

Portfolio Navigator funds

Quarterly performance and commentary

December 31, 2018

The Portfolio Navigator funds

Performance

	Quarter ending 12/31/18					Since Inception*
	3 month	YTD	1 year	3 year	5 year	
VP – Aggressive Portfolio						
VP – Aggressive Portfolio (Class 2) ¹	-11.74%	-8.58%	-8.58%	4.81%	3.81%	7.23%
M&E fee and max surrender charge ²	-19.31%	-17.20%	-17.20%	1.32%	1.85%	5.58%
Aggressive Portfolio Benchmark ³	-10.76%	-6.12%	-6.12%	6.25%	5.17%	–
VP – Moderately Aggressive Portfolio						
VP – Moderately Aggressive Portfolio (Class 2) ¹	-9.40%	-7.03%	-7.03%	4.36%	3.48%	6.37%
M&E fee and max surrender charge ²	-16.98%	-15.68%	-15.68%	0.89%	1.52%	4.74%
Moderately Aggressive Portfolio Benchmark ³	-8.50%	-4.85%	-4.85%	5.55%	4.78%	–
VP – Moderate Portfolio						
VP – Moderate Portfolio (Class 2) ¹	-7.06%	-5.57%	-5.57%	3.81%	3.17%	5.54%
M&E fee and max surrender charge ²	-14.64%	-14.24%	-14.24%	0.35%	1.21%	3.92%
Moderate Portfolio Benchmark ³	-6.19%	-3.71%	-3.71%	4.76%	4.27%	–
VP – Moderately Conservative Portfolio						
VP – Moderately Conservative Portfolio (Class 2) ¹	-4.75%	-4.12%	-4.12%	3.12%	2.77%	4.52%
M&E fee and max surrender charge ²	-12.34%	-12.81%	-12.81%	-0.32%	0.82%	2.91%
Moderately Conservative Portfolio Benchmark ³	-3.87%	-2.60%	-2.60%	3.95%	3.74%	–
VP – Conservative Portfolio						
VP – Conservative Portfolio (Class 2) ¹	-2.60%	-2.95%	-2.95%	2.55%	2.33%	3.60%
M&E fee and max surrender charge ²	-10.20%	-11.66%	-11.66%	-0.88%	0.39%	2.01%
Conservative Portfolio Benchmark ³	-1.53%	-1.43%	-1.43%	3.17%	3.26%	–

*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.

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).

Quarterly Performance Commentary

Economic and Capital Markets Review – 4Q'18

The first three quarters of 2018 were characterized by U.S. equity strength, which reversed dramatically in the fourth quarter. Overall equity volatility is above average, and we could continue to see large moves – in either direction – as we begin 2019.

Global equities started to wane in investor favor and ultimately took a sharp turn south during the fourth quarter of the year. When the year came to a close, both U.S. equities and overseas equities produced negative returns. The Russell 3000 Index, a proxy for broad-based domestic equities, generated a negative total return of -14.30% during the fourth quarter and ended the full calendar year down -5.24%. The MSCI EAFE Index, a broad-based proxy tracking the foreign developed equity markets, posted a negative total return of -12.54% in the fourth quarter and finished the full year down -13.79% (in US dollar terms). Core bonds, as measured by the performance of the Bloomberg Barclays US Aggregate Bond Index, were up 1.64% in the quarter and were essentially flat during the full calendar year as they generated a return of 0.01% over the 12 months ending 12/31/18. While these returns also led to negative returns in multi-asset portfolios in the fourth quarter of 2018, diversified portfolios did help mitigate losses relative to an all-equity portfolio.

A focal point for investors over the past few quarters has been the ongoing path of monetary policy embarked upon by the U.S. Federal Reserve Board. The Fed has been tightening the monetary policy via raising the short-term federal funds rate and through the reduction in the size of their balance sheet. Many investors worry the Federal Reserve has already made a policy mistake, increasing the chance of recession. While there are numerous reasons for concern related to overall slowing economic growth, both here in the U.S. and abroad, we do not foresee a high probability of a recession impacting U.S. markets over the near-term. Even still, we will be closely monitoring any ongoing monetary policy changes, as these changes may impact how investors view the markets and other forces that can drive performance across risk assets. These factors are, of course, closely related to overall investor sentiment, which had largely given way to increased investor pessimism during the final quarter of 2018.

Portfolio Navigator Series of Funds – Performance Drivers in 4Q 2018

During the fourth quarter, the VP Conservative Portfolio returned -2.60%, the VP Moderately Conservative Portfolio returned -4.75%, the VP Moderate Portfolio returned -7.06%, the VP Moderately Aggressive Portfolio returned -9.40% and the VP Aggressive Portfolio returned -11.74% (all figures are net of investment management fees and do not include annuity contract fees & related expenses).

Both domestic and international equities produced double-digit losses during the quarter as seen by the Russell 3000 index returning -14.3% and the international-oriented MSCI EAFE index returning -12.5%. U.S. bonds provided a buffer to equity losses as seen by the Bloomberg Barclays U.S. Aggregate Bond index returning 1.64%. A 50% global equity and 50% fixed income blended benchmark returned -6.19%.

An underweight allocation to broad fixed income markets detracted from performance during the quarter as core fixed income was the only area to find positive returns. However, allocations to cash and alternative investments contributed favorably to relative performance results and helped offset some of the underweight allocation to core fixed income exposures. Underlying domestic equity managers offered overall good results during the quarter with some value-oriented managers posting improved results relative to earlier in the year. International equity managers and core bond managers detracted from relative performance.

Columbia Threadneedle Investments continuously evaluates the underlying managers and periodically makes changes to the managers and allocations. For example, during the fourth quarter, Columbia reduced exposure to fixed income core plus in favor of core bond and short duration. Columbia also reduced exposure to international growth and international value in favor of core international equity managers.

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
<ul style="list-style-type: none"> • CTIVP – MFS Value Fund • CTIVP – T. Rowe Price Large Cap Value Fund • CTIVP – CenterSquare Real Estate Fund • CTIVP – Loomis Sayles Growth Fund 	<ul style="list-style-type: none"> • Columbia VP – US Equities Fund • VP – Partners Small Cap Growth Fund • CTIVP – American Century Diversified Bond Fund • Columbia VP – Large Cap Growth Fund • CTIVP – Oppenheimer International Growth Fund • CTIVP – AQR International Core Equity Fund • CTIVP – Lazard International Equity Advantage Fund

Source: Columbia Threadneedle Investments, as of 12/31/18

Market Outlook

With a turbulent 2018 behind us, we look ahead to our tactical views for early 2019 within equities, fixed income and alternative allocations. Overall equity volatility is above average, and we could continue to see large moves (up or down) to start calendar year 2019. U.S. government dynamics (i.e. shutdown) might resolve soon, but trade tensions may continue for the first part of 2019. Looking at economic indicators, there is no sign yet that a recession is likely over the near-term. And, while corporate earnings have slowed somewhat here in the U.S. they remain rather robust. As a result, we continue to favor a tactical neutral stance and weigh perceived buying opportunities against market stress.

Heading into the start of 2019 we are upgrading corporate credit in the fixed income portion of multi-asset portfolios from a previous underweight to now neutral view in our tactical forecast. With the more positive view on credit markets, we move our overall fixed income view from a maximum underweight to modest underweight. A combination of concerns for both treasuries markets and credit markets drove the maximum underweight in place at the end of 2018. With credit markets looking more attractive as we enter 2019, we upgrade the overall view to a modest underweight. While we acknowledge that treasuries provided strong diversification for multi-asset portfolios in the fourth quarter, increased uncertainty about the number of rate hikes expected in 2019 may weigh on treasuries in 2019.

We maintain our suggested overweight allocation to Alternative investment strategies. Many Absolute Return strategies that maintain low correlations with global equities struggled in 2018, but we believe these strategies may be due to rebound in 2019. Where utilized in managed portfolios, alternatives are valued for their diversifying properties. We believe that alternative strategies which exhibit low levels of volatility and low cross-correlation with traditional equity and bond proxies can potentially help improve diversification inside multi-asset portfolios.

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 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 - 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%	1.05%	1.01%	0.97%	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.

Variable Annuities:

Are not a deposit of any bank or bank affiliate	Are not FDIC insured	Are not insured by any federal government agency	Are not bank guaranteed	May lose value
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