RiverSource Annuities

Portfolio Directions funds

Quarterly performance and commentary

December 31, 2016

The Portfolio Directions funds

Performance

	Quarter ending 12/31/16			
	3 month	YTD	1 year	Since Inception[1]
VP – Multi-Manager Diversified Income Fund				
VP – Multi-Manager Diversified Income (Class 2)	-1.05%	8.52%	8.52%	2.69%
M&E fee and max surrender charge[2]	-8.49%	-0.31%	-0.31%	-1.27%
Blended benchmark	-0.84%	9.72%	9.72%	–
Bloomberg Barclays U.S. Aggregate Bond Index	-2.98%	2.65%	2.65%	–
VP – Multi-Manager Interest Rate Adaptive Fund				
VP – Multi-Manager Interest Rate Adaptive (Class 2)	-1.71%	5.88%	5.88%	1.51%
M&E fee and max surrender charge[2]	-9.15%	-2.72%	-2.72%	-2.40%
Blended benchmark	-1.20%	6.65%	6.65%	–
Citigroup 3-Month T-Bill Index	0.08%	0.27%	0.27%	–

Performance data shown represents past performance and is not a guarantee of future results. The investment return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data shown. Please call 1-800-333-3437 for performance data current to the most recent month-end.

[1] Dates of Inception: June 24, 2014

[2] Reflects performance with the following fees deducted: *RAVA 5® Advantage* (10-year surrender charge schedule) M&E of 0.95%, $30 annual contract charge and an 8% declining surrender charge. This line is intended to demonstrate the effect that fees and expenses could have on performance, and is not intended to reflect actual fees and charges incurred by an investor nor does it reflect the additional fees associated with other optional benefits.

Expense Ratio*

The Portfolio Directions funds' net/gross expenses are: VP-Multi-Manager Diversified Income Fund 0.91%/4.54% and VP-Multi-Manager Interest Rate Adaptive Fund 1.04%/4.04%.

* **Expense Ratio:** The expense ratios for the funds are from the most recent prospectuses. The funds' investment manager and/or certain of its affiliates have contractually and/or voluntarily agreed to waive fees and/or to reimburse certain fees and expenses of the funds. Voluntary waivers/reimbursements arrangements, if any, may be discontinued at any time and contractual waivers/reimbursements terminate at specific dates. See the funds' prospectuses for additional details.

Blended benchmarks

	Multi-Manager Diversified Income Fund	Multi-Manager Interest Rate Adaptive Fund
Primary Benchmark	Bloomberg Barclays U.S. Aggregate Bond Index	Citigroup 3-Month T-Bill Index
Blended Index		
Bloomberg Barclays U.S. Aggregate Bond Index	40%	35%
Bloomberg Barclays U.S. High Yield Index	35%	25%
Bloomberg Barclays 1-5 Year Credit Index	N/A	20%
JP Morgan EMBI Index	15%	10%
Russell 1000 Index	10%	N/A
Citi 3-Month T-Bill Index	N/A	10%

Bloomberg Barclays U.S. Aggregate Bond Index – an index representing the U.S. investment-grade, fixed-rate bond market.
Bloomberg Barclays U.S. High Yield Index – an index representing fixed-rate, noninvestment-grade debt.
Bloomberg Barclays 1-5 Year Credit Index – an index of short-term U.S. corporate and government bonds with maturities of one to five years.
JP Morgan EMBI Index – an index that tracks debt securities of emerging markets.
Russell 1000 Index – an index representing large-cap stocks.
Citi 3-Month T-Bill Index – an index representing monthly return equivalents of yield averages of the last 3 month Treasury Bill issues.

Economic and Capital Markets Review – 4Q 2016

U.S. stocks led the way in the fourth quarter as the results of the U.S. elections drove a further advance in the shares of domestic-oriented companies. U.S. small cap equities led nearly all major asset classes, value-oriented investment strategies fared much better than growth, and foreign equity markets struggled in relation to the strong performing U.S. markets. Bond yields marched notably higher during the quarter, which helped push the Bloomberg Barclays Aggregate Bond Index to its worst quarterly return since 1981.

The Russell 1000 Index, a gauge for large cap domestic stocks, gained 3.8% during the quarter, however; the gap between value and growth across the equity markets was noteworthy. For example, the Russell 1000 Value Index was up 6.7% whereas Russell 1000 Growth Index was up only 1.0% during the quarter.

Rising inflation risk, the potential for reduced asset purchases from global central banks, and the potential for larger federal deficits pose risks to government bonds; particularly for bonds with longer maturities. A strong dollar and potential for protectionist policies weighed on overseas equity markets. The surging U.S. dollar is also a growth impediment for many developing countries. In fact, over the past three years, the U.S. dollar has gained 25% on a trade-weighted basis versus a basket of other major foreign developed market currencies and trade policy could push it up even further.

At the end of the 2016 calendar year, the advance in U.S. equity markets (from their bottom in March 2009) surpassed the duration of the bull market of 1990-1998 to become the second longest U.S. bull market of all time as judged by S&P 500 Index historical performance. The bull market period spanning 1921-1929 remains the longest bull market in history. While U.S. equity markets ended the year near all-time record highs, overseas markets remain well below their all-time highs. With market highs established during the current market cycle (dating back to early 2009), the MSCI EAFE Index, which serves as a proxy for foreign developed market equities, would need to advance approximately 20% in order to capture its high point set during the 2nd quarter of 2014. For emerging markets, the most recent high occurred in March 2011 and, in order for the index (MSCI Emerging Markets Index) to reach that same level, it would need to rise by approximately 43%.

Within fixed income markets, high yield corporate bonds were the standout again in the fourth quarter, returning 1.75% during the quarter, using the Bloomberg Barclays High Yield Corporate Bond Index as a proxy. Emerging market bonds, which had done rather well earlier in the year, reversed course and were one of the larger decliners in the bond market in the fourth quarter, generating a loss of -4.2% as referenced by the performance of the JP Morgan Emerging Market Bond Index. U.S. Treasuries were another one of the weak performers with the Barclays U.S. Treasury Index posting a loss of -3.8%. Bond yields in the U.S. may fall over the near term, however, the cyclical trend for yields still points up against a backdrop of monetary tightening, expected fiscal stimulus and rising inflation.

Portfolio Directions Funds – Performance Drivers in 4Q 2016

The funds within the Portfolio Directions series generated a loss in total return during the fourth quarter. The Variable Portfolio - Multi-Manager Diversified Income Fund was down a little more than 1% during the quarter, while the Variable Portfolio - Multi-Manager Interest Rate Adaptive Fund was down about 1.7%. In addition, both funds fell short of their respective benchmarks during the quarter.

Some of the largest contributors to relative returns for the Variable Portfolio - Multi-Manager Diversified Income Fund versus its benchmark came from exposure to core bond strategies, mortgage-backed securities, emerging market bonds, and short-term cash and equivalent exposures. Some of the largest contributors to relative returns for the Variable Portfolio - Multi-Manager Interest Rate Adaptive Fund versus its benchmarks came from exposure directed at short duration corporate bonds and emerging market bonds.

In terms of areas that detracted from relative performance, high yield corporate bonds were the single largest detractor for both funds. It's worth noting that high yield bonds did post positive returns during the quarter. However, the underlying manager underperformed the passive high yield index proxy during the quarter. Much of this underperformance in high yield was a result of the manager not delving into the lower quality spectrum of high yield bonds and maintaining a higher quality tilt to the strategy.

A small allocation directed to U.S. large cap equities was also a noticeable detractor of relative returns for the Multi-Manager Diversified Income Fund. Managed futures (an alternative investment strategy) also detracted from relative performance inside the Multi-Manager Interest Rate Adaptive Fund.

During the quarter, the Variable Portfolio - Multi-Manager Diversified Income Fund returned -1.05%. The Variable Portfolio - Multi-Manager Interest Rate Adaptive Fund returned -1.71%.

Some of the underlying funds that served as key contributors and detractors from results versus blended benchmarks during the quarter are shown below (Please note that an underlying fund being a contributor or detractor is not necessarily indicative of how it performed relative to its own benchmark). Not all funds shown below are held inside each fund at the same exposure weight. As a result, the impact of each contributor/detractor will vary by fund.

Contributors	Detractors
• VP – American Century Diversified Bond Fund • Columbia VP – Intermediate Bond Fund • Columbia VP – Emerging Markets Bond Fund • Columbia VP – Limited Duration Credit Fund • Columbia VP – US Government Mortgage Fund	• Columbia VP – High Yield Bond Fund • Columbia VP – Contrarian Core Fund • VP – AQR Managed Futures Fund • iShares 20+ Treasury Bond ETF

Source: Columbia Threadneedle Investments, as of 12/31/16

Market Outlook

As we head into 2017, we are encouraged by the resilience of the capital markets and potential for shifts in policy that can help extend the current business cycle. However, should conditions deteriorate across global stock markets during the beginning of the year, then a reduced risk approach to portfolio asset allocation may be warranted. At the current point in time, stock market conditions are positive and many key bond market indicators that we monitor remain neutral. As a result, the portfolios are positioned with slightly more exposure to risk assets across bond markets and, to a lesser extent, in stock markets based on tactical preferences.

In an effort to add additional resilience to portfolios, we believe investors should pursue enhanced diversification through alternative investments and embrace investment flexibility, particularly within fixed income markets.

Finally, while diversification struggled in 2016, it's important to remember not to become disenchanted with what's been a valuable strategy throughout history. And, although we are optimistic about many of the proposals being publically discussed as potential measures to stimulate economic growth in the U.S., the range of possible outcomes is very wide. The timing of implementing new policies is uncertain, and a likely reduction in accommodative monetary policy could prove troublesome to suddenly emboldened investors focused on risk assets. Rising interest rates during the fourth quarter may have caused many fixed-income assets to experience one of their worst quarters in recent history. However, this performance set-back likely improved forward-looking return expectations as there is a fairly high correlation between the starting level of yields and future return expectations for most high quality bonds.

Columbia Threadneedle Investments (Columbia Threadneedle) is the global brand name of the Columbia and Threadneedle group of companies.

Portfolio Directions. These funds are sold exclusively as investment options within variable annuity products and life insurance products offered by RiverSource Life Insurance Company and RiverSource Life Insurance Co. of New York (collectively, RiverSource Life). The funds are managed by Columbia Management Investment Advisers, LLC (Columbia Management), an affiliate of RiverSource Life. Columbia Management, RiverSource Life and their affiliates may receive revenue related to assets allocated to these funds. Please read the product and fund prospectuses carefully before investing.

There is no guarantee that the Portfolio Directions funds will achieve their investment objectives, and you could lose money. By investing in a combination of underlying funds (among other investments), the funds have exposure to the risks associated with many areas of the market. The market value of securities may fall or fail to rise, or fluctuate, sometimes rapidly or unpredictably. Foreign and emerging markets investing presents increased risk potential. There are risks associated with fixed income investments, including interest rate risk and the risk that the counterparty to the instrument may not perform or be unable to perform its obligations, including making payments. Investments in high-yield (junk) securities could expose the funds to a greater risk of loss of principal and income than an investment in higher quality securities. The use of derivatives introduces risks which are potentially greater than the risks of investing directly in the instruments underlying the derivatives. These transactions also subject the funds to counterparty risk; the risk that derivatives used to protect against an opposite position may offset losses, but may also offset gains; the risk that the instruments may be difficult to value; and the risk that it may not be possible to liquidate the instruments at an advantageous time or price. Investment in exchange-traded funds (ETFs) subjects these funds to the risk that the ETF's holdings may not track its specified index. Fund investors bear both their proportionate share of the funds' expenses and similar expenses incurred through ownership of ETFs, as well as other underlying funds. For additional risk information, please read the fund prospectus.

You should consider the investment objectives, risks, charges and expenses of the variable annuity and its underlying investment options carefully before investing. For a free copy of the annuity's prospectus and underlying investment's prospectus, which contains this and other information about variable annuities, call 1-800-333-3437. Read the prospectuses carefully before you invest.

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RAVA 5 Advantage contract 411265 and state variations thereof, and contract ICC09 411265 with 411265-DPRA57 and 411265-DPRA510. Some features may not be available or may have limitations in certain states. New York current *RAVA 5* contract and rider numbers: *RAVA 5 Advantage* 411265-DPRA57NY and 411265-DPRA510NY.

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