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# The Barclays Trailblazer Sectors 5 Index

## Who is Barclays?

Barclays has over 325 years of history in the financial services industry. They have operations in over 40 countries and employ approximately 130,000 people. More information about the Barclays Trailblazer Sectors 5 Index, including performance history and details on index components, can be found by visiting [Indices.barclays/Trailblazer5](https://Indices.barclays/Trailblazer5).

## How is volatility managed?

Investment theory states that returns are compensation for risk taken. So, risk-adjusted returns are expected to be similar for different asset classes or sectors over time. Volatility is used as a measure of risk. The index builds an allocation between U.S. equity assets and fixed income assets (each a “sector”) by:

- 1 Calculating volatilities for each index component, calculating correlations between each pair of sectors
- 2 Combining these into portfolios, eliminating those with volatility greater than 5%
- 3 Of the remaining portfolios, choosing those with the highest expected return
- 4 Rebalancing these new sector allocations, if necessary

## What is the Barclays Trailblazer Sectors 5 Index?

The **Barclays Trailblazer Sectors 5 Index** is available as an index crediting option on select F&G fixed indexed universal life (FIUL) insurance products. Based on the principles of the Modern Portfolio Theory, published in 1952 by the Journal of Finance, this index aims to maximize portfolio returns without exceeding a specific level of risk.

### Key components:

- **Potential performance** – The index selects the portfolio mix with the highest expected return given a certain level of risk. Review the performance [here](#).
- **Diversification** – The index portfolio mix is chosen from a universe of exchange traded funds (ETFs) that provide exposure to sectors of the U.S. equity market, the fixed income market and cash (3 month USD LIBOR), with the intention of avoiding the “Putting All Your Eggs In One Basket” scenario.<sup>1</sup>
- The Barclays Trailblazer Sectors 5 Index provides opportunities for growth based on a diverse set of U.S. asset classes:
  - **11 U.S. equity assets**
  - **3 fixed income assets**
  - **Cash<sup>2</sup>**
- **Volatility managed** – The index aims to select portfolios with volatilities under 5% and adjusts its exposure to the index portfolio daily in an attempt to maintain the 5% target volatility level.
- **Dynamic rebalancing** – The index rebalances into a new portfolio only when specific trigger conditions are met, allowing the index to avoid unnecessary adjustments in less volatile markets while adjusting as often as daily when markets are more volatile.

<sup>1</sup> Please note, the index may at any time be in only one asset class.

<sup>2</sup> Any allocation to cash will earn zero return.

# Ready to learn more?

Ask your financial or insurance professional about F&G and the Barclays Trailblazer Sectors 5 Index today.

**No bank guarantee.**

**Not FDIC/NCUA/NCUSIF insured.**

**May lose value if surrendered early.**

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For more information about Barclays Trailblazer Sectors 5 index, see <http://indices.barclays/trailblazer5>.

Volatility control seeks to provide smoother returns and mitigate sharp market fluctuations. While this type of strategy can lessen the impact of market downturns, it can also lessen the impact of market upturns, potentially limiting upside potential.