

This ADV brochure, dated March 20, 2015 provides information about the qualifications and business practices of:

**New York Life Investment Management LLC**  
**51 Madison Ave**  
**New York, New York 10010**  
**[www.nylinvestments.com](http://www.nylinvestments.com)**  
**with respect to the OnTarget investment management service**

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New York Life Investments is a service mark used by New York Life Investment Management LLC. MainStay is a registered trademark of New York Life Investments. MainStay Investments is a registered name under which New York Life Investments does business. New York Life Retirement Plan Services is a division of New York Life Investment Management LLC.

*The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. In addition, registration as an investment adviser does not imply a certain level of skill or training. Additional information about New York Life Investment Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **SUMMARY OF MATERIAL CHANGES**

Since our last annual update, filed March 25, 2014, the following material changes were made:

- We added disclosure reflecting the fact that in December, 2014, New York Life Investments signed an agreement to sell New York Life Retirement Plan Services, excluding the stable value business, to John Hancock which will merge RPS with John Hancock Retirement Plan Services. The transaction is expected to close the first half of 2015, and accounts (including *OnTarget*) are expected to transition to John Hancock over a period of several months post closing.

## **Table of Contents**

	<b>Page</b>
Advisory Business	4
Fees and Compensation	10
Performance Based Fees and Side-By-Side Management	13
Types of Clients	13
Methods of Analysis, Investment Strategies and Risk of Loss	13
Disciplinary Information	15
Other Financial Industry Activities and Affiliations	16
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	21
Brokerage Practices	25
Review of Accounts	25
Client Referrals and Other Compensation	26
Custody	26
Investment Discretion	27
Voting Client Securities	28
Financial Information	28
Requirements for State-Registered Advisers	28

## **ADVISORY BUSINESS**

New York Life Investment Management LLC ("New York Life Investments" or the "Firm") is an indirect wholly-owned subsidiary of New York Life Insurance Company ("New York Life") and a wholly-owned subsidiary of New York Life Investment Management Holdings LLC. As of the date of this brochure, New York Life Investments managed \$109,513,215,199 of client assets on a discretionary basis, and \$3,943,820,132 of client assets on a non-discretionary basis.<sup>1</sup>

New York Life Retirement Plan Services, a division of New York Life Investments, provides an array of full-service defined benefit (DB), defined contribution (DC), integrated DB/DC, and Taft-Hartley services. The platform offers an open architecture that incorporates a wide expanse of investment options including target date funds, group separate accounts, commingled funds, self-directed brokerage accounts, and proprietary and non-proprietary mutual funds. This brochure provides information regarding the OnTarget investment management service (the "OnTarget Service") offered by New York Life Retirement Plan Services.

In December, 2014, New York Life Investments signed an agreement to sell New York Life Retirement Plan Services, excluding the stable value business, to John Hancock which will merge RPS with John Hancock Retirement Plan Services. The transaction is expected to close the first half of 2015, and accounts (including *OnTarget*) are expected to transition to John Hancock over a period of several months post closing.

## **About OnTarget**

The OnTarget Service is a discretionary investment management service offered only to persons residing in the United States who are participants in retirement plans for

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<sup>1</sup> Based on 12/31/14 account values.

which New York Life Investments or John Hancock Retirement Plan Services LLC (“JHRPS”) is the recordkeeper. The OnTarget Service invests eligible assets in a fund-specific portfolio. The fund-specific portfolio is developed and maintained based on personalized information provided to the OnTarget Service and according to asset allocation and diversification principles. Investment strategies are long term.

The investment options eligible for inclusion in the fund-specific portfolio for the OnTarget Service are limited to those chosen for a participant’s plan by the plan sponsor or the plan’s fiduciary. These must be investments that can be purchased and sold without restriction by the participant’s employer or the plan’s fiduciary and that the participant has not been restricted from the OnTarget Service. Employer stock is not eligible for the OnTarget Service.

Once a participant enrolls, the OnTarget Service will manage eligible assets, including future contributions, in the participant’s retirement plan account on a discretionary basis, and the participant will not be able to make any exchanges of eligible assets among investment options within that account or otherwise direct the management of assets. The OnTarget Service will determine the eligible assets to be bought or sold, the amount of eligible assets to be bought or sold, and, if applicable, the broker-dealer to be used and the commissions to be paid. The participant will, however, be able to impose reasonable restrictions on the management of the account at any time. Whether a particular restriction is reasonable will depend on an analysis of the relevant facts and circumstances by the OnTarget Service. If a particular restriction sought to be imposed by a participant is deemed to be unreasonable, the participant will be notified and given an opportunity to restate a restriction more reasonably. If the participant is unable or unwilling to modify or withdraw an unreasonable restriction, the participant will be removed from the OnTarget Service. An important feature of the OnTarget Service is automatic

increase, pursuant to which a participant's retirement plan contribution rate will be increased annually by a percentage determined by the plan's fiduciary, until the participant reaches a rate determined by the plan's fiduciary or the legal limit, whichever is less. By signing up for the OnTarget Service the participant automatically participates in the automatic increase feature. However, the participant has the option to opt out of the automatic increase feature after the OnTarget enrollment is processed.

For certain plans, and with the agreement of both New York Life Investments and the plan sponsor, OnTarget will be used as the Qualified Default Investment Alternative ("QDIA") of the plan. In such cases, and as permitted under the Employee Retirement Income Security Act ("ERISA"), the contributions of plan participants who are enrolled in the plan and do not make an alternative investment election will be invested in OnTarget as the QDIA for the plan.

A terminated participant who continues to maintain a balance in the retirement plan and remains enrolled in the OnTarget Service after terminating from service will still be enrolled in the service upon rehire. Upon rehire the participant's future investment election will be changed to the retirement plan's qualified default investment alternative until the next scheduled OnTarget quarterly account rebalance.

### **Other Advisory Services**

Founded by New York Life in April, 2000, New York Life Investments is currently comprised of our Strategic Asset Allocation and Solutions Group ("SAS"), Separately Managed Accounts Group ("SMA Group"), mutual fund division, and retirement plan services business. Through these divisions, we provide a broad array of investment advisory services to affiliated insurance company clients, third-party institutional clients, investment companies, other pooled investment vehicles, and wrap fee programs sponsored by unaffiliated entities (see "*Types of Clients*" section below). These advisory services may be tailored to meet our client's needs.

For example, a client may prohibit the purchase of specific securities, or may prohibit the purchase of securities within a specific sector or industry. Client imposed restrictions are detailed in the client's investment advisory agreement. With respect to our separately managed accounts clients, these restrictions are typically communicated to us by a program sponsor.

### **Strategic Asset Allocation and Solutions Group**

SAS offers asset allocation advisory services typically through a fund-of-funds structure although separate accounts that utilize individual securities and derivative instruments are also offered. SAS has expertise in tactical asset allocations utilizing macro-economic views as well as knowledge of investment risks and correlation of various asset classes across equities, fixed income and alternative asset classes to provide active management and risk adjusted active return to client's stated benchmark or objective.

SAS is an asset allocator and will invest through both active alpha generators of underlying individual strategies as well as passive vehicles such as Exchange Traded Funds ("ETFs"). SAS employs a team-oriented approach to managing multi-asset portfolios for affiliated and unaffiliated clients in the institutional and retail markets. Additionally, SAS' services include assisting clients with solutions based investing by working with the client to design the strategic benchmark that may fit their intended objective.

### **Separately Managed Accounts Group**

Our SMA Group performs the operational and administrative trading functions for high net worth individual and retail separately managed accounts ("SMAs"). These SMAs are offered through programs sponsored by unaffiliated broker-dealers whereby portfolio management, brokerage execution, custodial and administrative services are provided by the sponsor for a single charge (commonly referred to as a "wrap fee program"). In these cases, we rely on the program sponsor to determine the suitability of our services for the client, and for the wrap fee program.

As the investment adviser to these SMAs, New York Life Investments receives a portion of the wrap fee charged by the sponsor. For this fee, we perform operational, administrative and trading services, and engage subadvisers to provide subadvisory and trading services as applicable. In rare cases, the client may pay an advisory fee directly to us rather than through the sponsor.

We currently have subadvisory agreements with the following affiliated federally registered investment advisers: MacKay Shields LLC (“MacKay”) (SEC File No. 801-5594) and Institutional Capital LLC (“ICAP”) (SEC File No. 801-40779). In addition, we have a subadvisory agreement with Epoch Investment Partners, Inc. (“Epoch”) (SEC File No. 801-63118) which is an unaffiliated subadviser. Finally, we retain a third-party vendor, SEI Global Services Inc., to provide certain non-advisory administrative services.

Our SMA Group offers the following investment strategies: i) convertible bonds; ii) municipal bonds; iii) small-mid cap equity; iv) large cap equity; v) large cap value equity; vi) all cap equity; vii) global choice equity; and viii) global equity yield. MacKay is the subadviser to the convertible bond and municipal bond strategies. ICAP is the subadviser to the large cap value equity strategy. Epoch is the subadviser to the small-mid cap equity, large cap equity, all cap equity, global choice equity and global equity yield strategies.

New York Life Investments also provides non-discretionary advisory services to sponsors of Unified Management Accounts (“UMA”) and Diversified Managed Accounts (“DMA”). In these cases, our services are generally limited to providing model portfolios to the sponsors, but in some cases, we may also provide trading services, depending upon the sponsor firm agreement. These model portfolios are generated by the subadvisers noted above.

### **Mutual Funds**

Our mutual funds division offers, either directly or through subadvisers, fixed income and equity advisory services to



various proprietary registered investment companies including: The MainStay Funds (File No. 811-4550); MainStay VP Funds Trust (File No. 811-03833-01); MainStay Funds Trust (File No. 811-22321); and MainStay Defined Term Municipal Opportunities Funds (File No. 811-22551). In addition, New York Life Investments serves as the investment adviser to the Private Advisors Alternative Strategies Fund (File No. 811-22647) and Private Advisors Alternative Strategies Master Fund (File Nos. 811- 22646). These registered investment companies are referred to herein collectively as the “*The MainStay Funds*” which is also the name under which most of the funds are marketed.

For certain portfolios of *The MainStay Funds*, New York Life Investments manages the money directly. For all other funds, we hire federally registered subadvisers to provide investment management services. Subadvisers are selected based on an evaluation of their skills and investment results in managing assets for specific asset classes, investment styles and strategies. Currently, we engage the following affiliated subadvisers: MacKay Shields LLC (SEC File No. 801-5594), Institutional Capital LLC (SEC File No. 801-40779), Cornerstone Capital Management LLC (File No. 801-45262), Cornerstone Capital Management Holdings LLC (SEC File No. 801-69663) Candriam Belgium SA (SEC File No. 801-80508) and Private Advisors LLC (File No. 801-55696). We also engage the following unaffiliated subadvisers: Winslow Capital Management, Inc. (SEC File No. 801-41316); Markston International, LLC (SEC File No. 801-56141); Epoch Investment Partners, Inc. (SEC File No. 801-63118); Van Eck Associates Corporation (SEC File No. 801-21340); Eagle Asset Management, Inc. (SEC File No. 801-21343); Janus Capital Management LLC (SEC File No. 801-13991); Massachusetts Financial Services Company (SEC File No. 801-17352); Pacific Investment Management Company LLC (SEC File No. 801-48187); Marketfield Asset Management LLC (SEC File No. 801-77055) and T. Rowe Price Associates, Inc. (SEC File No. 801-856).

To monitor investment guidelines, our compliance department works with the *The MainStay Funds*’ third-party administrator to conduct daily back-end reviews of each fund portfolio to

ensure that the investment policies, restrictions, and objectives are being met. In addition, on a monthly basis, each mutual fund portfolio manager is asked to certify that the account has been in compliance throughout the month and that all trade errors have been properly reported.

For additional information regarding *The MainStay Funds'* fees, investment strategies and associated risks please refer to *The MainStay Funds'* Prospectuses and Statements of Additional Information which are available on our website at [www.mainstayinvestments.com](http://www.mainstayinvestments.com).

### **Other**

Finally, New York Life Investments maintains a Cross Border Discretionary Investment Management License in Korea and has entered into investment management agreements with certain Korean based clients. In connection with these Korean based clients, New York Life Investments obtained a Korean Delegation pursuant to which we hired our advisory affiliate, NYL Investors LLC ("NYL Investors"), to serve as the sub-adviser to these accounts. New York Life Investments has also hired NYL Investors to serve as subadviser to a series of collateralized loan obligation funds for which we serve as collateral manager ("CLOs"). As a result of these subadvisory arrangements, certain personnel within NYL Investors' Fixed Income Investors and High Yield Credit groups have been dual hatted to New York Life Investments in order to facilitate the management and administration of the CLOs and the Korean based accounts. NYL Investors (SEC File No 801-57396) was formed in October, 2013, and is a wholly-owned subsidiary of our parent company New York Life. Prior to its formation, NYL Investor's investment divisions operated as part of New York Life Investments. NYL Investors is an SEC registered investment adviser and maintains a separate Form ADV Brochure that describes the investment process, risks, conflicts and fees associated with the management of these CLOs and Korean based accounts.

### **FEES AND COMPENSATION**

Unless the fee is paid, in whole or in part, by the plan or plan

sponsor, participants who enroll in the OnTarget Service will be charged an annual advisory fee based on the following schedule:

**Account Balance**

On the first \$50,000	.0050
On the next \$50,000	.0040
On the next \$150,000	.0030
On amounts over \$250,000	.0020

Under certain circumstances, the fees above may be subject to an alternate schedule as negotiated by your plan sponsor and New York Life Investments. These circumstances include:

- OnTarget being used as your Plan’s Qualified Default Investment Alternative;
- Participant enrollment in OnTarget exceeds mutually agreed upon levels; or
- Assets under management in OnTarget exceed mutually agreed upon levels.

To the extent that an alternate fee schedule has been established for your Plan, it shall be communicated to you in an accompanying document or your Plan’s website.

The “Account Balance” used in determining the fee is the average daily balance of eligible assets and “Non-Restricted Company Stock” as defined in the OnTarget Investment Advisory Service Agreement in the participants’ accounts. The fee is payable monthly in arrears, will be calculated on the basis of New York Life Investments’ then current fee schedule, and will be deducted directly from each participant’s plan account on the business day following the fee calculation. Participants may choose to terminate their participation in the OnTarget Service at any time with no additional charge, and

fees for periods of less than a full month will be calculated on a prorata basis.

New York Life Investments will provide each participant with at least thirty (30) days' notice of any changes in the above-listed fee schedule. To the extent that OnTarget fees are paid in whole or in part by the plan or plan sponsor, the plan or plan sponsor may choose to reduce or eliminate such subsidies at any time. New York Life Investments will endeavor to notify participants as soon as practicable after we become aware of it.

In the event such subsidy is eliminated, the fees described above will apply.

The OnTarget Service will include mutual funds and/or other investment options available under a participant's plan, some or all of which may be managed by New York Life Investments or one of its affiliates, or with respect to which New York Life Investments or one of its affiliates receives fees. Unless paid, in whole or in part, by the plan or plan sponsor, the annual advisory fee is the same for all participants without regard to any additional fees New York Life Investments or its affiliates may receive with respect to investment options. To the extent paid, in whole or in part, by the plan or plan sponsor, the amount and manner of payment of the annual advisory fee may be negotiated with the plan's fiduciary in the context of New York Life Investment's larger bundle of services to the plan. Participants enrolling in the OnTarget Service will receive or have received a copy of the current prospectus or other available descriptions of the investment alternatives, which contain more complete information, including management fees and operating expenses.

Mutual funds may assess redemption fees against a participant's account if purchases and sales of fund shares are effected within a specified period of time. Applicable plan

administrative fees such as loan origination fees will continue to be assessed in accordance with the governing retirement plan account documents.

### **PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

New York Life Investments does not charge performance based fees with respect to the OnTarget Service.

### **TYPES OF CLIENTS**

As discussed in the “Advisory Business” section above, the OnTarget Service is offered only to persons residing in the United States who are participants in retirement plans for which New York Life Investments or JHRPS is the recordkeeper. The plan’s named fiduciary must authorize New York Life Investments to offer the OnTarget Service to participants in the plan. The plan’s named fiduciary may terminate such authorization at any time.

The OnTarget Service does not require a minimum account balance.

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

New York Life Investments selected Morningstar Associates LLC (“Morningstar”) (SEC File No. 801-56896) to act as an independent financial expert for the OnTarget Service. The plan sponsor or the plan’s fiduciary selects the investment options for the plan. The investment options are tested by Morningstar to determine whether the plan has a sufficient investment option lineup to ensure that appropriate portfolios can be achieved for participants through combinations of the available investment options. Once the asset allocation targets for a portfolio are built, Morningstar then determines which

funds to use to meet their asset class targets and standards for quality. The selection process relies on both quantitative and qualitative measures. The selection criteria includes: manager experience, performance record, manager history, alpha (excess returns provided by the manager), style consistency and fund type.

A participant will be assigned a fund-specific portfolio based on his or her financial situation, time horizon and other information the participant and the plan sponsor have provided (such as assets held outside the retirement account, a partner's financial information, brokerage holdings etc.). In some cases, a Morningstar consultant may adjust the participant's proposed strategy if the participant has excluded certain funds and/or has assets frozen in a fund. The participant is responsible for the accuracy of the information that the participant provides. The OnTarget Service will rely on this information in making an initial recommendation and in managing the participant's account. It is the participant's responsibility to notify the OnTarget Service promptly of any change that may affect the manner in which the OnTarget Service should allocate or invest the eligible assets in the participant's account.

The OnTarget Service relies on historical performance and other data, all of which have limitations. Past performance of investments is no guarantee of future results which will vary. The OnTarget Service depends upon a number of factors, including the information participants provide, various assumptions and estimates, and other considerations. As a result, the forecast developed, and the analysis and actions taken under the OnTarget Service are not guarantees that participants will achieve their retirement goals.

Investments in retirement plan accounts are subject to the risks associated with investing in mutual funds and other securities, and will not always be profitable. The OnTarget Service does not guarantee the results or timing of any recommendations, or

that the objectives of the funds or the participants' accounts will be met. All investments in retirement plans are subject to the terms of the governing document for that investment option. Participants should read all prospectuses and other documents for mutual funds and other investment options.

## **DISCIPLINARY INFORMATION**

On May 27, 2009, New York Life Investments settled charges by the Securities and Exchange Commission ("SEC") relating to the MainStay Equity Index Fund (the "Fund"). The Fund was a series of *The MainStay Funds* and was managed by New York Life Investments. The settlement relates to the period from March 12, 2002 through June 30, 2004, during which time the SEC alleged that New York Life Investments failed to provide the Fund's board with information necessary to evaluate the cost of a guarantee provided to shareholders of the Fund, and that prospectus and other disclosures misrepresented that there was no charge to the Fund or its shareholders for the guarantee.

Without admitting or denying the allegations, we consented to the entry of an administrative cease and desist order finding violations of Sections 15(c) and 34 (b) of the Investment Company Act of 1940, and Section 206(2) of the Investment Advisers Act of 1940, as amended, and were required to pay a civil penalty of \$800,000, disgorge \$3,950,075 (which represents a portion of its management fees relating to the Fund for the relevant period), and pay interest of \$1,350,709. Pursuant to the SEC order, approximately \$3.5 million has been distributed to shareholders who held shares of the Fund between March 2002 and June 2004, and the remainder has been paid to the SEC, for deposit in the U.S. Treasury. On June 27, 2011, the SEC approved the final accounting and ordered the termination of the settlement fund used to distribute payments to shareholders. These amounts, totaling approximately \$6.101 million, did not have any material

financial impact to New York Life Investments.

There are no other legal or disciplinary events involving New York Life Investments that are material to our advisory business or to the management of your account to report at this time. For a description of material disciplinary events, if any, involving Morningstar, please refer to the SEC's website for the Form ADV filed by Morningstar.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The following relationships or arrangements with related persons are material to New York Life Investments' business and may create potential conflicts of interest:

### **Banking Institution**

New York Life Trust Company is an affiliate of New York Life Investments and is a New York State chartered trust company. Some officers and employees of New York Life Investments are also officers, employees or directors of New York Life Trust Company. New York Life Trust Company acts as a directed trustee or custodian for the retirement plan accounts for which New York Life Investments is the recordkeeper. New York Life Trust Company effects securities transactions for such accounts, and, unless otherwise directed by the applicable plan sponsor, New York Life Trust Company utilizes the services of affiliated broker-dealers in effecting such transactions.

### **Broker-Dealers**

Some of our employees, including some of our executive officers, are registered with the Financial Industry Regulatory Association (FINRA) as representatives and principals of NYLIFE Distributors LLC. NYLIFE Distributors is our



affiliate and is registered as a broker-dealer with the SEC. NYLIFE Distributors LLC serves as the principal underwriter and distributor of *The MainStay Funds*. By virtue of their FINRA registrations, certain of our employees may promote the sale of *The MainStay Funds* to registered representatives of other broker-dealers who may recommend that their clients purchase these products. In limited circumstances, we may also recommend that our clients purchase *The MainStay Funds*.

NYLIFE Distributors may compensate registered employees who promote the sale of *The MainStay Funds* for their efforts, and New York Life Investments may make payments to NYLIFE Distributors to help fund such compensation.

We do not use affiliated broker-dealers to execute securities transactions for our clients. However, in instances where our advisory clients purchase *The MainStay Funds*, NYLIFE Distributors may be listed as the dealer of record on the account.

### **Investment Companies**

We serve as the investment adviser for *The MainStay Funds*.

### **Investment Advisers**

We are affiliated with, and have material relationships with, the following federally registered investment advisers:

- NYL Investors LLC (File No. 801-57396): acts as a subadviser for certain mutual funds and institutional accounts for which New York Life Investments serves as adviser. As noted above, in some cases, employees of NYL Investors may be dual hatted and acting in an advisory and administrative capacity with respect to certain Korean based and CLO accounts managed by New York Life Investments.

- MacKay Shields LLC (File No. 801-5594), acts as a subadviser for certain mutual funds for which New York Life Investments serves as adviser. MacKay Shields LLC also provides advisory services to separately managed account clients who participate in wrap programs that are sponsored by unaffiliated investment advisers or broker-dealers. MacKay Shields also serves as the investment manager of various limited partnerships and also engages in other advisory services. Clients of New York Life Investments may be solicited to invest in such limited partnerships or in others for which MacKay Shields serves in a similar capacity.
  
- Institutional Capital LLC (File No. 801-40779), acts as a subadviser for certain mutual funds for which New York Life Investments serves as adviser. Institutional Capital also provides advisory services to separately managed account clients who participate in wrap programs that are sponsored by unaffiliated investment advisers or broker-dealers.
  
- Cornerstone Capital Management Holdings LLC (“Cornerstone”) (File No. 801-69663), acts as a subadviser for certain mutual funds for which New York Life Investments serves as adviser. NYL Investments has also entered into a Services Agreement with Cornerstone pursuant to which Cornerstone and certain dual-hatted Cornerstone employees provide a variety of services to NYL Investments including certain trade execution, administration and communication services as well as periodic reporting and other administrative services. NYL Investments also provides a variety of administrative services to Cornerstone.

- Cornerstone Capital Management LLC (File No. 801-45262) acts as a subadviser for certain mutual funds for which New York Life Investments serves as adviser.
- Candriam Belgium SA (SEC File No. 801-80508) acts as a subadviser for certain mutual funds for which New York Life Investments serves as adviser.
- GoldPoint Partners LLC (File No. 801-61010), serves as the investment manager of various limited partnerships and also engages in other advisory services. Clients of New York Life Investments may be solicited to invest in such limited partnerships or in others for which GoldPoint Partners serves in a similar capacity.
- Private Advisors, LLC (File No. 801-55696), acts as a subadviser for certain mutual funds for which New York Life Investments serves as adviser.  
Private Advisors also serves as the investment manager of various limited partnerships and also engages in other advisory services. Clients of New York Life Investments may be solicited to invest in such limited partnerships or in others for which Private Advisors serves in a similar capacity.
- MCF Capital Management LLC (File No. 801-73076), manages portfolios of commercial loans and related debt and equity investments in which clients of New York Life Investments may invest.

From time to time, we may enter into arrangements with our affiliated investment advisers to recommend clients to each other. If we pay a cash fee to anyone for soliciting clients on our behalf or if we receive a cash fee from another investment adviser for recommending clients to it, we comply with the requirements of the SEC's cash solicitation rule to the extent

that they apply. This rule requires a written agreement between the investment adviser and the person soliciting clients on its behalf. The rule may also require that the soliciting person provide a disclosure document to the potential client at the time that the solicitation is made. As required by the rule, we will not engage another person to solicit clients on our behalf if that person has been subject to securities regulatory or criminal action within the preceding ten years.

The investment management and operations functions at New York Life Investments and our affiliates are autonomous and operate separately from each other. These functions include all decision making on what, how and when to buy, sell or hold securities in client portfolios, the trading related to implementation of these decisions and operations. This policy is intended to limit the dissemination of inside information and to permit the investment management, trading and operations functions of each firm to operate without regard to or interference from the other. We believe this separation is in the best interest of clients of the firms as operating independently permits each firm to pursue the investment objectives of clients without reference to limitations resulting from investment activities of the other. To support this policy, we have adopted certain procedures, including a portfolio information barrier between us and these other affiliated investment firms. In the event such information is shared, appropriate controls are placed around the information in order to limit any potential conflicts of interest. Nevertheless, if we or our affiliates possess such information, our ability to buy or sell securities of such issuers for our clients may be restricted, although any such restrictions are expected to be infrequent. We may also impose such restrictions in isolated instances to prevent even an appearance that such information has been used in a manner contrary to law. We are not obligated and may not be permitted to communicate any such information to or for the benefit of our clients, disclose that we are restricted from trading in a particular security or otherwise to act on the basis of any such information in providing services to clients. We may also from time to time be subject to limitations on trading in the securities of certain issuers as a result of our clients' holdings or those of our affiliates and their clients.

## **Insurance Company**

New York Life Investments is an indirect wholly-owned subsidiary of New York Life. New York Life is a mutual insurance company that is an admitted insurer in all 50 states and in the District of Columbia. SAS manages a portion of the New York Life general account. As a result, the appearance of a conflict may arise as to the allocation of investment opportunities between New York Life and SAS' other clients. However, the New York Life general account has an investment objective that is different from the objectives of SAS' other clients. As a result of these different objectives, transactions that are appropriate for New York Life will typically not be appropriate for SAS' other clients and vice versa. Such a determination is typically made by the portfolio manager prior to executing a trade, and the rationale for the investment decision is documented as part of the trading process.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

New York Life Investments has a fiduciary relationship with our clients that requires that we and our employees place the interests of our clients first and foremost. As such, our Code of Ethics (the "Code") covers all employees and sets forth guidelines that promote ethical conduct generally. In addition to the Code's policies regarding personal securities trading, the Code requires our employees to follow policies and procedures relating to the conduct standards of our Code including: conflicts of interest, inside information and information barriers, gifts and entertainment, personal political contributions, and selective disclosure of mutual fund portfolio holdings. A copy of our Code is available upon request. Our contact information appears on the cover page of this brochure.

While we permit our employees to engage in personal securities transactions, as a company we recognize that these transactions may raise potential conflicts of interests. This is particularly true when they involve securities owned by, or considered for purchase or sale for, a client account.

We address potential conflicts of interests in our Code by requiring that, with regard to investments and investment opportunities, our employees' first obligation is to our clients. Our Code requires that all of our employees adhere to the highest duty of trust and fair dealing. All employees: (i) must conduct their personal securities transactions in a manner that does not interfere with any client's portfolio transactions, or take inappropriate advantage of an employee's relationship with a client, (ii) may not trade while in possession of material, non-public information, (iii) may not engage in short-term trading (the purchase and sale or sale and purchase within 30 days) of any mutual fund advised or subadvised by us, and (iv) must certify annually to compliance with the Code and related policies.

Some provisions of our Code, particularly with respect to personal trading, apply only to "Access Persons" and "Investment Personnel". Access Persons are defined as officers or directors of New York Life Investments or employees who have access to non-public information regarding any client's purchase or sale of securities, or who have non-public information regarding the portfolio holdings of any mutual fund that we advise. While certain exceptions may apply, generally Access Persons:

- Subject to certain exceptions, may not purchase or sell "Covered Securities" without pre-clearance through our Compliance Department. Covered Securities include everything except: i) transactions involving

direct obligations of the US Government; ii) shares of unaffiliated open end investment companies; iii) commercial paper; iv) certificates of deposit; and v) high quality short term investments and interests in qualified state college tuition programs.

- May not profit from the purchase and sale or sale and purchase of the same Covered Security within 60 days.
- May not purchase or sell a Covered Security on a day when there is a buy or sell order for a client.
- May not purchase securities in initial public offerings or in connection with private placements except with the express written prior approval our Chief Compliance Officer.
- May not participate in Investment Clubs.
- Must file quarterly reports and certifications of covered trading activity.

Investment Personnel must adhere to the following additional restrictions. Investment Personnel are defined as employees

who in connection with their regular functions participate in making recommendations regarding the purchase or sale of securities for client accounts (i.e., portfolio managers, traders and analysts):

- May not purchase or sell securities (subject to a de minimus threshold) for their own account if such securities have been purchased or sold for a client account in the prior seven days, or can reasonably be expected to be purchased or sold for a client account in the next seven days.

- May not trade in options with respect to individual securities.

### **Participation or Interest in Client Transactions**

In the ordinary course of providing our investment advisory services, we may also recommend that clients purchase or sell securities or interests in which our affiliates have a material financial interest. For example:

- SAS manages a portion of the New York Life general account. As such, they may recommend that unaffiliated clients purchase or sell securities that are also held in this affiliated account.
- We may purchase or sell shares of our proprietary mutual funds, *The MainStay Funds*, for client accounts.
- We may recommend investments to our clients that the clients of our advisory affiliates also own.

As a result of these recommendations and potential transactions, potential conflicts of interest could arise between us and our clients. These potential conflicts include:

- Unfair allocation of limited investment opportunities between our affiliated and unaffiliated accounts.
- Placing trades for our affiliated accounts before or after trades for our other accounts to take advantage of (or avoid) market impact.
- Using information concerning transactions in our advisory affiliate's client accounts, or in *The MainStay Funds*, to the benefit of our



client accounts.

These potential conflicts are mitigated by the fact that the New York Life general account generally has a different investment strategy than SAS' unaffiliated accounts (see the "*Industry Affiliations-Insurance Company*" section above). As a result of these different strategies, transactions that are appropriate for the New York Life typically will not be appropriate for an unaffiliated SAS managed account and vice versa.

To address potential conflicts of interest across affiliates, each adviser affiliate operates independently with respect to investment strategy, trading and operations. Furthermore, affiliates are generally not privy to another affiliate's information (i.e. investment decisions, research) that may potentially pose conflicts of interest. Specifically, New York Life Investments and its affiliates have established information barrier policies that serve to limit the dissemination of material non-public information. In the event such information is shared, appropriate controls are placed around the information in order to limit any potential conflicts of interest.

## **BROKERAGE PRACTICES**

The OnTarget Service does not utilize the services of broker-dealers. New York Life Trust Company, as trustee and/or custodian of the applicable retirement plan effects all transactions.

## **REVIEW OF ACCOUNTS**

At least annually, New York Life Investments will ask participants to update the information they provided to the OnTarget Service. It is important for participants to do so. Based on the information participants provide, the fund-specific portfolio to which the OnTarget Service manages their eligible assets may be changed. On a quarterly basis, if appropriate, the OnTarget Service will rebalance accounts to the recommended asset allocation. Over time, the OnTarget

Service will generally reallocate a participant's account to a more conservative fund-specific portfolio, absent any other changes to the participant's personal or financial situation.

Distributions, withdrawals, and loans will be satisfied according to plan rules, and may temporarily impact the OnTarget Service's ability to closely track the fund-specific portfolio. Transfers to an alternate payee pursuant to a qualified domestic relations order will be governed by court order and plan rules, but such a transfer will immediately terminate the OnTarget Service's obligation to manage the portion of the account transferred.

Participants will receive confirmations of all transactions in their accounts attributable to the OnTarget Service as well as an annual progress report. In addition, they will continue to receive all reports with respect to their accounts that they would receive if they were not enrolled in the OnTarget Service. In addition, participants are able to electronically access an annual OnTarget progress report.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

New York Life Investments does not pay any compensation for client referrals to the OnTarget Service.

## **CUSTODY**

New York Life Investments is deemed to have indirect custody of the retirement plan accounts enrolled in the OnTarget Service because our affiliate, New York Life Trust Company, is a qualified custodian for the applicable retirement plan. In order to comply fully with the custody rules under the Investment Advisers Act of 1940, New York Life Investments coordinates to have an annual surprise examination of the OnTarget Service conducted by an independent public accountant. The results of this annual surprise examination are

filed with the SEC.

## **INVESTMENT DISCRETION**

The OnTarget Service is a discretionary investment management service. As discussed above, New York Life Investments selected Morningstar to act as an independent financial expert for the OnTarget Service. Morningstar has developed the investment models for the OnTarget Service, which models are outside the control of New York Life Investments. In order to avoid potential conflicts of interest, all investment decisions, including the allocation of a participant's retirement plan assets among the various investment options, will be based upon information provided by Morningstar. This enables New York Life Investments to offer objective, on-going investment management of a participant's retirement plan assets through many of the investment options in the universe of eligible investment options in the participant's retirement plan. New York Life Investments assumes fiduciary responsibility for this role. For additional information regarding Morningstar, please refer to the SEC's website for the Form ADV filed by Morningstar.

New York Life Investments conducted a thorough review of the available alternatives in selecting an independent financial expert. The review focused on entities having substantial experience in retirement planning and investment management. Prior to the execution of a contract with Morningstar, New York Life Investments conducted thorough due diligence on that entity and its investment processes. This due diligence included evaluation of publicly available information and information provided by Morningstar.

Participants enrolled in the OnTarget Service will be able to impose reasonable restrictions on the management of their accounts at any time. Whether a particular restriction is reasonable will depend on an analysis of the relevant facts and

circumstances by the OnTarget Service. Prior to boarding a new OnTarget Service client, New York Life Investments or JHRPS, in its role as the plan administrator/recordkeeper, will have obtained account-opening information from the plan sponsor.

## **VOTING CLIENT SECURITIES**

Participants are responsible for exercising shareholder and other rights with respect to investment options in their account, to the extent permitted by their plans. Neither New York Life Investments nor the OnTarget Service is authorized to exercise any shareholder rights on their behalf unless required by law.

The OnTarget Service will not advise participants on the voting of proxies for fund shares held in their accounts. In addition, the OnTarget Service will not advise participants on legal proceedings, including bankruptcies and class actions, involving investment options.

## **FINANCIAL INFORMATION**

At this time, New York Life Investments is not required to file a balance sheet for our most recent fiscal year because we do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance.

## **REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

New York Life Investments is registered with the SEC and provides notice filings to certain states. We are not registered with any state securities authorities.