RiverSource Annuities

Portfolio Navigator funds

Quarterly performance and commentary

March 31, 2018

The Portfolio Navigator funds

Performance

	Quarter ending 3/31/18					
	3 month	YTD	1 year	3 year	5 year	Since Inception*
VP – Aggressive Portfolio						
VP – Aggressive Portfolio (Class 2)[1]	-0.81%	-0.81%	12.22%	6.65%	8.14%	9.07%
M&E and Rider Fees[2]	-1.25%	-1.25%	10.22%	4.73%	6.19%	7.10%
M&E fee, rider fee and max surrender charge[3]	-9.28%	-9.28%	2.20%	2.22%	4.89%	6.45%
Aggressive Portfolio Benchmark	-0.98%	-0.98%	11.49%	7.38%	9.27%	–
VP – Moderately Aggressive Portfolio						
VP – Moderately Aggressive Portfolio (Class 2)[1]	-0.76%	-0.76%	10.50%	5.68%	6.83%	7.89%
M&E and Rider Fees[2]	-1.21%	-1.21%	8.53%	3.78%	4.91%	5.95%
M&E fee, rider fee and max surrender charge[3]	-9.24%	-9.24%	0.51%	1.23%	3.54%	5.25%
Moderately Aggressive Portfolio Benchmark	-1.04%	-1.04%	9.52%	6.28%	7.93%	–
VP – Moderate Portfolio						
VP – Moderate Portfolio (Class 2)[1]	-0.77%	-0.77%	8.49%	4.66%	5.55%	6.75%
M&E and Rider Fees[2]	-1.22%	-1.22%	6.55%	2.78%	3.65%	4.84%
M&E fee, rider fee and max surrender charge[3]	-9.25%	-9.25%	-1.47%	0.18%	2.21%	4.07%
Moderate Portfolio Benchmark	-1.12%	-1.12%	7.58%	5.12%	6.51%	–
VP – Moderately Conservative Portfolio						
VP – Moderately Conservative Portfolio (Class 2)[1]	-0.92%	-0.92%	6.17%	3.56%	4.23%	5.40%
M&E and Rider Fees[2]	-1.36%	-1.36%	4.27%	1.71%	2.35%	3.51%
M&E fee, rider fee and max surrender charge[3]	-9.39%	-9.39%	-3.75%	-0.96%	0.83%	2.68%
Moderately Conservative Portfolio Benchmark	-1.21%	-1.21%	5.65%	3.94%	5.08%	–
VP – Conservative Portfolio						
VP – Conservative Portfolio (Class 2)[1]	-0.94%	-0.94%	4.48%	2.68%	3.01%	4.23%
M&E and Rider Fees[2]	-1.38%	-1.38%	2.61%	0.84%	1.17%	2.36%
M&E fee, rider fee and max surrender charge[3]	-9.41%	-9.41%	-5.41%	-1.88%	-0.43%	1.45%
Conservative Portfolio Benchmark	-1.31%	-1.31%	3.73%	2.79%	3.71%	–

*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 – 1Q'18

The first quarter got off to a fast start as the S&P 500 Index posted its best January in 21 years. In February and March, the direction of equity markets reversed course as volatility across capital markets increased substantially. The S&P 500, a broad proxy for domestic equities, gave back its January gains and then some, ending the quarter down -0.76% in total return. During the quarter, the S&P 500 ended its longest streak without a 3% correction and entered its first -10% price correction since early 2016. Consider that in the entire 2017 calendar year, the S&P 500 price moves of 1% in either direction only totaled eight days, whereas so far during the first three months of 2018 that figure registered 23 such days.

S&P 500 companies reported final results for 2017 during the quarter and earnings-per-share growth came in at 11.4% with revenue growth of 4.8%. These results were viewed favorably by market participants and are impressive given that they were generated prior to tax cut legislation passed in late December which we expect to boost economic demand while also lifting corporate bottom-lines via a sharply lower tax rate in 2018 and beyond. Therefore, while equities have retraced some of their recent gains, the correction that has taken place seems largely technical in nature and related to concerns tied to higher interest rates, trade dynamics, and other policy related issues. While these issues shouldn't be discounted, in our view, a bear market is unlikely unless the probability of another recession were more pronounced. We do not believe another recession is right around the corner. Late in the quarter, the Federal Reserve Committee decided to raise the target range for the federal funds rate to 1-1/2 to 1-3/4 percent. This increase reflected their forecast for a healthy labor force backdrop and inflation picture moving forward.

Emerging Markets were once again the top performing region across the global equity spectrum in the first quarter, gaining 1.42% as reflected in the total return of the MSCI Emerging Market Index. The MSCI EAFE Index, a broad proxy for foreign developed market equity performance, lost -1.53% during the first quarter, which was the first negative quarter since Q4 of 2016. The only positive region was Japan. After accounting for nearly half of the MSCI EAFE Index's return in Q4 2017, Japan continued to be the best performing region with a modest 0.28% gain (in US dollar terms).

The Bloomberg Barclays U.S. Aggregate Bond Index, a basic domestic bond market performance proxy, fell by -1.46% in total return during the quarter. The 10-year US Treasury bond yield hit its highest level since January 2014 and all major fixed income sectors had negative total returns, led by corporate bonds. Short-term yields again moved higher more than long-term yields and, as a result, the yield curve continued to flatten. Flattening yield curves are something investors pay close attention to late in the business cycle as the inversion of the yield curve can signal a recession is either near or perhaps already in motion.

From an economic perspective, real GDP growth is approaching 3% here in the United States but the Fed believes the longer-run trend will remain near 2%. Labor markets added more than 300,000 jobs in February, and the unemployment rate has steadily dropped to about 4.1%. Inflation measures have certainly moved up over the past several quarters, with forecasts for both headline and core personal consumption expenditures (PCE) moving above 2% in 2019-2020.

Portfolio Navigator Series Funds – Performance Drivers in 1Q'18

All five funds within the Portfolio Navigator series outperformed respective comparative indices during the quarter. Despite the outperformance versus benchmarks, each fund posted a negative total return during the quarter.

The VP Conservative Portfolio returned -0.94%. The VP Moderately Conservative Portfolio returned -0.92%. The VP Moderate Portfolio returned -0.77%. The VP Moderately Aggressive Portfolios returned -0.76%. And, the VP Aggressive Portfolio returned -0.81% (all figures net of investment management fees).

The outperformance versus benchmarks during the quarter mostly came from two sources: 1) Sound asset allocation decisions related to chosen over/underweights, and 2) Underlying manager performance.

First, the decision to overweight equity markets, on average, over the entire three-month window, proved beneficial to relative returns in the first quarter. Allocations to out-of-benchmark positions in cash, alternative investment strategies, and emerging market equities were three of the more significant contributors to relative performance in the quarter.

Second, underlying manager performance within the funds also contributed favorably to relative performance. Managers within the domestic U.S. equity markets that utilize a growth-oriented investment strategy, on average, contributed favorably to relative performance in the quarter. U.S. large cap equity managers with a value-oriented strategy bias detracted from relative performance. Fixed income managers that focused on longer duration assets generally detracted slightly from relative performance in the quarter, and a managed futures strategy along with a real estate related strategy also detracted from relative performance.

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
• VP – Morgan Stanley Advantage Fund	• VP – MFS Value Fund
• Columbia VP – Large Cap Growth Fund	• VP – T. Rowe Price Large Cap Value Fund
• VP – Los Angeles Capital Large Cap Growth Fund	• Columbia VP – Long Duration Government/Credit Fund
• VP – Partners Small Cap Growth Fund	• VP – CenterSquare Real Estate Fund
• Columbia VP – Emerging Markets Fund	• Columbia VP – Contrarian Core Fund

Source: Columbia Threadneedle Investments, as of 3/31/18

Market Outlook

Global economic news continues to point toward mostly solid growth, rising inflation pressures and, in response, less accommodative monetary policy. Our downgrade to the risk profile in our multi-asset line-up at the end of January remains timely. While still early in 2018, we can nevertheless readily observe that risky assets, like global equities, have lost some momentum while their associated volatility has increased. Returns are lower (or negative in many places), and volatility is higher. While this increase in volatility is quite evident we do not see evidence that material declines in the value of risk assets are on the near-term horizon. Most of our indicators are in neutral territory, and we see no evidence that recession risk is elevated. Neutral risk profiles make sense. A downgrade to equity would require a deterioration in corporate earnings, which we do not foresee.

Within equity markets our work continues to favor emerging market equities, and indeed emerging equities remain one of the few places showing positive return so far in 2018 through the first quarter. We remain underweight European and U.K. equities, although we note that the quantitative ranking for U.K. equities have improved given the marked underperformance of these stocks over the past several quarters. U.S. equity exposure remains set at a modest underweight, and developed international equity remains underweight as well.

Within the fixed income markets our duration tools (e.g. how much interest rate sensitivity we want to take) remain neutral, though we favor a low duration profile in the context of economic acceleration and central bank policy tightening. From our fundamental viewpoint, our overall fixed income suggested allocation remains underweight as our spread-related fixed income models show pessimism for fixed income sectors. It is noteworthy that the correlation between stocks and bonds has weakened during the most recent correction, consistent with readings we see that indicate bonds are acting as a relevant diversifier after recent increases in yield levels. This diversifying power may be reason to increase duration in some portfolios, even with our somewhat negative view on interest rate risk as a stand-alone consideration.

We continue to recommend alternative investments as an overweight exposure in portfolios where the mandate allows for such exposure. 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 other more traditional diversifiers. Commodities have also started to exhibit good performance momentum, and it remains something we recommend as an overweight allocation in portfolios where exposure to commodities is allowed. We retain an underweight allocation recommendation to REITs, given the upward trend in interest rates that we expect while the Fed tightens.

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.

RiverSource *Annuities*

riversource.com/annuities

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

RiverSource Distributors, Inc. (Distributor), Member FINRA. Issued by RiverSource Life Insurance Company, Minneapolis, Minnesota, and in New York only, by RiverSource Life Insurance Co. of New York, Albany, New York. Affiliated with Ameriprise Financial Services, Inc.

© 2018 RiverSource Life Insurance Company. All rights reserved.