RiverSource Insurance

Portfolio Navigator funds
Quarterly performance and commentary

March 31, 2017

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The Portfolio Navigator funds

Performance

	Quarter ending 3/31/17					
	3 month	YTD	1 year	3 year	5 year	Since Inception*
VP – Aggressive Portfolio						
VP – Aggressive Portfolio (Class 2)[1]	5.10%	5.10%	11.32%	4.87%	7.64%	8.62%
With Maximum Fees[2]	0.90%	0.90%	6.86%	3.46%	6.76%	7.98%
Aggressive Portfolio Benchmark[3]	5.11%	5.11%	12.93%	6.19%	9.32%	–
VP – Moderately Aggressive Portfolio						
VP – Moderately Aggressive Portfolio (Class 2)[1]	4.31%	4.31%	9.15%	4.27%	6.48%	7.52%
With Maximum Fees[2]	0.13%	0.13%	4.78%	2.86%	5.62%	6.88%
Moderately Aggressive Portfolio Benchmark[3]	4.29%	4.29%	10.54%	5.64%	8.08%	–
VP – Moderate Portfolio						
VP – Moderate Portfolio (Class 2)[1]	3.56%	3.56%	7.30%	3.77%	5.46%	6.50%
With Maximum Fees[2]	-0.59%	-0.59%	3.01%	2.36%	4.60%	5.88%
Moderate Portfolio Benchmark[3]	3.49%	3.49%	8.12%	4.96%	6.75%	–
VP – Moderately Conservative Portfolio						
VP – Moderately Conservative Portfolio (Class 2)[1]	2.66%	2.66%	5.32%	3.26%	4.31%	5.29%
With Maximum Fees[2]	-1.44%	-1.44%	1.10%	1.87%	3.46%	4.67%
Moderately Conservative Portfolio Benchmark[3]	2.69%	2.69%	5.75%	4.26%	5.41%	–
VP – Conservative Portfolio						
VP – Conservative Portfolio (Class 2)[1]	1.86%	1.86%	3.45%	2.69%	3.20%	4.19%
With Maximum Fees[2]	-2.22%	-2.22%	-0.68%	1.30%	2.36%	3.57%
Conservative Portfolio Benchmark[3]	1.88%	1.88%	3.47%	3.63%	4.12%	–

*Inception date - May 7, 2010

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] Reflects fund fees and expenses; does not reflect charges or expenses imposed by the insurance company on subaccounts or contracts. See Annual Fund Operating Expenses in Performance Disclosures section.

[2] Maximum Fees, in addition to Fund Fees, reflects a deduction of a 4% premium expense 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 in any particular variable insurance product nor does it reflect the additional fees associated with cost of insurance charges or optional insurance riders.

[3] Composite indices are constructed to correspond with the broad asset class percentages in the current Portfolio Navigator funds of funds, using the Russell 3000 Market Index (for equities), Morgan Stanley Capital International All Country World Index ex-U.S. (for international equities), Bloomberg Barclays Capital U.S. Aggregate Bond Index (for bonds), and Citigroup 3-month U.S. Treasury Bill Index (for treasuries).

Economic and Capital Markets Review – 1Q'17

Global equities continued to advance at a swift pace during the first quarter. We expect global growth to stay reasonably firm over the next several months. Some inflection points are looming though, including the possibility that domestic inflation measures will peak over the next few months. The upward trend for inflation in recent months has reinforced a sense that improved economic growth can help foster an extension of the business cycle. However, a pull-back in equities within capital markets cannot be ruled out over the near term. Consider for a moment that the S&P 500 recently enjoyed a 109-day streak without a 1% decline, its longest stretch in nearly 22 years. Another broad measure for U.S. equity performance, the Russell 3000 Index, gained 5.74% during the quarter.

While U.S. equity markets continued to flirt with new highs, overseas markets did manage to make-up some ground on their domestic counterparts during the quarter. A weakening U.S. dollar, which fell by about 2% versus a basket of other developed market currencies, helped the MSCI EAFE Index rise by 7.25%.

Within fixed income markets, corporate bonds and emerging market bonds were some of the best performing areas in the quarter. After a strong start to the year, high yield corporate bonds struggled somewhat in March. Still, high yield corporate bonds, as measured by the performance of the Bloomberg Barclays US Corporate High Yield Bond Index, posted a total return of 2.70% during the quarter. No major fixed income sector generated a negative total return in the quarter.

From an economic perspective, we remain centered around a base case scenario that sees U.S. growth in a range of 2.0% to 2.5% for 2017. Against this backdrop of steady economic growth, and, with inflation hovering around 2% we believe the Fed will be prompted to continue to raise rates. Improved business and consumer confidence should lead to a slight upshift in demand, together with a modest albeit growing amount of fiscal stimulus in the second half of the year. The expectation of tax relief, regulatory relief and overall reflationary efforts is something we continue to believe can extend the business cycle into 2018 and potentially beyond. U.S. consumer personal balance sheets are still in reasonably good shape but there are areas of concern. Student debt and auto loans are two of the more evident concerns; each has grown significantly in respect to disposable income over the past several years.

Portfolio Navigator Funds – Performance Drivers in 1Q'17

Returns were positive across all five funds with the more aggressively positioned portfolios performing best among the series. During the quarter the VP Conservative Portfolio returned 1.86%, the VP Moderately Conservative Portfolio returned 2.66%, the VP Moderate Portfolio returned 3.56%, the VP Moderately Aggressive Portfolios returned 4.31% and the VP Aggressive Portfolio returned 5.10% (all figures net of investment management fees).

Two of the five Portfolio Navigator series funds outperformed their benchmarks in the 1st quarter (net of investment management fees). The three funds that trailed blended benchmarks were, on average, two-tenths of one percent behind the benchmark for the quarter.

The portfolios all remained near neutral, versus benchmark weights, for equity allocations with a slight overweight position in the more aggressively positioned funds. Fixed income allocations remained several percentage points below that of the benchmark(s) allocation.

Overall underlying manager performance within the funds contributed favorably to performance during the quarter relative to the funds' benchmarks. U.S. large cap managers proved to be one of the strongest contributors, and core fixed income managers also helped. Within small cap equities, a tilt toward more value oriented investment managers hurt relative results as growth oriented investment managers fared noticeably better. An overweight (out-of-benchmark) position remained in alternative investment strategies. This position is largely centered on trying to help reduce volatility and offer additional diversification. During the quarter, commodity related investments and a managed futures strategy resulted in underperformance within the alternatives segment of the funds.

Early in the quarter, the portfolio managers slightly increased exposure to European equities inside the tactical sleeve. This was done in an effort to reduce the magnitude of an underweight position. Toward the middle of the quarter, tactical trades intended to raise exposure to Japanese equities were added in the more aggressively positioned funds.

Some of the underlying funds that served as key contributors, as well as detractors, from relative results 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 – Loomis Sayles Growth Fund	• Columbia VP – Partners Small Cap Value Fund
• VP – Nuveen Winslow Large Cap Growth Fund	• Columbia VP – U.S. Equities Fund
• Columbia VP – Large Cap Growth Fund	• Columbia VP – Select Large Cap Value Fund
• Columbia VP – Emerging Markets Fund	• Columbia VP – Commodity Strategy Fund
• VP – Morgan Stanley Advantage Fund	• VP – DFA International Value Fund
• Columbia VP – Intermediate Bond Fund	• VP – T. Rowe Price Large Cap Value Fund
• Columbia VP – Contrarian Core Fund	• VP – CenterSquare Real Estate Fund
• VP – American Century Diversified Bond Fund	• VP – AQR Managed Futures Fund
• Columbia VP – Long Government/Credit Fund	

Source: Columbia Threadneedle Investments, as of 3/31/17

Market Outlook

Consumer confidence here in the U.S. has soared to historic high levels since the election of President Trump, and confidence levels reflect expectations for a business-friendly political agenda. Therefore, unsuccessful implementation of pro-growth policies would be disappointing to markets. The global growth outlook appears mostly healthy and stable, however a global equity correction cannot be ruled out. If a correction were to occur we do not see an outright bear market taking shape over the near-term. The latest global PMIs (purchasing managers index surveys) point to above-average economic expansion with signs of improving momentum in the months ahead. Analysts' consensus for S&P 500 operating earnings have come down over the past few months but still show earnings growth at a rate of 9.1% (year-over-year earnings growth) for the index. If this growth rate is realized it would be the largest year-over-year quarterly rate of growth since Q4 2011 (11.6%). Equity prices have adjusted higher in anticipation of this improved earnings outlook. Other indicators of growth are leaning somewhat more cautious and not corroborating further improvements. For instance, small caps are underperforming large caps and oil has underperformed gold of recent.

Within fixed income we have a general view that is neutral in scope for taking on interest rate risk within the portfolios. At the end of 2016 this view was cautious as inflation measures were signaling continued pressure on interest rate sensitive assets. However, while concerns tied to a rising rate environment persist over the medium-to-long term, over the short-term we feel a more neutral outlook is warranted.

We currently recommend a neutral stance on U.S. equities. From a tactical perspective, we continue to favor equity markets outside of the U.S. primarily because of more favorable valuations. We are also witnessing a cyclical upswing in economic activity across different regions outside the United States.

Global growth may be poised to move higher for several reasons, and, the plunge in the commodity sector that investors experienced during 2014 and 2015 seems to have finally run its course for this cycle. In fact, in contrast to traditional equities, which in many cases are close to fresh highs, commodity markets appear to be forming a base at relatively low levels. Prevailing low commodity prices continue to stimulate demand growth while investment in future production continues to be restricted, tightening supply. These dynamics along with improved global growth should help support commodity sector performance.

Blended benchmarks

	VP – Aggressive Portfolio	VP – Moderately Aggressive Portfolio	VP – Moderate Portfolio	VP – Moderately Conservative Portfolio	VP – Conservative Portfolio
Russell 3000 Index	56.0%	46.0%	35.0%	24.0%	14.0%
MSCI EAFE	24.0%	19.0%	15.0%	11.0%	6.0%
Bloomberg Barclays Capital U.S. Aggregate Bond Index	20.0%	35.0%	50.0%	65.0%	80.0%

Russell 3000 - an index of the largest 3,000 U.S. stocks by market cap.
MSCI EAFE - an index of developed international stock markets.
Bloomberg Barclays Capital U.S. Aggregate Bond - an index of high-quality government and corporate bonds.

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

Insurance product fees will affect performance and can be found in the performance reports located at RiverSource.com > Insurance > Performance.

Variable life insurance is a complex investment vehicle that is subject to market risk, including the potential loss of principal invested.

There is no guarantee that investment objectives will be satisfied or that return expectations will be met. Asset allocation does not assure a profit or protect against a loss in declining markets.

Please carefully consider the investment objectives, risks, charges and expenses of any variable fund and its related variable policy before investing. For variable fund and variable policy prospectuses, which contain this and other important information, call 1-800-333-3437. Please read the prospectuses carefully before you invest.

Portfolio Navigator:
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Index performance is provided for illustrative purposes only and does not reflect the fees and expenses of investing in variable products. Indices are not intended to represent specific investments. Investors cannot invest directly in an index.

Investing in certain funds involves special risk, such as those related to investments in foreign securities, small- and mid-capitalization stocks, fixed income securities (especially high-yield securities), and funds which focus their investments in a particular sector. See each fund's prospectus for specific risks associated with the fund.

Annual Fund Operating Expenses (expenses you pay each year as a percentage of the value of your investment)

	Aggressive	Moderately Aggressive	Moderate	Moderately Conservative	Conservative
Variable Portfolio	**1.07%**	**1.03%**	**0.99%**	**0.93%**	**0.88%**

RiverSource Insurance

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