RiverSource Annuities

Portfolio Navigator funds

Quarterly performance and commentary

December 31, 2017

The Portfolio Navigator funds

Performance

	Quarter ending 12/31/17					
	3 month	**YTD**	**1 year**	**3 year**	**5 year**	**Since Inception***
VP – Aggressive Portfolio						
VP – Aggressive Portfolio (Class 2)[1]	4.70%	18.91%	18.91%	7.72%	9.75%	9.49%
M&E and Rider Fees[2]	4.23%	16.78%	16.78%	5.78%	7.78%	7.51%
M&E fee, rider fee and max surrender charge[3]	-3.84%	8.72%	8.72%	3.29%	6.52%	6.82%
Aggressive Portfolio Benchmark	4.63%	18.35%	18.35%	8.64%	11.05%	–
VP – Moderately Aggressive Portfolio						
VP – Moderately Aggressive Portfolio (Class 2)[1]	4.03%	16.15%	16.15%	6.67%	8.18%	8.26%
M&E and Rider Fees[2]	3.55%	14.07%	14.07%	4.75%	6.24%	6.31%
M&E fee, rider fee and max surrender charge[3]	-4.51%	6.01%	6.01%	2.21%	4.90%	5.56%
Moderately Aggressive Portfolio Benchmark	3.84%	15.42%	15.42%	7.49%	9.41%	–
VP – Moderate Portfolio						
VP – Moderate Portfolio (Class 2)[1]	3.12%	13.22%	13.22%	5.61%	6.63%	7.09%
M&E and Rider Fees[2]	2.65%	11.19%	11.19%	3.72%	4.71%	5.16%
M&E fee, rider fee and max surrender charge[3]	-5.42%	3.14%	3.14%	1.12%	3.29%	4.35%
Moderate Portfolio Benchmark	3.03%	12.59%	12.59%	6.29%	7.70%	–
VP – Moderately Conservative Portfolio						
VP – Moderately Conservative Portfolio (Class 2)[1]	2.41%	10.01%	10.01%	4.50%	5.07%	5.71%
M&E and Rider Fees[2]	1.95%	8.04%	8.04%	2.62%	3.19%	3.81%
M&E fee, rider fee and max surrender charge[3]	-6.12%	-0.02%	-0.02%	-0.03%	1.68%	2.92%
Moderately Conservative Portfolio Benchmark	2.22%	9.82%	9.82%	5.08%	5.98%	–
VP – Conservative Portfolio						
VP – Conservative Portfolio (Class 2)[1]	1.61%	7.42%	7.42%	3.52%	3.59%	4.49%
M&E and Rider Fees[2]	1.14%	5.49%	5.49%	1.66%	1.73%	2.62%
M&E fee, rider fee and max surrender charge[3]	-6.92%	-2.56%	-2.56%	-1.05%	0.14%	1.66%
Conservative Portfolio Benchmark	1.44%	7.08%	7.08%	3.88%	4.34%	–

*Inception date - May 7, 2010

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

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.

[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] In addition to Fund Fees, reflects deduction of a 0.85% annual Mortality and Expense fee for *RAVA 5 Advantage*® with a 10-year surrender charge schedule and the standard death benefit, a 0.95% annual *SecureSource Stages 2*® single life rider fee, and a $30 contract administration fee. 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.

[3] In addition to Fund Fees, reflects deduction of a 0.85% annual Mortality and Expense fee for *RAVA 5 Advantage* with a 10-year surrender charge schedule and the standard death benefit, a 0.95% annual *SecureSource Stages 2* single life rider fee, an 8% declining surrender charge, and a $30 contract administration fee. 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.

Economic and Capital Markets Review – 4Q 2017

Major asset classes continued their positive trend during the fourth quarter, with stocks outperforming bonds again. The S&P 500 Index, a broad index for domestic equities, outperformed the Bloomberg Barclays U.S. Aggregate Bond Index, a domestic bond market index, by a little over six percentage points in total return during the quarter. The popular S&P 500 Index has now risen for 12 consecutive months, a feat that had previously never been accomplished in a single calendar year. As of the end of 2017, the price level of S&P 500 has gone 282 trading days without a 3% correction, marking the longest such run- on record.

Emerging Markets were once again one of the top performing regions in the fourth quarter, gaining 7.4% as reflected in the total return of the MSCI Emerging Market Index. U.S. equity markets, which had underperformed their overseas developed market counterparts throughout much of the year, beat them in the fourth quarter.

The Bloomberg Barclays US Aggregate Bond Index posted a return of 0.4% during the fourth 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 Federal Funds futures was barely 20%. Yet neither the economy nor the Federal Reserve ratified these dovish expectations, and, equity markets continued to march forward. Over the fourth 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 return for fixed income investors, was global inflation-protected securities. The Bloomberg Barclays Global Inflation-Linked Bond Index was up approximately 2.9% during the quarter. Investment-grade corporate bonds, as measured by the performance of the Bloomberg Barclays US Corporate Investment Grade Bond Index, also generated a strong return – moving up approximately 1.2% during the quarter. Conversely, US treasuries, as measured by the Bloomberg Barclays US Treasury Index managed to barely eke out a gain, rising less than one-tenth of 1% in the quarter. To be fair, long duration US treasury bonds did perform rather well in the quarter. Short-to-medium term US treasury bonds experienced a brunt of the negative returns within the treasury bond space as rising rates hit this end of the market especially hard.

Portfolio Navigator Series – Performance Drivers in 4Q 2017

All five funds within the Portfolio Navigator series outperformed their respective benchmarks in the fourth quarter (net of investment management fees) as well as for the full year of 2017. Absolute returns were positive across all five funds with the more aggressively positioned portfolios performing best among the series.

During the fourth quarter, the VP Conservative Portfolio returned 1.61%, the VP Moderately Conservative Portfolio returned 2.41%, the VP Moderate Portfolio returned 3.12%, the VP Moderately Aggressive Portfolios returned 4.03% and the VP Aggressive Portfolio returned 4.70% (all figures net of investment management fees).

The portfolios all remained slightly overweight equities, versus benchmark weights, with the largest overweight positions directed at overseas equity exposures (both foreign developed markets and emerging markets). Late in the quarter we reduced domestic equity exposures slightly. There was no substantive change in our views as we still prefer a modest overweight to equities but wanted to reduce risk exposures heading into the end of the year as some of our market based signals weakened. Fixed income allocations all remained several percentage points below that of the benchmarks' allocation.

Overall, the decision to overweight equity markets and underweight fixed income markets proved beneficial to relative returns in the fourth quarter. Underlying manager performance within the funds was mixed during the quarter. As a whole, international equity managers were a notable detractor from relative performance in the period. A continued overweight position remained in alternative investment strategies. This position is largely centered on trying to help reduce volatility and offer additional diversification benefits to the funds. During the fourth quarter, alternative investment strategies were slight favorable contributors to relative performance.

Some of the underlying funds that served as key contributors or detractors from relative results during the fourth 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
• VP – Morgan Stanley Advantage Fund	• Columbia VP – US Equities Fund
• Columbia VP – Long Government/Credit Bond Fund	• VP – Lazard International Equity Fund
• Columbia VP – Emerging Markets Fund	• VP – Pyramis International Equity Fund
• Columbia VP – Disciplined Core Fund	• VP – T. Rowe Price Large Cap Value Fund
• VP – American Century Diversified Bond Fund	• VP – MFS Value Fund
• VP – DFA International Value Fund	

Source: Columbia Threadneedle Investments, as of 12/31/17

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 balanced across asset classes from a risk allocation perspective, we begin 2018 with a tilt toward a slightly more aggressive posturing inside multi-asset portfolios we manage. Based on economic data, we don't expect a recession in the near term — economic performance across the world continues to strengthen and gain pervasiveness. In addition, prevailing conditions present challenges for asset classes that would typically feature in a conservative strategy, such as government bonds, but may be favorable for other choices like commodities or inflation-linked bonds. We anticipate a heightened probability that returns across asset classes will become more balanced as the year progresses. Our asset allocation tools continue to favor equities versus other asset classes, but these comparisons should evolve to be more balanced through 2018.

We expect the Federal Reserve to raise interest rates several times, which could improve forward-looking returns for bonds of all maturities once they're priced in. Within fixed income, the starting point for yields in 2018 is low and investors aren't being adequately compensated for taking risk. A flexible, risk-sensitive approach that includes a diversified portfolio of bonds can still be a good source of income and capital preservation, although the focus in the next year may be more on the latter.

From an economic perspective, we are currently forecasting a base case scenario that sees U.S. growth in a range of 2.5% to 3.0% for 2018. As the Federal Reserve 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. Personal income tax cuts serve as one of the most significant favorable contributors to the 2018 forecast as real disposable income should see a lift. Any additional impulse to investment may be experienced with a lag coming in around mid-2018. In 2019, the consumer impulse is expected to fade while investment remains supported by a permanently lower tax rate. The Federal Reserve is expected to potentially respond to this set of events with even tighter monetary policy.

Economic strength should bolster returns of real assets like commodities. Even a slight deterioration in equity returns caused by, for example, a slowdown in corporate earnings growth, could contribute to a much more balanced return profile across asset classes as we move through 2018. 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 obvious catalysts to derail this picture. Within portfolios that include overseas asset exposure, our work continues to favor non-U.S. equity markets in general and emerging market equities in particular.

We retain our recommended allocation to alternative investments at a modest overweight position in multi-asset portfolios where exposure to alternatives is available. Overall, the concept of expanding our diversifying components remains irresistible, especially in asymmetric risk environments like this one. Alternatives have provided a benefit versus rates as a diversifier since the U.S. Presidential election. Commodities have good performance momentum and we remain constructive with our view toward this segment of the market. We retain our underweight recommendation to Real Estate Investment Trusts (REITs), given an upward trend in short-term interest rates that we expect while the Federal Reserve tightens its monetary policy stance.

While the length of the current broad equity market advance is eye catching, this factor alone should not be taken as a sign of meaningful loss for investors over the near-term. It's our view that the way forward is likely asymmetrical from here — meaning that incremental gains in asset prices, while probable, may be smaller in magnitude than losses, should they occur. Markets have priced in a great deal of good news, however, there is no reason to predict an imminent reversal in volatility trends. Still, if a rise in volatility were to occur then it could be significant. With this backdrop, we seek investment decisions that can help balance the high probability of ongoing gain against the high consequence of an unforeseen reversal.

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 funds are managed by Columbia Management Investment Advisers, LLC, an affiliate of RiverSource Life. RiverSource Life, Columbia Management and their affiliates may receive revenue related to assets allocated to the funds. Prior to allocating contract or policy values to a subaccount that invests in one of the funds, you should read the description contained in the applicable variable product and fund 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.

RAVA 5 Advantage: ICC09 411265, 411265 and state variations thereof.

Rider numbers: *SecureSource Stages 2*: 411296-SG and 411296-JT. Features may vary, have limitations or may not be available in some states.

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