RiverSource Annuities

Portfolio Navigator funds

Quarterly performance and commentary

September 30, 2017

The Portfolio Navigator funds

Performance

	Quarter ending 9/30/17					
	3 month	YTD	1 year	3 year	5 year	Since Inception*
VP – Aggressive Portfolio						
VP – Aggressive Portfolio (Class 2)[1]	4.01%	13.57%	14.60%	6.87%	9.10%	9.15%
M&E fee and max surrender charge[2]	-3.89%	4.24%	4.83%	3.38%	7.11%	7.46%
Aggressive Portfolio Benchmark[3]	4.02%	13.11%	14.93%	7.87%	10.43%	–
VP – Moderately Aggressive Portfolio						
VP – Moderately Aggressive Portfolio (Class 2)[1]	3.40%	11.65%	11.72%	5.93%	7.64%	7.98%
M&E fee and max surrender charge[2]	-4.45%	2.35%	2.00%	2.43%	5.66%	6.31%
Moderately Aggressive Portfolio Benchmark[3]	3.42%	11.15%	12.01%	6.97%	8.90%	–
VP – Moderate Portfolio						
VP – Moderate Portfolio (Class 2)[1]	2.83%	9.80%	8.99%	5.13%	6.25%	6.89%
M&E fee and max surrender charge[2]	-4.98%	0.64%	-0.47%	1.60%	4.27%	5.24%
Moderate Portfolio Benchmark[3]	2.83%	9.28%	9.16%	6.00%	7.31%	–
VP – Moderately Conservative Portfolio						
VP – Moderately Conservative Portfolio (Class 2)[1]	2.12%	7.42%	6.04%	4.19%	4.77%	5.57%
M&E fee and max surrender charge[2]	-5.62%	-1.53%	-3.15%	0.69%	2.79%	3.94%
Moderately Conservative Portfolio Benchmark[3]	2.24%	7.44%	6.37%	5.01%	5.71%	–
VP – Conservative Portfolio						
VP – Conservative Portfolio (Class 2)[1]	1.71%	5.72%	3.56%	3.38%	3.42%	4.42%
M&E fee and max surrender charge[2]	-6.00%	-3.07%	-5.40%	-0.08%	1.46%	2.81%
Conservative Portfolio Benchmark[3]	1.64%	5.56%	3.63%	4.05%	4.16%	–

*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.

Effective March 10, 2016, the Funds' benchmarks have changed. See page 6 for details.

[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] Reflects performance with the following fees deducted: Innovations Select (5-year surrender charge schedule and standard death benefit) M&E of 1.55%, $40 contract administrative charge and a/an 8.00% declining surrender charge for purchase payments less than 5 years old. 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. Premium taxes, where applicable, are not reflected in these total returns. If they had been included, the returns would be lower.

[3] Composite indices are constructed to correspond with the broad asset class percentages in the current Portfolio Navigator program 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 – 3Q 2017

Stocks outperformed bonds during the quarter with the Russell 3000 Index beating the Bloomberg Barclays U.S. Aggregate Bond Index by a little over 3.5% in total return. The popular S&P 500 Index has now risen for 11 consecutive months, the longest such streak since 1959. The S&P 500 has not seen a 5% price correction since June 2016, its longest stretch without a correction of that magnitude or greater in 21 years.

Emerging Markets were once again one of the top performing regions in the third quarter, gaining 7.9% as reflected in the total return of the MSCI Emerging Market Index. U.S. equity markets posted strong returns in the third quarter as measured by the Russell 3000 Index though still underperformed versus other developed market regions, on average. A weak U.S. dollar (one of the weakest asset class returns for the quarter and YTD) helped international equities enjoy noticeable outperformance in dollar terms versus U.S. equities. Core Europe, with the likes of German and French equities, were one of the strongest developed market regions in the quarter. In U.S. dollar terms, the MSCI Germany Index was up 7.4% in the quarter and the MSCI France Index was up 8.4%.

The Bloomberg Barclays U.S. Aggregate Bond Index posted a return of 0.9% during the third quarter. Looking back, it appears the bond market may have overthought the perceived weakness across the economy. During the first week of September, 10-year treasury yields stood barely above 2%, and the probability of a December rate hike priced into Fed Funds futures was barely 20%. Yet neither the real economy nor the Fed itself ratified these soft and dovish expectations, and, equity markets calmly marched forward to reclaim the highest levels of the year. Over the final three weeks of the quarter, bond investors seem to have reconsidered, and market patterns favored prosperity linked assets at the expense of interest rate sensitive assets. Leading the way in terms of strong returns for fixed income investors was high yield corporate bonds. The Bloomberg Barclays U.S. High Yield Corporate Bond Index was up approximately 2.0% during the quarter. Conversely, U.S. treasuries, as measured by the Bloomberg Barclays U.S. Treasury Index managed to barely eke out a gain, rising less than one-half of one percent 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. With inflation below 2% (PCE Deflator) there is considerable near-term noise in economic data due to three major hurricanes over the summer. As the Fed begins to wind-down its balance sheet there is a high degree of scrutiny that is directed at the vitality of the business cycle. Still, improved business and consumer confidence could lead to a slight upshift in demand. Fiscal stimulus is not likely in 2017 but potentially in 2018 and expectations of tax relief, regulatory relief, and overall reflationary efforts could extend the business cycle. The proposed U.S. tax cut plan will result in wider budget deficits and, potentially, faster U.S. inflation with the U.S. economy already near full employment. The Fed is expected to potentially respond to this set of events with even tighter monetary policy.

Portfolio Navigator Funds – Performance Drivers in 3Q 2017

The funds all posted gains during the quarter with the more aggressively positioned portfolios performing best among the series. The VP Conservative Portfolio outperformed its benchmark in the 3rd quarter (net of investment management fees). The VP Moderate Conservative Fund narrowly underperformed, and the three other funds in the Portfolio Navigator series performed in line with their benchmarks. During the quarter, the VP Conservative Portfolio returned 1.71%. The VP Moderately Conservative Portfolio returned 2.12%. The VP Moderate Portfolio returned 2.83%. The VP Moderately Aggressive Portfolios returned 3.40%. And, the VP Aggressive Portfolio returned 4.01% (all figures net of investment management fees but do not include annuity contract fees & related expenses).

The portfolios all remained slightly underweight, versus benchmark weights, for U.S. equity allocations with a continued overweight position directed at overseas equity positions. Fixed income allocations all remained several percentage points below that of the benchmarks' allocation.

An underweight allocation directed at core fixed income managers contributed favorably to returns as equities, on average, broadly outperformed fixed income positions. Overall, the decision to overweight segments of the overseas equity markets proved beneficial to relative returns in the third quarter. 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.

Underlying manager performance within the funds was mixed, but overall contributed to the performance during the quarter. Fixed Income managers proved to be one of the strongest contributors across the five different funds. During the quarter, alternative investment strategies were slight detractors from relative performance of the funds.

Some of the underlying funds that impacted 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 weight. As a result, the impact of each contributor/detractor will vary by fund.

Contributors	Detractors
• VP – Loomis Sayles Growth Fund	• VP – MFS Value Fund
• Columbia VP – Disciplined Core Fund	• VP – CenterSquare Real Estate Fund
• Columbia VP – Emerging Markets Fund	• VP – Pyramis International Equity Fund
• VP – American Century Diversified Bond Fund	• VP – T. Rowe Price Large Cap Value Fund
• VP – DFA International Value Fund	

Source: Columbia Threadneedle Investments, as of 9/30/17

Market Outlook

Global economic news continues to point toward solid growth, rising inflation pressures and, in response, less accommodative monetary policy. As such, while we are mostly neutral with respect to our portfolio risk-taking budget, we do begin the fourth quarter with a tilt toward a slightly more aggressive posturing of multi-asset portfolios. All our indicator work supports a move toward a somewhat more aggressively tilted positioning inside the portfolios. There are several different ways to express this view, including increasing equity exposure, reducing duration, or increasing market sensitivity within the equity segment of funds. Still, it's important to note that the margin of error for this view is narrow, as a small increase in volatility could pose a greater downside risk than the potential upside gains available over the near-term from continued low volatility.

Taken in isolation, the signals we track for equities remain bullish. Momentum is strong and broad across sectors, countries, and companies. Profits are high, and we don't see any obvious catalysts to derail this picture. Our work continues to favor non-U.S. equity markets in general and emerging market equities specifically. Our quantitative models continue to favor emerging markets and Japan. U.S. Equity remains a modest underweight, and developed international equity remains neutral. From a size perspective, we recently increased our small cap exposure, which takes us from slightly underweight to now neutral versus our strategic benchmark design.

Within the fixed income segment of the markets, our view on duration sensitivity within portfolios remains mostly neutral. We note, however, that pressures for higher rates have developed as the likelihood of more Fed tightening has risen. Combined with our concern over the outlook for spread related fixed income holdings, we've moved to an overall Fixed Income moderate underweight.

We retain our recommended allocation to alternative investments at a modest overweight position in multi-asset portfolios where exposure to alternatives is available. Commodities have good performance momentum, and we remain overweight in this area, too. We've recently moved real estate (REITs) to an underweight stance, given the upward trend in interest rates. Overall, the concept of expanding our diversifying components remains irresistible, especially in asymmetric risk environments like this one, and alternatives have provided a benefit versus rates as a diversifier since the U.S. Presidential Election.

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.

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.

Annuity product fees will affect performance and can be found in the variable product performance sheets located at RiverSource.com > Annuities > Performance & Rates.

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

Variable annuities are insurance products that are complex long-term investment vehicles that are subject to market risk, including the potential loss of principal invested.

The Portfolio Navigator funds are sold exclusively as underlying investment options of variable annuity and life insurance products offered by RiverSource Life Insurance Company and RiverSource Life Insurance Co. of New York (collectively, RiverSource Life). The program allows you to allocate your contract or policy values to subaccounts that invest in RiverSource Variable Series Trust funds of funds managed by Columbia Management Investment Advisers, LLC, an affiliate of RiverSource Life. RiverSource Life, Columbia Management Investment Advisers, LLC and their affiliates may receive revenue related to assets allocated to the funds. Prior to participating in the program, you should read the description contained in the applicable variable product and funds prospectuses.

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.

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	**1.08%**	**1.04%**	**0.99%**	**0.95%**	**0.92%**

In general, equity securities tend to have greater price volatility than debt securities. The market value of securities may fall, fail to rise, or fluctuate, sometimes rapidly and unpredictably. There are risks associated with fixed income investments, including credit risk, interest rate risk, and prepayment and extension risk. In general, bond prices rise when interest rates fall and vice versa. This effect is more pronounced for longer-term securities. Investments in foreign securities involve certain risks not associated with investments in U.S. companies, due to political, regulatory, economic, social and other conditions or events occurring in the country, as well as fluctuations in currency and the risks associated with less developed custody and settlement practices. See each fund's prospectus for specific risks associated with the fund.

Contract number: Innovations Select 273954. Features may vary, have limitations or may not be available in some states. No new contracts are currently being sold.

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