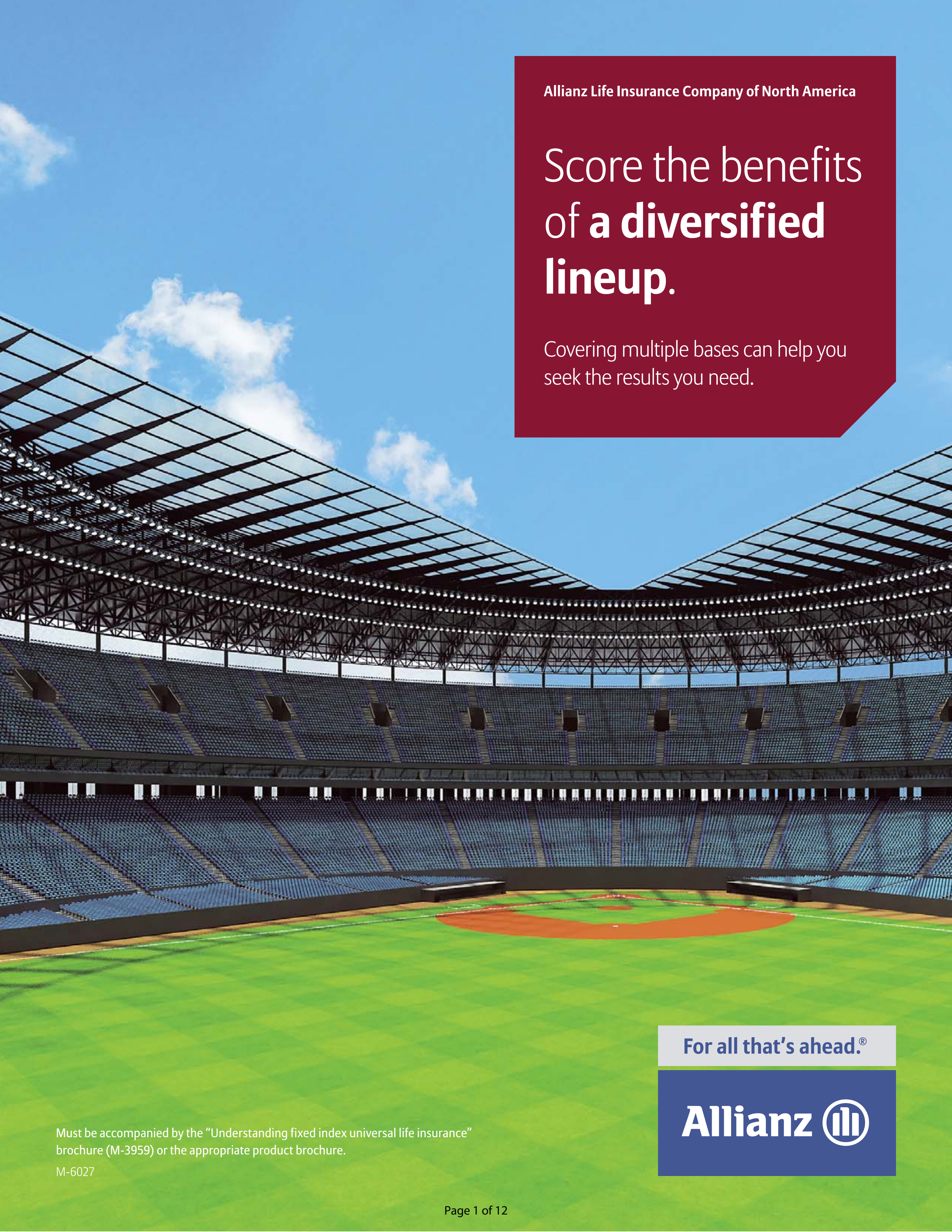


Allianz Life Insurance Company of North America

Score the benefits of **a diversified lineup**.

Covering multiple bases can help you seek the results you need.

For all that's ahead.®

Allianz

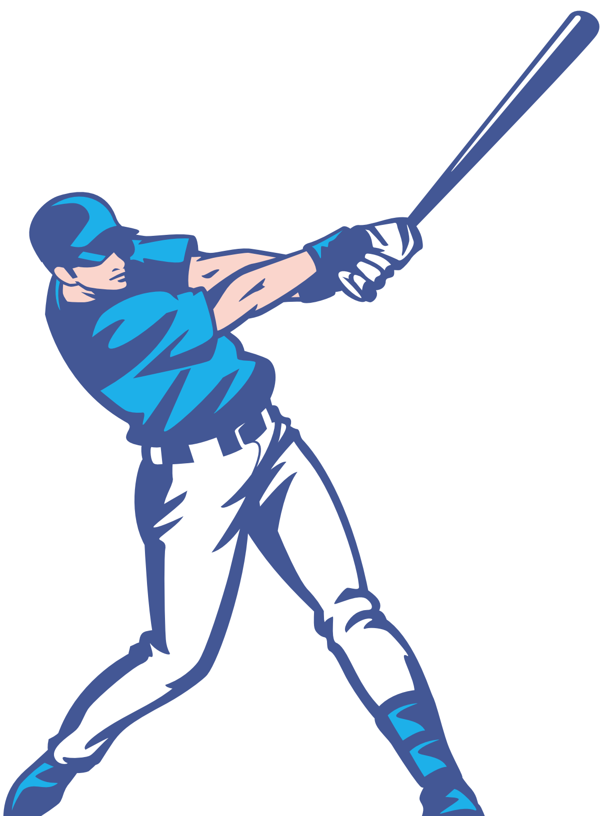
Must be accompanied by the "Understanding fixed index universal life insurance" brochure (M-3959) or the appropriate product brochure.

M-6027

THE PLAYBOOK

Review your allocation options.

A baseball team is usually comprised of a variety of hitters. The typical player is expected to hit singles and doubles, and may occasionally hit a home run. And although the home run hitters are more likely to hit the ball out of the park, they generally may also have a higher probability of striking out.



The same can be said about the different allocation options within a fixed index universal life (FIUL) insurance policy. An allocation option is a combination of an external index and a crediting method that determines how much interest you may receive in a given year. **Some allocation options may offer the potential for more interest – in this case, a "home run" – but may provide less consistency and more volatility.** Others may have a lower interest potential – the "singles" and "doubles" hitters – but may provide more consistency.

As an alternative to indexed interest, you also have the option of allocating part or all of your cash value to a fixed interest account which provides a predictable interest credit each year. Regardless of which allocation option you choose, the **cash value is always protected from negative index performance (although policy fees and charges will reduce values).**

Because it's impossible to predict the environment and which allocation option will be the home run hitter at any given time, it's important to focus on consistency and getting on base. Diversifying your allocation options can provide more opportunities to make that happen – though it does not guarantee your policy will earn interest in every policy year.

Not all crediting methods may be available with Allianz fixed index universal life insurance products.

THE CHALLENGE

Choose your allocation lineup.

Knowing you have choices, which allocation option should you choose? Will you swing for the fences – or aim for consistency? The answer depends on your financial goals and your risk tolerance.

With so many options, it can be tough to know what may be suitable for your situation, especially because each option is going to perform differently in any given economic environment. Let's walk through a few examples and see what may have performed the best – or been the home run hitter – in each environment.

ECONOMIC SCENARIO:

Lead-up to 1Q 2007 – bull market before the financial crisis

In the second half of 2006, equity markets had a great run, with the Dow increasing over 15% in the last six months of 2006. This momentum looked to carry forward into 2007, even though there were some signs of issues in the future.

HOME RUN HITTER:

PIMCO Tactical Balanced Index with annual point-to-point

The first half of 2007 saw relatively low volatility and moderate equity returns, which PIMCO Tactical Balanced Index would have capitalized on by being allocated about 50/50 between the S&P 500® Index and PIMCO Synthetic Bond Index.

The second half of 2007 and early 2008 saw the start of the financial crisis as equities tumbled and volatility spiked. PIMCO Tactical Balanced Index would have capitalized on this by shifting allocation away from the S&P 500® Index and into the Synthetic Bond Index, which was seeing good returns due to falling interest rates.

As equities continued to fall and volatility remained high, the PIMCO Tactical Balanced Index would have shifted allocation to its cash component to protect against volatility even further.

ECONOMIC SCENARIO:

The financial crisis of 2008

In the third quarter of 2008, the market was in turmoil. The financial crisis was just beginning, Lehman Brothers was failing, and the S&P 500® Index was hovering precariously in the 1200s. What was the best option if you started a policy year in the third quarter of 2008?

HOME RUN HITTER: **Bloomberg US Dynamic Balance II ER Index with annual point-to-point**
Equities tumbled, which would have wiped out the returns of the other allocation options.
The Bloomberg Barclays US Aggregate Custom RBI Unfunded Index portion performed very well due to tumbling interest rates.
The volatility control functionality moved the index to be allocated away from volatile equities and more toward bonds.

ECONOMIC SCENARIO:

Tail of the financial crisis – with a rebound

Midway through the financial crisis, highs seemed to have leveled off after the large fall of equities in the fourth quarter of 2008. Yet, concern over the global marketplace prevailed. Which option could have been effective?

HOME RUN HITTER: **Blended index with monthly average crediting**
Though the start of 2009 was rocky – with equities falling big once again – the economic climate rebounded within the year. This is when the diversified equity exposure in the blended index could have been able to shine.
The Dow Jones Industrial Average was up 20%, Russell 2000® Index was up 30%, and the EURO STOXX 50® was up 20%.
The monthly average with participation rate diversified exposure to U.S. equity sectors, allowing it to capture the equity rebound.

ECONOMIC SCENARIO:

Late 2010 – fears of another recession

Stocks had been up and down throughout 2010, making investors worried about the staying power of the rebound after the 2008/2009 recession.

HOME RUN HITTER:

Allianz True Balance℠ with annual sum crediting

While the S&P 500® Index was up during this time, increases were minimal.

Interest rates fell, which could have helped the bond index within Allianz True Balance.

This could have been a **good environment for Allianz True Balance with annual sum**, where smaller equity returns combined with good bond returns, and then **doubled with the current 200% participation rate.**

ECONOMIC SCENARIO:

Early 2015 – market rebound

Things were looking up at the start of 2015. 2014 saw equities returning over 10% and were expected to continue rising. Which option could have been a home run hitter?

HOME RUN HITTER:

Fixed interest

Growth did not continue.

Both equities and interest rates remained relatively level. A decrease in equities at the start of 2016 would have wiped out any returns that may have been present for that year.

This means that the **fixed account would have been an effective allocation to be in.**

Which will be the **most effective index allocation option?**

Now that we've reviewed five different economic environments between 2006 and 2015, is there a clear path to knowing the economic outlook and which allocation option would have been the most effective? **As you may have guessed, the answer is no.** Even the best market analysts cannot predict what next year's environment result will be, or hint at what the home run hitting allocation option might be.

So, what can you do?

Add the power of diversification to your lineup.

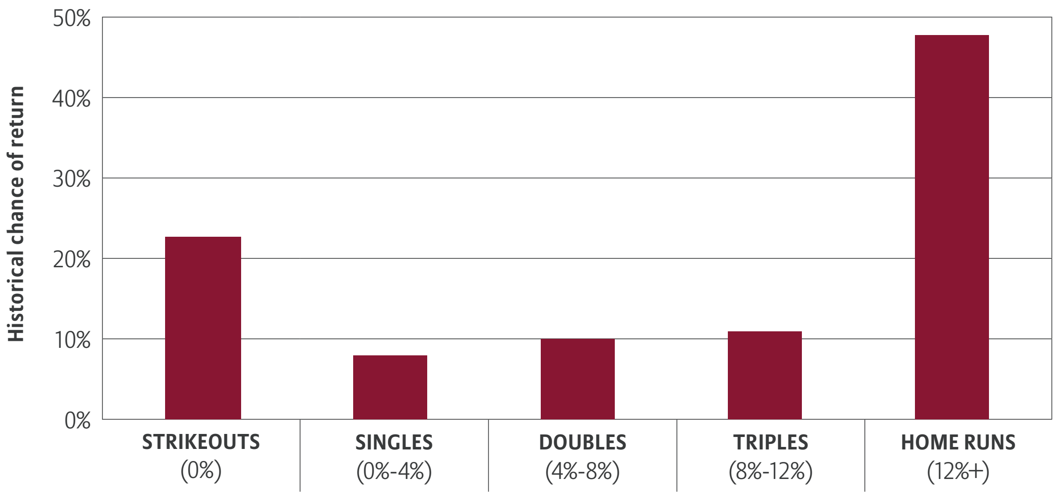
Diversification among allocation options could help you cover more bases consistently regardless of market environment, and may help you better align your financial goals and risk tolerance.

To get started, let's consider what your options could have been when FIUL products entered the marketplace. The S&P 500® Index with annual point-to-point (APP) crediting was likely the only option to choose from, so building your allocation lineup would have been more limited because the innovative allocation options of today were not available. The S&P 500® Index is a common index allocation that has been available industry-wide since the launch of FIUL products and is still the number-one selling index in the life insurance industry today.[1]

PURPOSE: This is a historical example of an index that produces both home runs and strikeouts, and that would have been available when FIUL products first became available. While it provides the opportunity for home runs, it also limits the potential of any home run because of the cap. The current average cap for the S&P 500® Index for the top 15 independent distribution carriers is 12.1%.[2] In addition to home runs, about one-fifth of the returns will be strikeouts – meaning one out of every five years you could expect a zero return.

HISTORICAL CHANCE OF RETURN:

STRIKEOUTS (0%)	23%
SINGLES (0%-4%)	8%
DOUBLES (4%-8%)	10%
TRIPLES (8%-12%)	11%
HOME RUNS (12%+)	48%



Hypothetical example assumes the product and index allocation options were available during the following time period: 1/1/1993 – 12/31/2017.

This chart represents past hypothetical results only and is based on current rates: S&P 500® Index APP 12% cap. Actual caps and rates that could have been applied over this time frame would have been different from the figures shown in this example and, in some cases, significantly higher or lower depending on a number of factors, including market conditions. These examples are not intended to reflect actual results that would be realized in a policy, and are provided to show how certain policy features work. They are not a promise of future results. No single crediting method consistently delivers the most interest under all market conditions.

[1] Q1 2018 Wink, Inc., Sales by index.

[2] Wink, Inc. IUL Survey, October 2018.

What is your risk tolerance?

Now let's take a look at how diversification could play into your lineup to help seek a level of consistency, with four different diversified strategies. Allocation options have evolved since FIUL was first introduced. In fact, we take pride in the innovative index allocation options we offer that provide you the opportunity to diversify within your FIUL policy. Because it's impossible to predict the environment and which option will be the home run hitter, it's important to focus on the potential for consistency and getting on base.

CONSERVATIVE:

"Get on base"

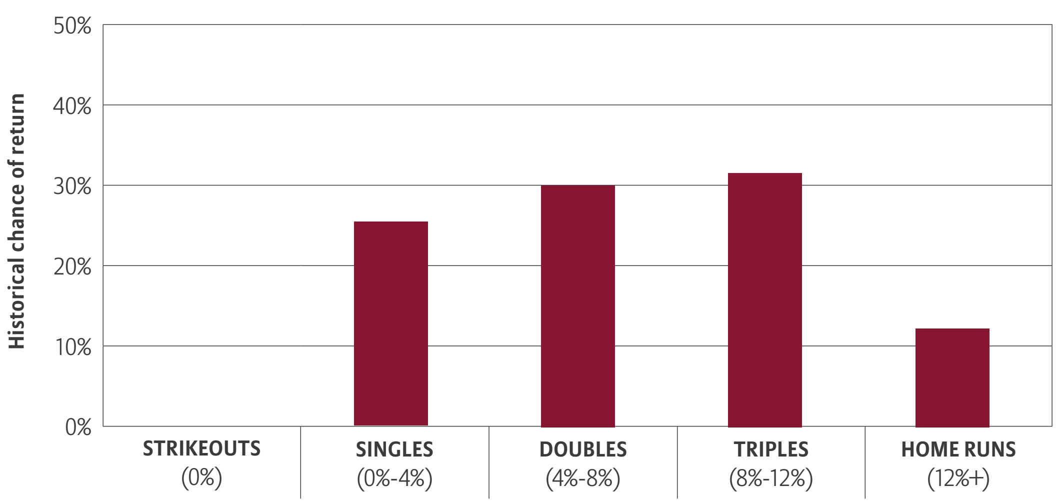
¼ blended index APP, ¼ Bloomberg US Dynamic Balance II ER Index APP, ¼ PIMCO Tactical Balanced ER Index APP, ¼ fixed account

PURPOSE: Helps provide a guaranteed interest credit by adding in a fixed interest rate.

Getting on base provides the stability of a fixed interest rate that is guaranteed. You could have had **zero strikeouts** and still would have had accumulation potential and the opportunity for consistency with singles, doubles, triples, and even a few home runs.

HYPOTHETICAL HISTORICAL CHANCE OF RETURN:

STRIKEOUTS (0%)	0%
SINGLES (0%-4%)	26%
DOUBLES (4%-8%)	30%
TRIPLES (8%-12%)	31%
HOME RUNS (12%+)	13%
AVERAGE RETURN	7.24%



Hypothetical example assumes the product and index allocation options were available during the following time period: 1/1/2005 – 12/31/2017. The time period represents the longest common period of historical data available for the index.

These charts represent past hypothetical results only and are based on current rates: PIMCO Tactical Balanced ER Index APP 160%, Bloomberg US Dynamic Balance II ER Index APP 160%, and fixed interest rate 4.75%. Actual caps and rates that could have been applied over this time frame would have been different from the figures shown in this example and, in some cases, significantly higher or lower depending on a number of factors, including market conditions. These examples are not intended to reflect actual results that would be realized in a policy, and are provided to show how certain policy features work. They are not a promise of future results. No single crediting method consistently delivers the most interest under all market conditions.

MODERATE:

"Limit strikeouts"

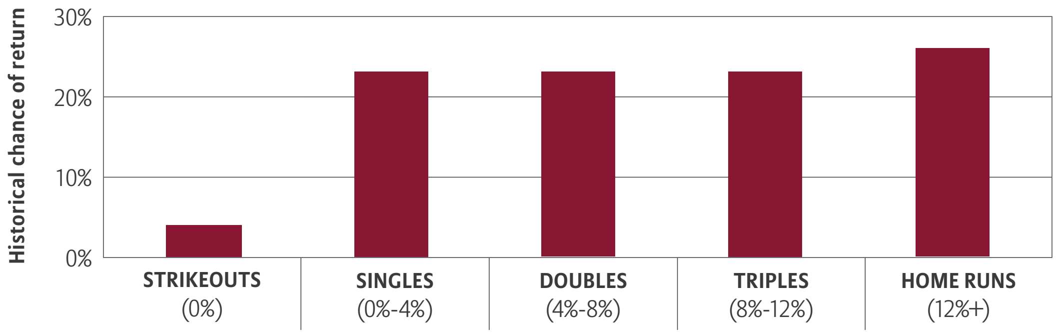
33% PIMCO Tactical Balanced ER Index APP, 33% Bloomberg US Dynamic Balance II ER Index APP, 33% blended index APP

PURPOSE: Helps seek **consistent returns** and more chances to get on base.

You limit your **strikeouts to less than 5%**. The remainder of your returns provides consistency, whether it is singles, doubles, triples, or home runs.

HYPOTHETICAL HISTORICAL CHANCE OF RETURN:

STRIKEOUTS (0%)	4%
SINGLES (0%-4%)	23%
DOUBLES (4%-8%)	22%
TRIPLES (8%-12%)	24%
HOME RUNS (12%+)	26%
AVERAGE RETURN	8.07%



Hypothetical example assumes the product and index allocation options were available during the following time period: 1/1/2005 – 12/31/2017. The time period represents the longest common period of historical data available for the index.

These charts represent past hypothetical results only and are based on current rates: Blended index APP 16% cap, PIMCO Tactical Balanced ER Index APP 160%, and Bloomberg US Dynamic Balance II ER Index APP 160%. Actual caps and rates that could have been applied over this time frame would have been different from the figures shown in this example and, in some cases, significantly higher or lower depending on a number of factors, including market conditions. These examples are not intended to reflect actual results that would be realized in a policy, and are provided to show how certain policy features work. They are not a promise of future results. No single crediting method consistently delivers the most interest under all market conditions.

AGGRESSIVE:

"Swing for the fences"

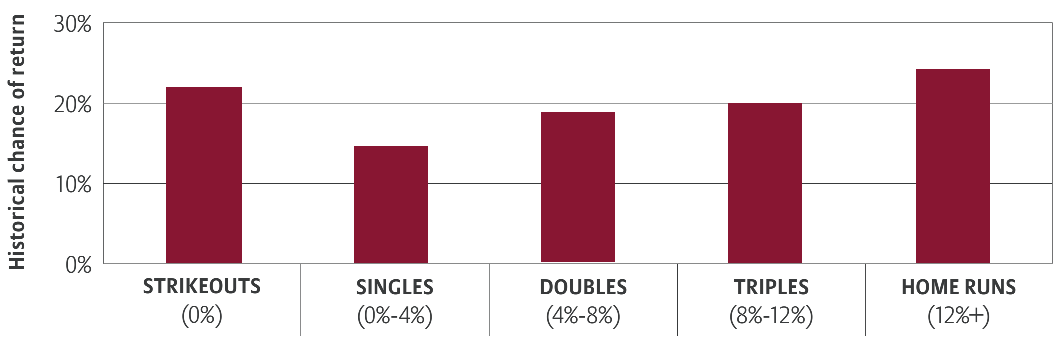
50% blended index APP, 50% S&P 500® Index monthly sum

PURPOSE: Helps capture higher index returns when the market is up, but may have the potential for strikeouts (0% return).

By swinging for the fences, you can expect to consistently hit singles, doubles, triples, and home runs, along with having some strikeouts. You take the **BIG SWING** when you capture the high upside potential with **BIG home runs**, such as hitting a **maximum credit of 22%**.

HYPOTHETICAL HISTORICAL CHANCE OF RETURN:

STRIKEOUTS (0%)	22%
SINGLES (0%-4%)	15%
DOUBLES (4%-8%)	19%
TRIPLES (8%-12%)	20%
HOME RUNS (12%+)	24%
AVERAGE RETURN	7.10%



Hypothetical example assumes the product and index allocation options were available during the following time period: 1/1/1993– 12/31/2017.

These charts represent past hypothetical results only and are based on current rates: Blended index APP 16% cap and S&P 500® Index monthly sum 2.90% cap. Actual caps and rates that could have been applied over this time frame would have been different from the figures shown in this example and, in some cases, significantly higher or lower depending on a number of factors, including market conditions. These examples are not intended to reflect actual results that would be realized in a policy, and are provided to show how certain policy features work. They are not a promise of future results. No single crediting method consistently delivers the most interest under all market conditions.

LOAN STRATEGY:

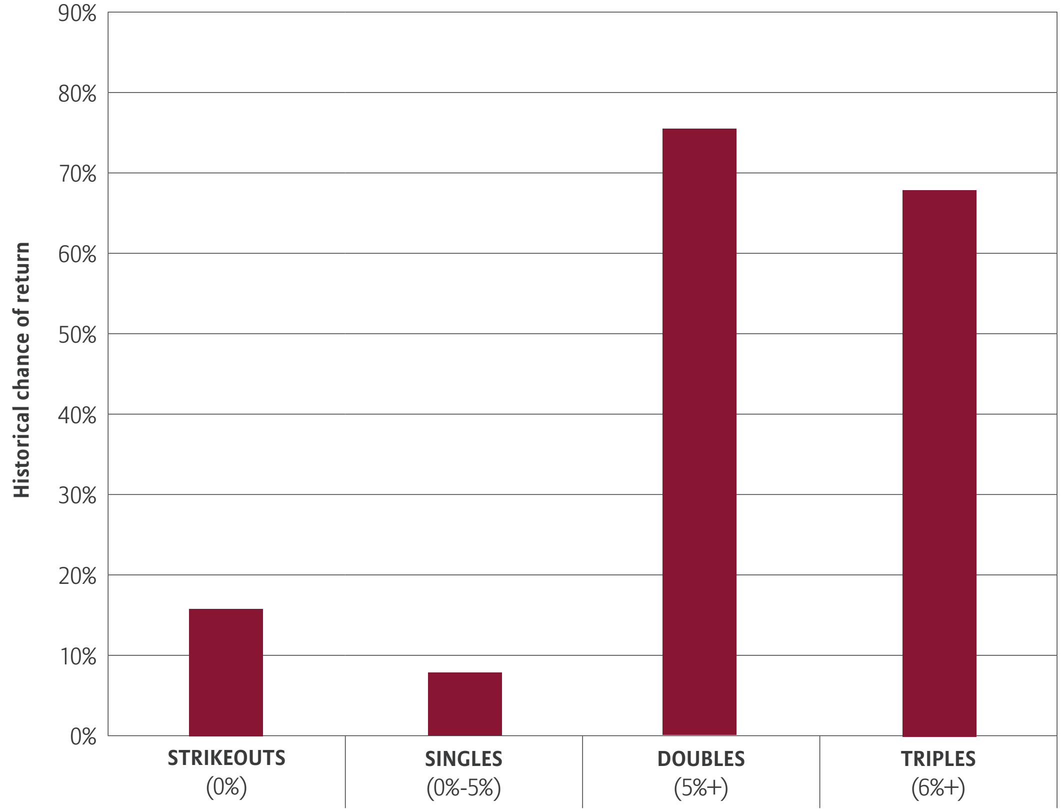
"Consistent doubles"

60% S&P 500® Index trigger method, 20% blended index APP, 20% Allianz True Balance℠ annual sum

PURPOSE: When accessing policy loans, this seeks to provide an interest credit that may be more likely to at least cover loan charges (at least 5%).

HYPOTHETICAL HISTORICAL CHANCE OF RETURN:

STRIKEOUTS (0%)	16%
SINGLES (0%-5%)	8%
DOUBLES (5%+)	77%
TRIPLES (6%+)	68%
AVERAGE	5.67%



Hypothetical example assumes the product and index allocation options were available during the following time period: 1/1/2005 – 12/31/2017. The time period represents the longest common period of historical data available for the index.

These charts represent past hypothetical results only and are based on current rates: Blended index APP 16% cap, S&P 500® Index trigger method 6.25%, and Allianz True Balance annual sum 5.00% cap. Actual caps and rates that could have been applied over this time frame would have been different from the figures shown in this example and, in some cases, significantly higher or lower depending on a number of factors, including market conditions. These examples are not intended to reflect actual results that would be realized in a policy, and are provided to show how certain policy features work. They are not a promise of future results. No single crediting method consistently delivers the most interest under all market conditions.

For help in creating a diversified strategy within your FIUL policy, **contact your financial professional.**

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