

The Benefits of Downside Protection

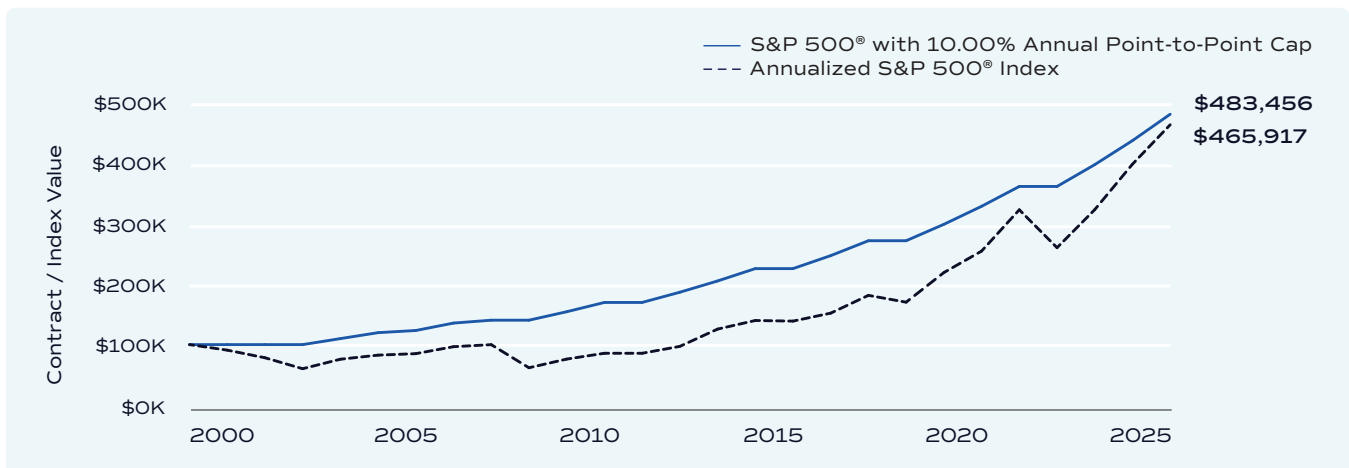
HOW CHARTLINE FIA PROTECTS YOU FROM THE UNPREDICTABLE

A fixed indexed annuity (FIA) like Chartline is built to help you protect your retirement savings while still offering the potential for growth. Rather than investing directly in the market, with a FIA your funds are credited interest based on the performance of a market index.

If the index goes down, your contract value is protected from market losses because your money is not directly invested in stocks or the index itself. This means that a down year in the market never leads to a loss in your contract value.

ANNUALIZED GROWTH OF \$100,000 OVER 26 YEARS

S&P 500® vs. Chartline FIA with 10.00% Cap



This hypothetical comparison is based on one-year returns of the S&P 500 price return index and does not include dividends. Yearly returns are measured from the final closing index value from one calendar year to the final closing index value of the next calendar year. For the 10% annual point-to-point cap strategy, a 10% cap is applied to any return in excess of 10% and a 0.00% floor is applied to any negative annual return.

THE CAP RATE TRADE-OFF

A common way to measure premium growth is through an annual point-to-point cap. At the end of each contract year, the index's return is compared to where it started, and you're credited any gain up to a set maximum amount, or "cap." While a cap trades away some upside in growth years, it protects you from market losses in down years. If the index falls during a contract year, you're credited nothing that year, but you don't lose anything either.

HOW DOES THIS TRADE-OFF ACTUALLY PERFORM OVER TIME?

The graph below compares the the real annualized, historical performance of the S&P 500® over the past 26 years with a Chartline strategy that hypothetically credits a 10.00% annual point-to-point cap. This allows us to compare the returns over time: the S&P 500 index with its uncapped highs and unprotected losses, or the FIA, which caps the gains at 10.00%, but protects against any loss.

THREE DECADES, THREE CHAPTERS

It's tempting to reduce 26 years to a single average and draw conclusions.

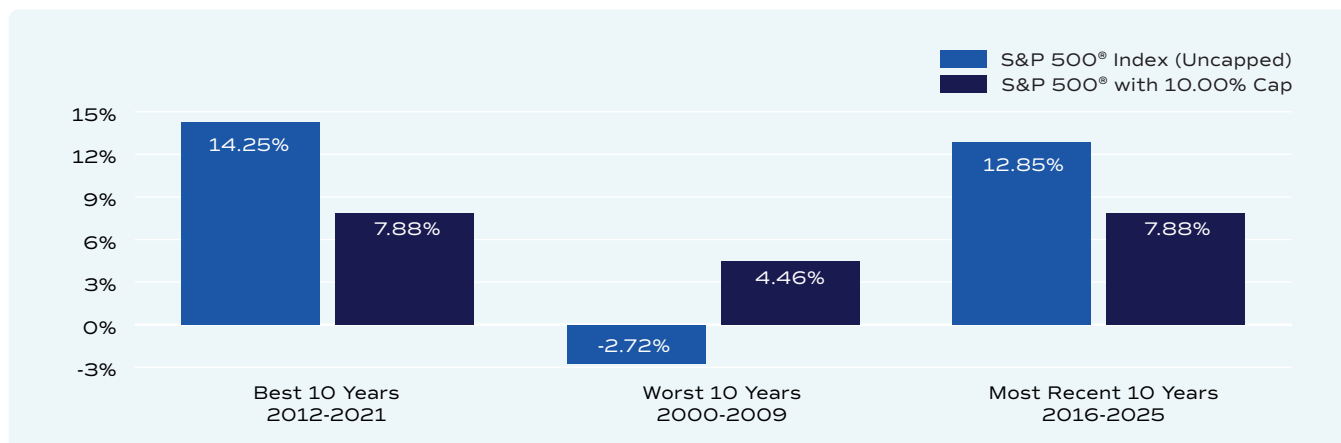
A differentiated story appears when you break the same data into three chapters:

- The best 10-year stretch (2012–2021)
- The worst 10-year stretch (2000–2009)
- The most recent 10-year stretch (2016–2025)

In two of those three chapters—the best years and the most recent years—the S&P 500® outperformed the 10.00% cap rate.

But the worst chapter tells a completely different story. Between 2000 and 2008, the S&P 500 experienced calendar year draw downs of -9.19%, -13.95%, -23.37%, and -38.39% before fees are even considered. Because of the downside protection, Chartline wouldn't have participated in a single one of those losses. It would have simply been credited 0%.

ANNUALIZED RETURN BY PERIOD



This hypothetical comparison is based on one-year returns of the S&P 500 price return index and does not include dividends. Yearly returns are measured from the final closing index value from one calendar year to the final closing index value of the next calendar year. For the 10% annual point-to-point cap strategy, a 10% cap is applied to any return in excess of 10% and a 0.00% floor is applied to any negative annual return.

PROTECTION FOR THE DECADE YOU DON'T GET TO PICK

Nobody gets to choose the market conditions when they retire. If your retirement decade looks like 2012–2021 or 2016–2025, the FIA's hypothetical cap rate still captures a meaningful share of the market's upside and has the ability to deliver solid, positive growth.

However, if your retirement decade looks more like 2000–2009, Chartline's downside protection prevents you from absorbing the decline.

Chart a confident course to retirement with Chartline.

(833) 637-4854

INFO@KNIGHTHEADINSURANCE.COM

WWW.KNIGHTHEADLIFE.COM

This is not a recommendation, prediction, projection, or guarantee of future results. The guaranteed minimum ending value reflects only the contractually guaranteed elements described in the methodology. Average and highest ending values are non-guaranteed historical hypothetical values derived by applying the stated annuity crediting methodology to historical index data. They do not represent actual contract performance. Past index performance is not indicative of future results. Actual indexed interest may be higher or lower than the values shown and may be zero for one or more crediting periods. Values may vary due to rounding.

Index performance shown herein may not be the same as policy interest credited under a fixed indexed annuity. Actual performance may vary, perhaps materially, from the performance set forth herein. Any blended or combined results shown are mathematical combinations of hypothetical index outcomes based on the selected allocations. These blended results do not represent a single index, a policy value, or a guaranteed outcome.

Any fixed account rates shown are illustrative only and subject to declaration by Knighthead Life. Guaranteed minimum rates, not current declared rates, apply under the policy.

This document should not be considered as investment, tax, or insurance advice and does not consider an individual's financial situation, objectives, risk tolerance, or time horizon. Consumers should consult a licensed insurance professional and their own advisors before making a decision.

Knighthead Life is underwritten by Merit Life Insurance Co., A- (Excellent) as of November 13, 2025 by AM Best. For the latest AM Best's Credit Rating, access www.ambest.com. Please note this rating does not apply to any investment product and is subject to change.

Knighthead Life is the brand name of Knighthead US Holdings, Inc. and its subsidiaries, Merit Life Insurance Co. ("Merit Life") and Knighthead American Life Insurance Company ("KALIC").

Staysail is a multi-year guaranteed annuity and Chartline is a fixed indexed annuity that are issued by Merit Life Insurance Co. and only available in certain states. Staysail Policy Form: ICC23-FA100-0223 (subject to state variations). Chartline Policy Form: ICC25-KHL-FIA (subject to state variations). Policy form numbers, additional benefits via riders, and provisions may vary by product and state. Guarantees are backed by the claims-paying ability of the issuing company.

Product availability, features, and terms may vary by state and are subject to approval. Refer to the applicable policy and disclosures for complete details.

The S&P 500® Index is a product of S&P Dow Jones Indices LLC or its affiliates ("SPDJI") and has been licensed for use by Knighthead Life/Merit Life Insurance Co. S&P®, S&P 500®, SPX®, SPY®, US 500™, The 500™, iBoxx®, iTraxx® and CDX® are trademarks of S&P Global, Inc. or its affiliates ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). Chartline and Chartline Bonus (the "Products") are not sponsored or sold by SPDJI, Dow Jones, S&P, or any of their respective affiliates (collectively, "S&P Dow Jones Indices").

S&P Dow Jones Indices do not make any representation or warranty, express or implied, to the owners of the Products or any member of the public regarding the advisability of investing in securities generally or the Products particularly or the ability of the S&P 500® Index to track general market performance. Past performance of an index is not an indication or guarantee of future results.

S&P Dow Jones Indices' only relationship to Knighthead Life/Merit Life Insurance Co. with respect to the S&P 500® Index is the licensing of the S&P 500® Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The S&P 500® Index is determined, composed and calculated by S&P Dow Jones Indices without regard to Knighthead Life/Merit Life Insurance Co. or the Products. S&P Dow Jones Indices have no obligation to take the needs of Knighthead Life/Merit Life Insurance Co. or the owners of the Products into consideration in determining, composing or calculating the S&P 500® Index. S&P Dow Jones Indices have no obligation or liability in connection with the administration, marketing or trading of the Products.

NEITHER S&P DOW JONES INDICES NOR ANY THIRD PARTY LICENSOR GUARANTEES THE ADEQUACY, ACCURACY, TIMELINESS AND/OR COMPLETENESS OF THE S&P 500® Index OR ANY DATA RELATED THERETO AND SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS OR DELAYS THEREIN. S&P DOW JONES INDICES AND THIRD PARTY LICENSOR MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. WITHOUT LIMITING THE FOREGOING, IN NO EVENT SHALL S&P DOW JONES INDICES OR THIRD PARTY LICENSOR HAVE ANY LIABILITY FOR ANY INDIRECT, SPECIAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

© 2026 Knighthead Life. All Rights Reserved.

D226 7/26