

Monthly Snapshot

October 2018

Summary

US stocks sold-off during the month as volatility picked up considerably

- Large cap equities retreated from disappointing data from 3Q corporate earnings results
- The S&P 500 index had its worst monthly performance since September 2011 as it lost -6.84%
- Small caps posted double digit losses as the Russell 2000 index fell -10.86%
- Volatility increased sharply as the VIX finished at 21.23

Investors also avoided foreign stock markets during October

- Developed international stocks declined given European political concerns
- Headwinds such as rising interest rates and a stronger US dollar hurt investor confidence in emerging market equities

Broad US investment grade fixed income dropped for the 2nd consecutive month

- 10yr US Treasury yield trended higher during the month and settled at 3.14%

Performance (%)

	1 Month* U.S. Equity Core			YTD* U.S. Equity Core		
	Value	U.S. Equity Core	Growth	Value	U.S. Equity Core	Growth
Large	-5.18	-7.08	-8.94	-1.46	2.67	6.62
Mid	-7.20	-8.31	-9.90	-4.30	-1.47	2.16
Small	-8.95	-10.86	-12.65	-2.46	-0.60	1.11

Returns above are represented by the following indexes: Large Value: Russell 1000 Value, Large Core: Russell 1000, Large Growth: Russell 1000 Growth, Mid Value: Russell Mid Cap Value, Mid Core: Russell Mid Cap, Mid Growth: Russell Mid Cap Growth, Small Value: Russell 2000 Value, Small Core: Russell 2000, Small Growth: Russell 2000 Growth.

Index Returns %

10/31/2018		1 Month*	3 Month*	YTD*	1 Year**	3 Year**	5 Year**	10 Year**
US Equities								
Index								
Large	S&P 500 TR USD	-6.84	-3.25	3.01	7.35	11.52	11.34	13.24
Large Growth	Russell 1000 Growth TR USD	-8.94	-3.43	6.62	10.71	13.67	13.43	15.45
Large Value	Russell 1000 Value TR USD	-5.18	-3.59	-1.46	3.03	8.88	8.61	11.30
Mid	Russell Mid Cap TR USD	-8.31	-6.07	-1.47	2.79	9.04	8.97	14.19
Small	Russell 2000 TR USD	-10.86	-9.26	-0.60	1.85	10.68	8.01	12.44
N/A	DJ Industrial Average TR USD	-4.98	-0.64	3.41	9.87	15.25	12.76	13.33
N/A	NASDAQ 100 TR USD	-8.62	-3.41	9.82	12.67	15.78	16.98	19.27
International Equities								
International Developed	MSCI EAFE NR USD	-7.96	-8.95	-9.28	-6.85	3.62	2.02	6.89
International Emerging	MSCI EM NR USD	-8.71	-11.65	-15.72	-12.52	6.52	0.78	7.84
Fixed Income								
Bond Investment Grade	BBgBarc US Agg Bond TR USD	-0.79	-0.79	-2.38	-2.05	1.04	1.83	3.94
Bond High Yield	BBgBarc US HY 2% Issuer Cap TR USD	-1.60	-0.32	0.93	0.98	6.60	4.69	11.22
Bond International Government	FTSE WGBI USD	-1.10	-2.30	-3.62	-2.09	1.32	-0.21	2.30

Treasury Rates (%)	1 Month	1 Year	5 Year	10 Year	30 Year
8/31/2018	1.95	2.46	2.74	2.86	3.02
9/30/2018	2.12	2.59	2.94	3.05	3.19
10/31/2018	2.20	2.69	2.98	3.15	3.39

Volatility (VIX)	Open	High	Low	Close
August 2018	13.09	14.78	10.85	12.86
September 2018	13.13	14.88	11.68	12.12
October 2018	11.99	25.23	11.61	21.23

Commodities (Closing Price)	Oil WTI	Natural Gas	Gold
8/31/2018	\$69.80	\$2.92	\$1,207
9/30/2018	\$73.25	\$3.01	\$1,196
10/31/2018	\$65.31	\$3.26	\$1,215

* Total Return (Month-End) Base Currency

** Total Return (Annulzd Base Currency)

Insurance products issued by:
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Index definitions

Indices are unmanaged and unavailable for direct investment. Past performance does not indicate future results. Standard deviation is a statistical measure of the historical volatility of an investment

Bloomberg Barclays Capital U.S. Aggregate Bond Index measures the performance of high-quality, fixed-income securities across the government, corporate, mortgage-backed, asset-backed, and commercial mortgage-backed markets. **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange. **MSCI EAFE Index** measures the equity market performance of 21 developed market country indices located in Europe, Australasia, and the Far East. **MSCI Emerging Markets Index** measures the equity market performance of 23 emerging market country indices located around the world. **NASDAQ-100 Index** includes 100 of the largest domestic and international non-financial securities listed on The NASDAQ Stock Market based on market capitalization. **FTSE World Government Bond Index** measures the performance of fixed-rate, local currency, investment-grade sovereign bonds. **Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index** measures the performance of high yield corporate bonds, with a maximum allocation of 2% to any one issuer. **Russell 1000® Index** measures the performance of the 1,000 largest companies in the Russell 3000 Index. **Russell 1000 Growth Index** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. **Russell 1000 Value Index** measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. **Russell 2000® Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index. **Russell 2000 Growth Index** measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. **Russell 2000 Value Index** measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. **Russell Midcap® Index** measures the performance of the mid-cap segment of the U.S. equity universe, which represents approximately 31% of the total market capitalization of the Russell 1000 companies. **Russell Midcap Growth Index** measures the performance of those Russell mid-cap companies with higher price-to-book ratios and higher forecasted growth values. **Russell Midcap Value Index** measures the performance of those Russell mid-cap companies with lower price-to-book ratios and lower forecasted growth values. **S&P 500 Index** measures the performance of 500 widely held, mostly large-cap common stocks weighted by market value. **VIX-CBOE Volatility Index** shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 Index options. This volatility is meant to be forward looking and is calculated from both calls and puts. While diversification may help reduce the investment risk, it does not ensure a profit or guarantee against a loss. **Total Return — Base Currency:** All calculations are made using the base currency, or primary currency for the underlying securities, which in this case is in USD. expressed in percentage terms, Morningstar's calculation of total return is determined by taking the change in price, reinvesting, if applicable, all income and capital-gains distributions during that month, and dividing by the starting price. Reinvestments are made using the actual reinvestment price, and daily payoffs are reinvested monthly. Unless otherwise noted, Morningstar does not adjust total returns for sales charges (such as front-end loads, deferred loads and redemption fees), preferring to give a clearer picture of performance. The total returns do account for management, administrative, 12b-1 fees and other costs taken out of assets. Total returns for periods longer than one year are expressed in terms of compounded average annual returns (also known as geometric total returns), affording a more meaningful picture of fund performance than non-annualized figures. **Standard Deviation — Risk Currency:** All calculations are made using the risk currency, or currency that risk statistics are calculated in, which in this case is USD. The statistical measurement of dispersion about an average, which depicts how widely a stock's or portfolio's returns varied over a certain period of time. Investors use the standard deviation of historical performance to try to predict the range of returns that is most likely for a given investment. When a stock or portfolio has a high standard deviation, the predicted range of performance is wide, implying greater volatility. If the returns for a stock or portfolio follow a normal distribution, then approximately 68 percent of the time they will fall within one standard deviation of the mean return, and 95 percent of the time within two standard deviations. For example, if the mean annual return is 10 percent and the standard deviation is 2 percent, you would expect the return to be between 8 and 12 percent about 68 percent of the time, and between 6 and 14 percent about 95 percent of the time.

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