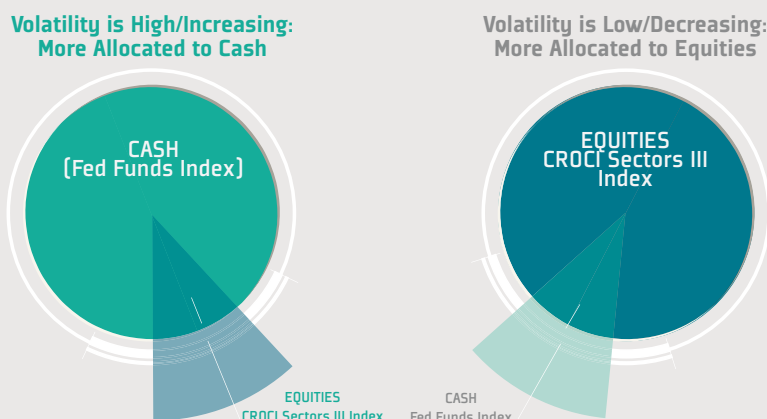
## CROCI Sectors USD III Index selection process at a glance



<sup>1</sup> Investments allocated to CROCI Sectors 5.5% VC within the annuity are not directly invested in the CROCI Sectors III Index. The annuity does not own shares in any index, index fund or equity or bond investment.

## Managing Volatility via Dynamic Allocation

To help manage overall volatility, Deutsche Bank's CROCI Sectors 5.5% VC combines the CROCI Sectors III Index equity component with a cash allocation, as measured by the Deutsche Bank Fed Funds Effective Rate Total Return Index (the "Fed Funds Index"). This additional level of diversification may help reduce the risk of negative index returns over time, which could result in 0% crediting returns within a fixed index annuity.



The cash allocation is adjusted daily to target an annualized volatility level. Generally, when volatility is high or increasing, higher allocation to cash will occur, and when volatility is low or decreasing, higher allocations to the equity component will occur. To reduce turnover, the reallocation between cash and equity each day cannot be more than 10%.

While volatility controls may result in less fluctuation in rates of return as compared to indexes without volatility controls, they may also reduce the overall rate of return as compared to products not subject to volatility controls. Obligations to make payments under the annuity are solely the obligation of Delaware Life and are not the responsibility of Deutsche Bank.

## Deutsche Bank: A Global Leader

Deutsche Bank is recognized as a leading global provider of financial services. Founded in 1870 and headquartered in Frankfurt am Main, Germany, Deutsche Bank is the largest bank in Germany and one of the largest financial institutions in the world.

### Key Facts and Figures as of December 31, 2017

- Total assets of \$1.8 trillion
- Over 90,000 employees worldwide
- Operating in 70 countries around the world

The company also offers the sales, trading and structuring of a wide range of financial markets' products including index-based swaps, notes and certificates.

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as a leading global provider  
of financial services

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The CROCI Indexes have been built on the premise that the CROCI Economic P/E ratio is an effective indicator of inherent value. This premise may not be correct, and prospective investors must form their own view of the CROCI methodology and evaluate whether CROCI is appropriate for them. The CROCI® Investment Strategy and Valuation Group is responsible for devising the CROCI® strategy and calculating the CROCI® Economic P/E ratios. The CROCI® Investment Strategy and Valuation Group is not responsible for the management of the Product and does not act in a fiduciary capacity in relation to the Product or the investors in the Product.

Additional information (including index description) about the Deutsche Bank Indexes is available upon request.

## Risk Factors

There are risks associated with the CROCI methodology, the CROCI Sectors III Index and the CROCI Sectors III USD 5.5% Volatility Control Index:

- No assurance can be given that the CROCI methodology will be successful at identifying undervalued companies;
- There is no assurance that (i) the three industry sectors chosen will outperform the other industry sectors or (ii) the 30 chosen stocks will outperform the remaining stocks in the component indexes;
- Even if the strategy of the CROCI Sectors III Index is successful and it outperforms the component indexes, the level of the CROCI Sectors 5.5% VC may decline;
- Because the CROCI Sectors 5.5% VC is subject to a maximum notional exposure of 100% to the CROCI Sectors III Index and will not adjust its exposure to the CROCI Sectors III Index by more than 10% on any day, the CROCI Sectors 5.5% VC may not be able to maintain a fixed target volatility level of 5.5%;
- If the realized volatility of the CROCI Sectors III Index is less than 5.5%, the CROCI Sectors 5.5% VC may have a 100% exposure to the CROCI Sectors III Index, but a target volatility level less than 5.5%;
- Because the CROCI Sectors 5.5% VC's exposure to the CROCI Sectors III Index on each day is calculated based on the historical realized volatility the CROCI Sectors III Index, the realized volatility of the CROCI Sectors 5.5% VC could differ significantly from the target volatility level;
- The CROCI Sectors 5.5% VC is subject to currency exchange rate risk; and
- Deutsche Bank AG, London Branch, as the sponsor and calculation agent of the Index, may adjust the Index and/or its components in a way that affects their respective levels and may have conflicts of interest.

Index strategies used in Delaware Life Fixed Index Annuities are subject to factors which are not reflected in the summary data contained in this brochure. Factors such as caps, spreads and participation rates will reduce crediting rates relative to the underlying index performance. Future interest may be reduced by selecting a volatility controlled index.

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