The J.P. Morgan Mercury℠ Index | Client guide

Discover a flexible option for steady growth

A powerful combination to help you prepare for the future

As you talk to your insurance professional about your investment options, consider the J.P. Morgan Mercury℠ Index (The Index). It's exclusively available to Nationwide® life insurance members and is designed to provide the potential for more stable performance based on the business cycle while reducing risk.

Nationwide is a U.S.-based, Fortune 100 company with a strong and stable financial foundation. One of the largest insurance companies in the industry, Nationwide brings a rich history of disciplined investing dating back more than 85 years.

A+ AM Best	A1 Moody's	A+ Standard & Poor's
received: 10/17/02 affirmed: 12/22/21[1]	received: 3/10/09 affirmed: 5/27/20[1]	received: 12/22/08 affirmed: 5/7/21[1]

J.P. Morgan is a global leader in investment banking and financial services with a proven track record of award-winning index design. J.P. Morgan leverages its deep expertise and best-in-class infrastructure to provide both retail and institutional investors with indexes based on their various objectives.

This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

The information on the J.P. Morgan Mercury℠ Index presented here should be used in conjunction with Nationwide indexed universal life insurance marketing materials. Indexed universal life insurance is not an investment and does not directly invest in the stock market or any index.

[1] These ratings and rankings reflect rating agency assessment of the financial strength and claims-paying ability of Nationwide Life Insurance Company and Nationwide Life and Annuity Insurance Company. They are not intended to reflect the investment experience or financial strength of any variable account, which is subject to market risk. Because the dates are updated only when there's a change in the rating, the dates above reflect the most recent ratings we have received. They are subject to change at any time.

Understanding market volatility

Market volatility describes periods of unpredictable changes in the price of an investment, both up and down. Many factors influence volatility including political and economic factors, the nature of the industry or companies represented in an investment and the phase of the business cycle. It's a normal part of investing and offers the opportunity to gain when the market is up but may be unsettling to someone who prefers the potential for more consistent performance.

An opportunity to pursue steady growth

The J.P. Morgan Mercury℠ Index is designed to help provide a diversified asset allocation with the opportunity to perform in growing and shrinking markets and offers:

- **Global opportunities**, beyond the S&P 500® and Dow Jones Industrial Average®
- **Multiple asset classes** across equities, bonds and commodities
- **A sound framework for allocating across assets** to help you achieve your investment goals
- **An innovative approach** that incorporates market flows, the business cycle, broad diversification and select commodity exposure into one robust index

Seeking consistent returns with a diversified approach

The J.P. Morgan Mercury℠ Index's carefully selected range of domestic and international asset classes are intended to provide flexibility to adapt to a variety of market conditions and help contribute to the potential for more consistent returns.

The Index's diversification strategy leverages 3 essential elements:

- **Global opportunities** leveraging some of the world's most established markets
  - Domestic: United States
  - International: Developed markets such as the United Kingdom, Germany, Japan, Australia and others
- **Multiple asset classes** across equities, fixed income and commodities
- **Noncorrelated asset classes,** which tend to increase in value when others decrease, including gold and oil commodities that provide additional growth opportunities beyond traditional equity and fixed-income options

Using the business cycle to help smooth volatility

The J.P. Morgan Mercury℠ Index helps provide equity exposure based on the current stage of the business cycle and market conditions. This equity style rotation is designed to overweight the portfolio with the type of stocks that have historically performed well during each phase of the business cycle.

Slowdown

Low-volatility equities may help in the event that markets sell off and overall volatility increases because of the upcoming contraction.

Expansion

Momentum equities with share prices that have recently been performing well may continue to perform well.

Contraction

Quality equities with strong fundamentals—stable year-over-year earnings growth and low financial leverage—may help protect against the contraction.

Recovery

Value equities with low prices compared to fundamentals may provide higher leverage as asset prices increase.

Daily rebalancing to help generate stronger growth

The J.P. Morgan Mercury℠ Index monitors economic indicators on a daily basis and strategically allocates to help smooth volatility within the Index. Here's how:

STEP 1

Evaluate

Each day the index monitors current market trends to determine risk allocations for equities, fixed income and commodities.

STEP 2

Weight

Next, the index calculates the weight for each component — equities, fixed income and commodities — by using the risk allocation from Step 1 and the actual volatility for each in the last 1-, 3- and 6-month periods.

STEP 3

Rebalance

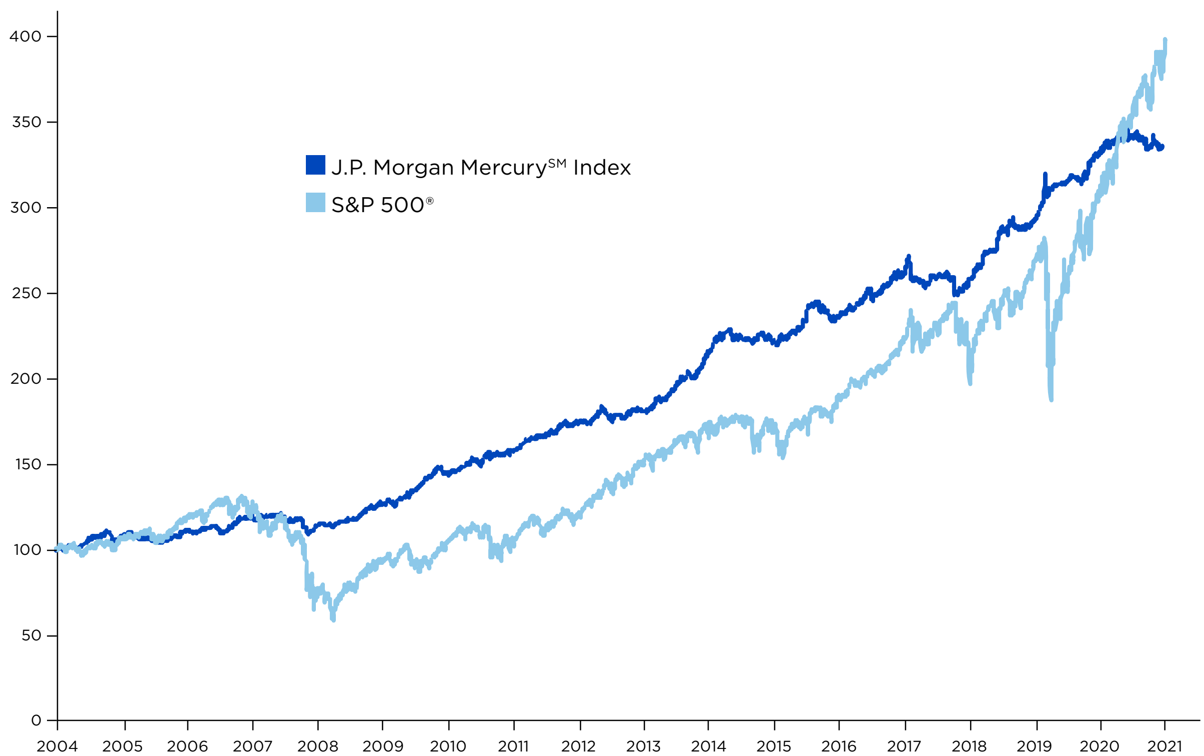
Finally, using the weights from Step 2, the index rebalances to help generate more stable growth and maintain a target volatility of 5%.

The J.P. Morgan Mercury℠ Index in action

Hypothetical performance shows that although its ending value was lower than that of the S&P 500®, the J.P. Morgan Mercury℠ Index provided more consistent returns with considerably less volatility, especially when the overall market was volatile during the financial crises of 2008 and 2009 and the large-scale pandemic lockdowns around the world in 2020.

Hypothetical historical performance:

December 2004 – December 2021



The J.P. Morgan Mercury℠ Index was established on April 25, 2022. Performance shown is back-tested by applying the Index strategy to historical financial data when all components are available and was designed with the benefit of hindsight. Back-tested performance is hypothetical, does not take index fees or transaction costs into account and has been provided for informational purposes only.

The S&P 500® Price Index results are actual performance for the full period. Past performance is not indicative of nor does it guarantee future performance.

For purposes of this chart, each index was set equal to 100 at the beginning of the measurement period. The results in the graph reflect only the index returns. They do not include any participation, cap, spread or floor rates, or fixed credit available in the indexed universal life insurance product.

To learn more about the J.P. Morgan Mercury℠ Index, please talk to your insurance professional.

Nationwide®
is on your side

• Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution • Not insured by any federal government agency • May lose value

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Indexed universal life insurance policies are not stock market investments, do not directly participate in any stock or equity investments, and do not receive dividends or capital gains. Past performance of an index is not an indicator of future crediting rates.

There is no guarantee that selecting a volatility control Indexed Interest Strategy will result in greater interest crediting than Indexed Interest Strategies that do not use a volatility control Reference Index or that any interest will be credited for a particular Index Segment.

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