Investment Perspective

QUARTER 3 — 2022 REVIEW

Security Benefit Investment Team

The U.S. stock market's widespread selloff reversed temporarily in July, but steadily collapsed during the rest of 3Q 2022. We believe this market dynamic will continue for as long as the Fed continues to raise rates in an effort to halt widespread, persistent inflation. The upcoming mid-term elections add another layer of uncertainty. For the quarter, the S&P 500 and Nasdaq Composite fell -5.28% and -4.11% respectively. Each had their third consecutive negative quarter for the first time since the financial crisis. Only Bitcoin, precious metals, and cash turned in positive performance.

Economic Focus

The Federal Reserve's latest Beige Book report (September 7, 2022) showed economic activity unchanged since July, with most districts noting only slight to modest softening. At the same time, consumer spending, the backbone of the U.S. economy, remained relatively stable with a small drop in spending on autos. Overall, the growth outlook remains generally weak for the U.S. economy going forward with expectations for further softening of demand over the next six to twelve months. We also note that the strong dollar is hurting exports but acting to lower import costs. Coupled with easing supply chain delays, this might translate to lower consumer costs ahead. Among the highlights in the report:

- Households traded down or shifted spending toward food and other essential items.
- Auto sales remained muted, reflecting limited inventories and elevated prices.
- Overall solid leisure travel activity with some reporting an uptick in business and group travel.
- Supply chain disruptions and labor shortages continued to hamper production.
- Residential real estate conditions weakened noticeably as home sales fell.
- Residential loan demand was weak amid elevated mortgage interest rates.
- Demand for energy was robust, but production was constrained by supply chain bottlenecks.
- Labor market conditions remained tight, but with some improvement in labor availability.
- Price levels remained highly elevated, with some degree of moderation in the rate of increase.

The 10-year U.S. Treasury Bond closed the quarter at 3.83%, up significantly from its 12/31/2021 close of 1.51%. The 2-year U.S. Treasury Bond closed at 4.22%, also up significantly from its 12/31/2021 close of 0.73%. The now inverted yield curve is an indicator of recession and it is therefore likely that central banks will continue increasing rates until it is clear inflation has slowed. The yield curve is the most inverted it has been since 2000. In September, the Fed signaled no signs of slowing down its aggressive positioning, and current Fed officials' forecasts indicate interest rates could rise to 4.4% by year end. We maintain our view that inflation will continue to be above the Fed's long-term 2% target in 2022 driven by persistent inflation.

Markets Snapshot

The summer rally quickly fizzled and U.S. stocks, as represented by the S&P 500®, posted a loss of -5.28% for the third quarter. Small caps (S&P SmallCap 600®) fell even more at -5.59%, while mid cap stocks (S&P MidCap 400®) fell a comparatively smaller -2.88%. Extreme volatility in stocks, and uncharacteristically in bonds, has made investing treacherous this year with all three indices firmly in bear market territory YTD (see table below).

Index	1-Month (%)	3-Month (%)	YTD (%)	1-Year (%)
S&P 500	-9.34	-5.28	-24.77	-16.76
Dow Jones Industrial Average	-8.84	-6.66	-20.95	-15.12
S&P MidCap 400	-9.36	-2.88	-22.47	-16.55
S&P Small Cap 300	-10.05	-5.59	-24.02	-20.03

Source: S&P Dow Jones Indicies LLC. Data as of Sept. 30, 2022. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

The Chicago Board Options Exchange's CBOE Volatility Index, known as the "fear gauge," was at 31.62 at the end of the third quarter. It would typically be higher if market panic was reaching a major bear market low, meaning further stock market moves down are possible.

From a style standpoint, value and growth switched places in the third quarter, as growth stocks were down significantly less than the overall market and value style stocks. S&P 500® Growth Index, as measured by a combination of sales growth, PEs, and momentum, was down -3.86%, while the S&P 500® Value Index, as measured by a combination of book value, earnings, and sales to price, was down -5.82% for the quarter. YTD however, growth was significantly into bear market territory, down -30.41% with value down only -16.56%. All S&P sectors were down for the quarter with the exception of the Consumer Discretionary and Energy sectors.

Analysts expect S&P 500 firms to report earnings-per-share growth of 2.6% YOY in 3Q 2022 — a downward revision from the 9.8% that had been penciled in for the quarter at the beginning of July, according to data compiled by FactSet. Although earnings are expected to grow this year, the market is facing a variety of challenges, and we expect more volatility ahead.

Ongoing high inflation led both stocks and bonds lower. Morningstar noted that "Bonds are having their worst year in modern history," and that some bond funds were delivering historically low returns. The Morningstar U.S. Core Bond Index fell -4.83% in Q3 and is off -14.57% YTD. Nearly all bond sectors posted steep losses for the quarter and YTD.

CLO Market

Floating interest rates, especially in this inflationary environment, made CLOs popular in 2021 and early 2022. CLOs are among the biggest buyers in the leveraged loans market and the variable- and floating-rate note sectors have now transitioned away from LIBOR over to the secured overnight financing rate (SOFR). Gross SOFR issuance of floaters has outpaced LIBOR every month since March 2020. The Morningstar LSTA US Leveraged Loan 100 Index, which is designed to measure the performance of the 100 largest facilities in the US leveraged loan market, returned 1.29% for the third quarter. It is down -4.29% YTD, though well ahead of the Morningstar U.S. Core Bond Index return of -14.57%.

Index Performance

With markets focused on inflation, higher interest rates, and possible recession, lower risk factors have tended to outperform. For the year, the best performing factors have been the most tilted toward value and away from growth and include Low Volatility High Dividend (down -11.0%), Pure Value (down -11.9%), and High Dividend (down -12.6%). Bottom performing factors have been Pure Growth (down -30.9%), Growth (down -30.4%), and High Beta (down -26.9%). S&P noted that the spreads between value and growth are "quite wide by historical standards."

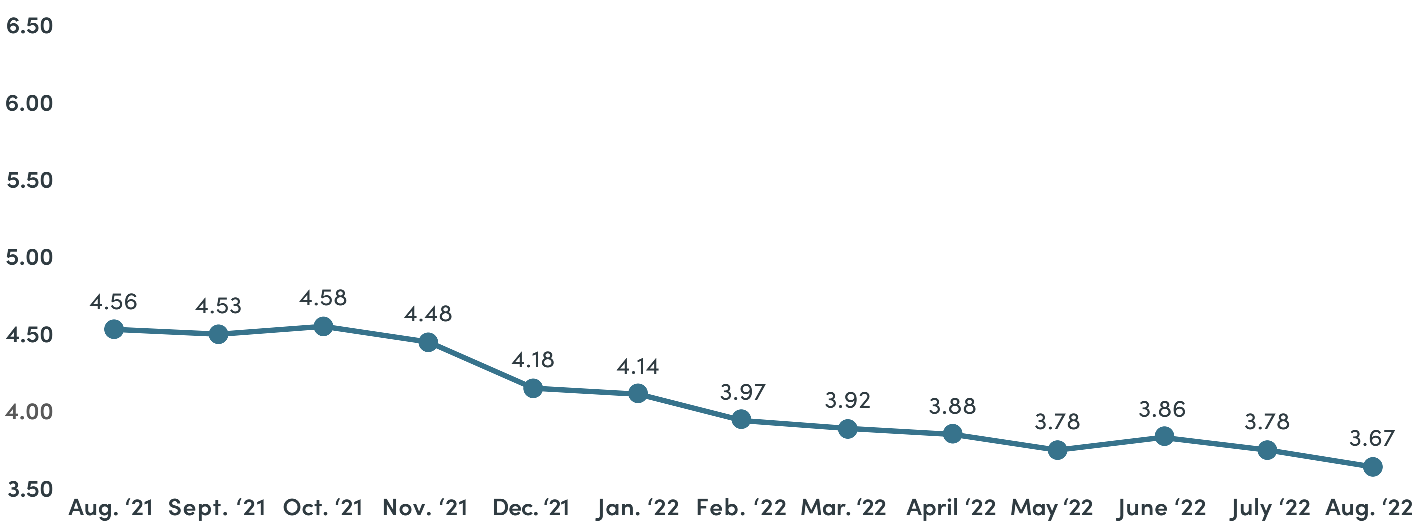
The S&P 500® Factor Rotator (TR) returned -7.72% for Q3 and -20.91% YTD, underperforming the S&P 500® (TR) for Q3, but outperforming it YTD by roughly 300 basis points. The 7% Volatility Control (VC) Index version lost -4.01% for the third quarter and stands at -12.39% YTD, well ahead of the broad S&P 500®. The VC allocated 21% to the Low Volatility factor, 7% to the High Dividend factor, and 71% to 2-year U.S. Treasuries as of September 30th, 2022. The negative performance was driven by the broader stock market sell-off and rising interest rates.

Barclays MOAT Volatility Controlled Index returned -4.23% for the quarter and is down -15.36% YTD. Q3 negative performance of MOAT equity allocation was mainly due to growth style exposure from heavy weighting in tech stocks and healthcare The S&P MARC 5 Index returned -3.50% for 3Q and is down -10.82% YTD. The UBS Market Pioneer Volatility Controlled Index returned -4.39% for Q3 and is down -5.93% YTD, with the benefit of commodity allocation from earlier this year diminishing this quarter. The Avantis Barclays Volatility Control Index was down -6.21% during the quarter and is down -20.17% YTD due to its large allocation to treasuries. In general, the positive correlation between treasury and equity return has negatively impacted all indices.

Investment Overview

Due to the consistency of our process, we continue to benefit from the increased yield environment—this includes our solid liquidity position and weighted average life in our fixed income allocation of 3.77 years. Our weighted average yield on the fixed income portion of our portfolio has remained steady, excluding commercial mortgage loans.

Average Life Trend Analysis



Currently Fed Funds futures are anticipating an interest rate cut by the Fed at the May 2023 FOMC meeting, according to Bloomberg. However, Fed governors seem to take issue with the market so quickly that trying to anticipate such a cut while the Fed is fully entrenched in its unprecedented monetary tightening cycle may be pointless.

Thematically, we continue executing on our long-term strategy of delivering compelling performance, consistent loan underwriting, and strong portfolio governance. We continue to believe in a strengthening U.S. economic recovery and continue to see further extension of the credit cycle accompanied by low defaults.

About Our Investment Approach

While the broader U.S. Life Insurance industry continues to try to pursue private asset strategies, we employ the same prudent approach that we've been executing for over a decade. Our investment strategy entails focusing on less crowded segments of the market, which we believe offer higher returns while being appropriately balanced, diversified, liquid and risk managed at origination. Structured credit assets, which include collateralized loan obligations ("CLOs") and asset-backed securities ("ABS"), produce a higher expected return than other securities while, in our view, still providing high credit quality and diversification, which attributes are strengthened by the amortization features present in many such investments. This differentiated approach in the U.S. Life Insurance industry has delivered market leading returns which bring, maintain, and build policyholder loyalty and growing investment operating earnings. We believe most of the broadly syndicated investment grade fixed income market just doesn't work for the U.S. Life Insurance Industry business model. Issuing retail annuity contracts, taking deposits, and investing the money to maturity at 2% leads to a predictable, certain outcome – negative profitability – which isn't in the best interest of any long-term stakeholders, including consumers, appointed producers, distribution partners, employees, and shareholders.

Security Benefit Life Insurance Company issues annuities in all states except New York.

About Security Benefit

Security Benefit Corporation ("Security Benefit"), through its subsidiary Security Benefit Life Insurance Company (SBL), a Kansas-based insurance company that has been in business for 130 years, is a leader in the U.S. retirement market. Security Benefit together with its affiliates offers products in a full range of retirement markets and wealth segments for employers and individuals and held $45.9 billion in assets under management as of June 30, 2022. Security Benefit, an Eldridge business, continues its mission of helping Americans *To and Through Retirement®*.

Learn more at SecurityBenefit.com and follow us on LinkedIn, Facebook,or Twitter.

FINANCIAL PROFESSIONAL USE ONLY — NOT FOR USE WITH CONSUMERS

Security Benefit Life Insurance Company issues annuities in all states except New York.

Security Benefit Life Insurance Company is not a fiduciary and the information provided is not intended to be investment advice. This information is general in nature and intended for use with the general public. For additional information, including any specific advice or recommendations, please visit with your financial professional.

The S&P 500® Equal Weight Index (EWI) is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight – or 0.2% of the index total at each quarterly rebalance.

The S&P MARC 5% (Multi-Asset Risk Control) Index seeks to provide multi-asset diversification within a simple risk weighting framework, tracking three underlying component indices that represent three asset classes: equities, commodities, and fixed income.

The UBS Market Pioneers Index (the "Index") is a risk-controlled composite index developed by UBS AG based in part on the non-risk-controlled NYSE® Zebra Edge™ U.S. Equity Index (the "NYSE Zebra Edge U.S. Equity Index") and the non-risk-controlled Jim Rogers Global Consumer Commodities Index™ (the "Jim Rogers Index"). UBS owns or otherwise has the rights to license all intellectual property and other property rights to the Index, which is being used by Security Benefit Life Insurance Company ("SBL") under license from UBS AG.

The Morningstar® Wide Moat Focus Index℠ measures the performance of a portfolio of the most undervalued U.S. stocks with a "wide" Economic Moat rating as determined by Morningstar's Equity Research team. A treasury component consists of an equally weighted portfolio of 2-year, 5-year, 10-year and 30-year Barclays US Treasury Futures indices. Neither Barclays Bank PLC (BB PLC) nor any of its affiliates (collectively Barclays) is the issuer or producer of the Security Benefit Annuity (the Product) and Barclays has no responsibilities, obligations or duties to purchasers in the Product. The Morningstar Wide Moat Focus Barclays VC 7% Index ER (the Index), together with any Barclays indices that are components of the Index, is a trademark owned by Barclays and, together with any component indices and index data, is licensed for use by Security Benefit Life Insurance Company (Security Benefit) as the issuer or producer of the Product (the Issuer). The Index is created and maintained solely by Barclays using a combination of U.S. Treasury Futures holdings selected by Barclays and the Morningstar Wide Moat Focus Index℠ (Wide Moat Focus Index) in its entirety. Morningstar, Inc. (Morningstar) has no relationship to Barclays, other than to license Barclays the right to use the Wide Moat Focus Index in the Index. Under this licensing arrangement, Barclays must include the Wide Moat Focus Index in its entirety in the Index. Morningstar has no responsibility for the compilation or maintenance of the Index or its performance, and no liability to anyone for its use. The Morningstar name and logo are registered marks of Morningstar. Morningstar does not guarantee the accuracy, completeness or timeliness of the Wide Moat Focus Index or any data included in it and expressly disclaims any warranties associated with it.

S&P 500® Index, S&P 500® Factor Rotator Daily RC2 7% Index, S&P MidCap 400® Index, S&P SmallCap 600® Index, S&P 500® Equal Weight Index, and the S&P MARC 5% Index are products of S&P Dow Jones Indices LLC, a division of S&P Global, or its affiliates (SPDJI) and Standard & Poor's Financial Services LLC, and are licensed for use by Security Benefit Life Insurance Company (SBL). Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC, a division of S&P Global (S&P); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones); third party licensor trademarks are trademarks of Standard & Poor's Financial Services LLC and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by SBL. No SBL products are sponsored, endorsed, sold, or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, or Standard & Poor's Financial Services LLC, and none of such parties make any representation regarding the advisability of investing in such product nor do they have any liability for any errors, omissions, or interruptions of the S&P 500® Index, S&P 500® Factor Rotator Daily RC2 7% Index, S&P MidCap 400®Index , S&P SmallCap 600® Index, S&P 500® Equal Weight Index, and the S&P MARC 5% Index.

S&P DOW JONES INDICES DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE S&P MARC 5 INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY SBL, OWNERS OF THE SBL ANNUITY PRODUCT OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P MARC 5 INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND SBL, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

BLOOMBERG is a trademark and service mark of Bloomberg Finance L.P. BARCLAYS is a trademark and service mark of Barclays Bank Plc, used under license. Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (BISL) (collectively, Bloomberg), or Bloomberg's licensors, own all proprietary rights in the Bloomberg Barclays U.S. Aggregate Bond Index (the Index or Bloomberg Barclays Index).

CME GROUP MARKET DATA IS USED UNDER LICENSE AS A SOURCE OF INFORMATION FOR CERTAIN SECURITY BENEFIT LIFE INSURANCE COMPANY ("SBL") PRODUCTS. CME GROUP HAS NO OTHER CONNECTION TO SBL PRODUCTS AND SERVICES AND DOES NOT SPONSOR, ENDORSE, RECOMMEND, OR PROMOTE ANY SBL PRODUCTS OR SERVICES. CME GROUP HAS NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE SBL PRODUCTS AND SERVICES. CME GROUP DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF ANY MARKET DATA LICENSED TO SBL AND SHALL NOT HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. THERE ARE NO THIRD-PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN CME GROUP AND SBL.

Morningstar US High Yield Bond Index measures the performance of USD-denominated high-yield corporate debt. It is market-capitalization weighted. This Index does not incorporate Environmental, Social, or Governance (ESG) criteria.

Morningstar US Mortgage-Backed Securities Index measures the performance of fixed-rate Mortgage-Backed Securities issued by GNMA, FNMA, and FHLMC. It is market-capitalization weighted. This Index does not incorporate Environmental, Social, or Governance (ESG) criteria.

Morningstar US TIPS Index measures the performance of all US Treasury Inflation-Protected Securities (TIPS) that have a maturity greater than one year. It is market-capitalization weighted. This Index does not incorporate Environmental, Social, or Governance (ESG) criteria.

The Cboe Volatility Index (VIX) measures 30-day expected volatility of the U.S. stock market, based on S&P 500® Index (SPX℠) call and put options.