

# Disclosure Brochure

as of April 24, 2015



## MetLife Investment Advisors, LLC

10 Park Avenue • Morristown, NJ • 07962

(973) 355-4000

This brochure provides information about the qualifications and business practices of MetLife Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 973-355-4000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about MetLife Investment Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Summary of Material Changes**

MetLife Investment Advisors, LLC (“MLIA”) filed its last annual amendment on March 28, 2014. Since that filing, MLIA became the investment manager to new pooled investment vehicles. In addition, MLIA previously filed separate disclosure brochures for each of its advisory services. With this annual amendment filing, MLIA is now disclosing all of its investment management services in a single, combined brochure.

In addition, MLIA changed its name from MetLife Investment Management, LLC in April 2015.

### **Item 3: Table of Contents**

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#### **Item 4: Advisory Business**

MetLife Investment Advisors, LLC (“MLIA” or “we”) was founded in 2006 and is a wholly-owned subsidiary of MetLife, Inc. (together with its subsidiaries, “MetLife”), a publicly held company.

MLIA’s investment management services include:

- Infrastructure and corporate private placements;
- Real estate equity;
- Real estate debt; and
- Index investing (currently only provided to registered investment companies).

In addition, MLIA provides investment management services to its affiliates, which includes:

- Managing assets for (and providing investment advice to) insurance company and non-insurance company affiliates utilizing a variety of asset classes;
- Managing internal fund of funds vehicles that invest in private equity funds and hedge funds. Participation in these funds of funds is currently limited to certain MetLife non-U.S. insurance company affiliates; and
- Acting as investment manager to one collateral debt obligation (“CDO”), which is currently in run-down mode.

Certain of MLIA’s investment personnel support the investment activities of MetLife’s general accounts and may be responsible for investing on behalf of MetLife’s general accounts. MLIA has implemented policies and procedures to address the conflicts that arise in situations relating to management for both MLIA’s clients and MetLife’s general accounts. A copy of these policies is available to current or prospective clients upon request. Additional information is disclosed in response to Item 10.

MetLife’s general accounts may acquire an equity real estate investment as a co-investment with MLIA’s clients. Generally, the investment is acquired by an entity (such as a REIT or other joint venture) that is ultimately co-owned by MetLife and a third party. For purposes of this Disclosure Brochure, client generally refers to the third party who is co-investing with MetLife, not the entity.

As of December 31, 2014, MLIA had \$52,661,484,912 in assets under management, of which \$51,707,401,436.41 was managed on a discretionary basis and \$954,083,475 was managed on a non-discretionary basis. MLIA is also the investment manager to \$6,524,255,518.48 in real estate assets (based on gross asset value as of December 31, 2014).

#### **Item 5: Fees and Compensation**

MLIA tailors its advisory services based on the needs of the client. As such, all advisory fees are negotiated with the client depending on the scope of services MLIA is providing (other than for the pooled investment vehicles, where the fee is set forth in the offering documents). The amount and terms of the fee is either set forth in the offering documents (for pooled investment vehicles) or in the advisory agreement between MLIA and the client.

MLIA generally charges its fee in arrears on a monthly or quarterly basis. While MLIA does not solicit clients to pay in advance, it may accept such arrangement at a client's request. For any fees collected in advance where a client terminates prior to the end of a billing period, any prepaid fees would be refunded on a pro rata basis.

Certain clients pay a performance-based fee, the terms of which are agreed upon with MLIA. All performance-based fee arrangements are structured to comply with Rule 205-3 under the Advisers Act.

In addition to MLIA's fee, clients may incur additional charges imposed by third parties. These fees are separate from MLIA's fee, and MLIA receives no portion of them.

#### **Item 6: Performance-Based Fees and Side-by-Side Compensation**

As disclosed in response to Item 5, MLIA provides services for performance-based compensation. This gives MLIA an incentive to take additional risks in these accounts or allocate to them more favorable investment opportunities. MLIA has implemented policies and procedures, including an allocation policy, which is designed to manage the allocation of investment opportunities among all clients on a systematic basis. MLIA believes this mitigates the conflicts that typically arise with performance-based compensation.

#### **Item 7: Types of Clients**

MLIA provides its advisory services to institutional clients, pension and profit sharing plans (including government plans), sovereign funds, limited partnerships, and affiliated accounts (which include insurance companies), registered investment companies, and pooled investment vehicles.

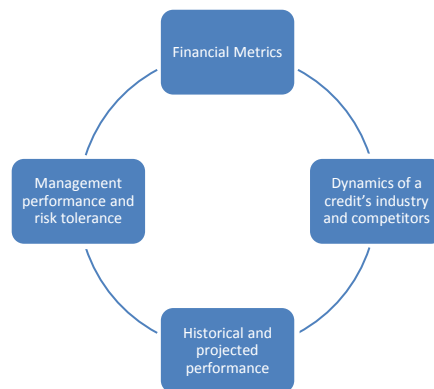
#### **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

##### **Private Placements**

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MLIA manages debt private placement investments, including infrastructure and corporate debt. Individual portfolio appetite for each private placement transaction is assessed based on pricing, maturity and credit quality of each investment, and each portfolio is customized to meet a client's needs.

## Evaluation of Potential Investments



MLIA considers many aspects of a possible investment; critical priorities include:

- Issuer's credit quality;
- Structural elements (including any covenants and/or collateral); and
- The spread relative to public and private bonds of comparable credit quality.

### *Risk Factors*

**Liquidity Risk:** The types of investments that MLIA seeks may have limited liquidity compared to publicly traded securities. A private placement security is not registered under federal or state securities laws and can only be purchased or sold in a transaction exempt from registration. Private placements are offered to a limited number of potential investors who meet certain eligibility criteria to enable the transaction to qualify under securities law registration exemptions.

**Competitive Market:** There is significant competition for attractive investment opportunities from other private capital investors. Competitive offers to invest may restrict MLIA's ability to invest in certain opportunities. Additionally, no assurance can be given that MLIA will be able to locate, obtain, or exit a particular investment.

**Sector Risk:** The value of securities or investments focused in a particular industry or market sector are highly sensitive to financial, economic, political and other developments affecting that industry or market sector, and conditions that negatively impact that industry or market sector will have a greater impact as compared to an account that does not have its holdings similarly concentrated.

**Risks Associated with Derivatives:** Derivatives are instruments whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. Derivatives are volatile and may involve significant risks. In addition to credit risk, liquidity risk and currency risk described above, derivatives may be subject to leverage risk and index risk. Leverage Risk refers to the risk that relatively small market movements may result in large changes in the value of an investment. Certain investments that involve leverage can result in losses that greatly exceed the amount originally invested. Index Risk refers to the risk that if the derivative is linked to the performance of an index, it will be subject to the risks associated with changes in that index. If

the index changes, the portfolio could receive lower interest payments or experience a reduction in the value of the derivative to below what the portfolio paid. Certain indexed securities, including inverse securities (which move in an opposite direction to the index), may create leverage, to the extent that they increase or decrease in value at a rate that is a multiple of the changes in the applicable index.

*Risks Associated with Leverage:* Futures, forward contracts, swaps, options and other derivative instruments contain inherent leverage in that they provide more market exposure than the amount paid on the initiation of the transaction. As a result, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose a client to the possibility of a loss exceeding the original amount invested. In addition, many of these products are subject to variation or other interim margin requirements, which may force premature liquidation of investment positions.

*Risks Associated with Foreign Markets:* Investments in foreign markets have additional risks, including currency, political, economic, and market risks. In addition, certain countries may have higher market volatility, higher transaction costs, decreased market liquidity, and less government regulation and oversight. In addition, if an investment is denominated in foreign currencies, the change in the value of a country's currency against the U.S. dollar may impact the value of the investment.

*Risks Associated with Tax Policies:* Changes to tax treatment of certain market sectors may impact performance. Significant increases in such taxes or cancellation, modification or termination of favorable tax treatment could have an adverse effect upon the availability of cash flow from an infrastructure project, thereby diminishing the revenues available for the repayment of the project's debt.

## Real Estate Equity

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For managed accounts, MetLife's general accounts generally purchase assets as a co-investment with the client. Depending on the client's investment objectives, each investment may be owned through a REIT, similar tax-efficient structure, or other form of joint venture. The terms of the investment are agreed upon with each client on a case-by-case basis. Each client sets forth their own investment parameters, including target markets, desired characteristics, investment limitations, and other factors. MLIA is also the investment management to a pooled investment vehicle investing in core real estate.

MLIA sources opportunities by leveraging its industry relationships and relies on a decentralized regional office structure for the origination and day-to-day management of assets. MetLife's regional offices are responsible for originating opportunities in a defined geographic area, at which point MLIA analyzes whether a proposed opportunity fits within the sought-after investment parameters for any client.

Once an initial analysis is complete, MLIA takes a more in-depth view that may include financial and market analysis, cash flow modelling, return sensitivity analysis, and investment structure. The real estate equity investment committee issues preliminary approval, at which point additional due diligence is conducted. This due diligence may include physical property assessments, legal review, tenant and lease review, and review of property financial operations.

Upon completion of due diligence, the investment committee conducts a final review and internal approval is processed. As part of this process, MLIA develops a detailed plan for on-going asset management that is updated as necessary.

Each regional office includes asset management personnel that are responsible for the day-to-day management and oversight of properties located in that particular region, and will ultimately report to management located in MLIA's main office. Asset managers are responsible for (1) developing an annual strategic business plan (including capital, leasing and strategic operating activities as well as a hold/sell analysis) and budget recommendation for each property, and updating them as conditions change through the course of the year; (2) overseeing property managers and leasing agents; (3) visiting properties on an ongoing basis; and (4) managing physical improvement projects and construction activities.

Depending on the individual client objectives, MLIA may utilize leverage due to: (1) the need to capitalize very large acquisitions, (2) the need to assume certain existing leverage in place at the time of acquisition, or (3) the availability of highly attractive financing terms. MLIA and the client may agree to limitations on the use of leverage.

#### *Risk of Loss*

As further highlighted below, the marketability and value of real estate investments may be impacted by declining market fundamentals, volatile cap rates and return requirements, rising interest rates, constrained capital markets, changes in legal, fiscal and regulatory regimes, tenant bankruptcy, changes in real estate tax rates and other operating expenses, and the financial condition of tenants, buyers and sellers of properties among others.

#### *Impact of a Recessionary Environment*

Real estate historically has experienced significant fluctuations and cycles in value and local market conditions which may result in reductions in the value of real property interests. All real estate-related investments are subject to the risk that a general downturn in the national or local economy will depress real estate prices.

#### *Factors Affecting Performance and Value*

The yields available from equity investments in real estate depend on the amount of income earned and capital appreciation generated by properties as well as the expenses incurred in connection therewith. If real estate assets do not generate income sufficient to meet operating expenses, the ownership of that real estate could be adversely affected. Income from, and the value of, real estate is affected by the general economic climate, local conditions such as oversupply, or a reduction in demand for such properties in the areas in which they are located, attractiveness to potential tenants, competition from other properties, maintenance and insurance and increases in operating costs (including insurance premiums, utilities and real estate taxes). In addition, revenues from properties and real estate values are affected by such factors as the cost of compliance with regulations and the potential for liability under applicable laws, including changes in tax laws, and are also affected by interest rate levels and the availability of financing.



Income from real estate investments is adversely affected if and when a significant number of tenants are unable to pay rent or if and when properties are vacant and cannot be rented on favorable terms. Certain significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) generally do not decline when circumstances cause a reduction in income from the property. Because real estate investments are relatively illiquid, the ability to diversify a portfolio of real estate investments promptly in response to economic or other conditions is limited.

#### *Competitive Environment*

There is significant competition for attractive investment opportunities from other major real estate investors with significant capital. Competitive offers to invest may drive up prices of prospective investments thereby limiting suitable investment opportunities. No assurance can be given that MLIA will be able to acquire properties on terms, including financing, favorable to its clients. Changing factors may alter MLIA's plans to try and acquire a property.

#### *Risks related to Portfolio Concentrations*

Concentrations of properties in certain geographic areas may increase the risk that adverse economic or other developments or natural or man-made disasters affecting a particular region of the country could adversely impact those properties.

#### *Risks Associated with Renovation, Expansion or Development*

Properties that require renovation or expansion or have development opportunities may pose additional risks, including the risks that financing may not be available on favorable terms and that construction may not be completed on schedule or within budget, resulting in increased expense, costs and delays in leasing such properties and generating cash flow. Substantial renovation, expansion and development activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations. Once completed, new, expanded or renovated properties may perform below anticipated levels, producing cash flow below budgeted amounts.

#### *Illiquidity Risk*

Real estate equity investments are relatively illiquid, and as such, MLIA's ability to promptly sell one or more properties in response to changing economic, financial and investment conditions is limited.

#### *Risk with Occupancy Levels and Lease Rates*

Real estate occupancy may be affected by adverse economic or other conditions and MLIA's ability to raise rents would be limited. Additionally, real estate investments are dependent upon the payment and performance of lease obligations, such as maintenance of properties, payment of taxes, utilities and other charges and maintenance of insurance, by tenants. MLIA has no control over the success or failure of its tenants' businesses and, at any time, any tenant may experience a downturn in its business that may weaken its financial condition. As a result, tenants may delay lease commencement or renewal, fail to make lease payments when due or declare bankruptcy. Additionally, a bankruptcy filing by a tenant may limit or prevent MLIA from

collecting past due balances under the relevant leases and could ultimately preclude full collection of these sums. Any leasing delays, tenant failures to make lease payments when due or tenant bankruptcies could result in the termination of the tenant's lease, which could require MLIA to declare a default, repossess the property, find a suitable replacement tenant, operate the property or sell the property.

#### *Uninsured Loss*

MLIA carries insurance it believes to be adequate and appropriate under the circumstances, given relative risk of loss, the cost of such coverage and industry practice. There are, however, certain types and magnitudes of losses that are not generally insured because it is not economically feasible to insure against such losses, such as losses due to riots or acts of war, or other losses that may not be insured or may be insured subject to certain limitations, including large deductibles or co-payments, such as losses due to floods or seismic activity. Should an uninsured loss or a loss in excess of insured limits occur, MLIA could lose its capital invested in such properties, as well as the anticipated future revenue from such properties.

#### *Risks of Leverage*

Depending on a client's investment objectives and risk tolerance, indebtedness may be incurred in connection with the acquisition of a property. The use of leverage will increase the exposure of a property to adverse economic factors, such as rising interest rates, economic downturns, or deteriorations in the condition of a property or its respective markets. In addition, lenders may impose restrictive covenants on the actions that MLIA can take with respect to a particular property providing security for a loan. In the event a property is unable to generate sufficient cash flow to meet debt service payments or there are other defaults under any loan documents underlying its indebtedness, the lender will be entitled to exercise the remedies specified under the loan documents, as well as its remedies under law. These remedies may include acceleration of the indebtedness and foreclosure on any collateral securing the loan.

#### *Environmental Matters*

Under various federal, state and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances or petroleum products on, under or in such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. In addition, the presence of, or the failure to properly remediate, such substances may adversely affect the owner's ability to borrow using such real property as collateral or to sell such property. Although each property will be subject to environmental assessments before acquisition, no assurances can be given that the environmental assessments reveal all environmental liabilities or that no prior owners created any environmental condition not disclosed in the environmental assessment.

#### *Real Estate Debt*

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MLIA is the investment manager to a pooled investment vehicle that originates and manages real estate debt investments.

#### *Risk of Loss*

Investments and strategies are subject to market risk, including, but not limited to, directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in market volatility, “flights to quality” and “credit squeezes”. Accordingly, investments may be subject to sudden and dramatic losses as a result of such market events.

#### *Risks Relating to the Property Underlying the Commercial Mortgage Loans*

Certain loans are primarily secured by income-producing office, retail, apartments, industrial, hotel or mixed-use property, and are subject to risks of delinquency and foreclosure, and risks of loss. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower’s ability to repay the loan may be impaired. Net operating income of an income-producing property can be adversely affected by, among other things:

- tenant mix;
- success of tenant businesses;
- property management decisions;
- property location, condition and design;
- competition from comparable types of properties;
- changes in laws that increase operating expenses or limit rents that may be charged;
- changes in national, regional or local economic conditions and/or specific industry segments, including the credit and securitization markets;
- declines in regional or local real estate values;
- declines in regional or local rental or occupancy rates;
- increases in interest rates, real estate tax rates and other operating expenses;
- costs of remediation and liabilities associated with environmental conditions;
- the potential for uninsured or underinsured property losses;
- changes in governmental laws and regulations, including fiscal policies, zoning ordinances and environmental legislation and the related costs of compliance; and
- acts of God, terrorist attacks, social unrest and civil disturbances.

*Interest Rate Risks.* Investing in commercial mortgages presents exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect the value of a portfolio of commercial mortgages. Changes in the general level of interest rates can affect income by affecting the spread between the income on assets and the expense of leverage, as well as, among other things, the value of investments and the capitalization rate at which assets are valued in the market. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations,

fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond MLIA's control.

*Real Estate Valuation is Inherently Subjective and Uncertain.* The valuation of real estate and therefore the valuation of any underlying security relating to loans is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property. As a result, the valuations of the real estate assets against which loans are made are subject to a degree of uncertainty and are made on the basis of assumptions and methodologies that may not prove to be accurate, particularly in periods of volatility, low transaction flow or restricted debt availability in the commercial real estate markets.

*Risks Arising in Connection with Foreclosure and Taking Title to Real Property.* MLIA's ability to promptly foreclose upon defaulted commercial mortgage loans and operate the underlying real property and sell the interest therein obtained upon foreclosure, and the costs and expenses incurred in undertaking such foreclosures, including real estate transfer and recording taxes, is a material factor in the expected return on those investments.

*Certain Multifamily and Commercial Properties May Present Special Risks.* Additional risks may be presented by the type and use of a particular commercial property. For instance, commercial properties that operate as hospitals and nursing homes may present special risks to lenders due to the significant governmental regulation of the ownership, operation, maintenance and financing of healthcare institutions. Hotel and motel properties are often operated pursuant to franchise, management or operating agreements which may be terminable by the franchisor or operator, and the transferability of a hotel's operating, liquor and other licenses upon a transfer of the hotel, whether through purchase or foreclosure, is subject to local law requirements. Each property type presents unique risks. Furthermore, a commercial property may not be converted readily to an alternative use in the event that the operation of such commercial property for its original purpose becomes unprofitable for any reason.

*Losses May Be Caused by Tenant Credit Risk on the Loans.* Cash flow or value of a loan could be reduced if tenants are unable to meet their lease obligations or become insolvent. The inability of tenants to meet their obligations may result in realized losses on the loans.

For example, if tenant sales in retail properties decline, rents based on sales will decline and certain tenants may have the option to terminate their leases if certain minimum sales targets are not met. Tenants may be unable to pay their rent or other occupancy costs as a result of poor cash flow due to sales declines or a reduction in the amount of the gross sales component of rent. If a tenant defaults, the borrower may experience delays and costs in enforcing the lessor's rights. If a tenant terminates its lease, the borrower may be unable to find replacement tenants.

In addition, if a tenant were to become insolvent and subject to any bankruptcy or similar law, the collection of rental payments could be interrupted.

#### Index Investing

MLIA is a subadvisor to MetLife Advisers, LLC ("MLA"), which is the investment adviser to the Metropolitan Series Fund ("MSF") and Met Investors Series Trust ("MIST") (together, the

“MetLife Funds”). MSF and MIST are each a registered investment company. Prior to investing in MSF or MIST, clients receive a copy of the applicable summary prospectus (“Prospectus”).

Each portfolio is managed according to a different investment strategy and therefore carries different risks. Information about both the strategies and risks for each portfolio is detailed in the Prospectus. In response to this Item, MLIA has provided a brief overview of certain of its investment strategies provided to MLA.

MIS manages both equity and fixed income index portfolios. The investment objective of each fund is to track the performance of the underlying index. For the equity index portfolios, either a full replication or stratified sampling methodology is employed. For the fixed income index portfolio, a stratified sampling methodology is employed. When engaging in a stratified sampling methodology, the fund is constructed and managed by owning a subset of index-eligible securities and neutralizing critical index characteristics (e.g., for equities, sector, country; for fixed income, sector market weights, duration).

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#### Asset Management for Insurance and Non-Insurance Affiliates

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MLIA provides investment advice to its affiliates. The terms of MLIA’s investment management services, including the types of assets that MLIA manages, is set forth in the agreement between MLIA and its clients.

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#### Alternative Investments

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MLIA is the investment manager to internal fund of funds vehicles that invest in private equity funds and hedge funds. Participation in these funds of funds is currently limited to certain MetLife non-U.S. insurance company affiliates.

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#### Management of CDO

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MLIA is the investment manager to one CDO. This CDO is closed to new investments and is in run-down mode.

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#### General Risk of Loss for All Investments

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All investments are subject to the risk of loss. There is no guarantee that any investment will be successful. These risks, which vary depending on the investment strategy, are further detailed in the offering documents for the applicable investment strategy.

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#### Use of Material, Non-Public Information Impacting All Asset Classes

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Certain employees of MetLife may learn of confidential, non-public information in connection with other activities. As such, MLIA may be restricted from investing in certain transactions it otherwise may have initiated or selling an investment it otherwise may have sold.

### **Item 9: Disciplinary Information**

MLIA does not have disciplinary events that would require a response to this Item.

## **Item 10: Other Financial Industry Activities and Affiliations**

As disclosed in response to Item 4, MLIA is a wholly owned subsidiary of MetLife, Inc. MLIA is under common control with other registered investment advisers, broker dealers and insurance companies. Any relationship between MLIA and another MetLife entity material to a client's evaluation of MLIA, including conflicts of interest, is disclosed as appropriate within this Disclosure Brochure or in applicable offering documents.

Metropolitan Life Insurance Company ("MLIC"), an affiliate of MLIA, may from time to time provide third parties with the ability to acquire participation interests in certain of its mortgage loans at the date of origination.. A subsidiary of MLIA, MetLife Loan Asset Management, LLC, ("MLAM"), prepares reports and other information summarizing the activity of these loans for such participants and receives a fee from the participants for such activities. It does not provide any investment management or advisory services or originate or manage any of these investments for third party clients and MLAM's agreement with each participant is separate from the third party participant's agreement with MLIC. The fees it receives ultimately benefit MLIA, its parent company. MLIA does not believe this arrangement results in any additional conflicts of interest not otherwise disclosed in this Disclosure Brochure.

In order to address conflicts that may arise because MetLife's general accounts and clients hold the same investments or may be interested in the same investment opportunity, MLIA has implemented policies and procedures to address the conflicts, including allocation policies specific to the asset class. These allocation policies are designed to ensure that investment opportunities are allocated in a fair and equitable manner to MLIA clients and MetLife's general accounts, particularly when a single investment opportunity cannot be shared on a pro rata basis between MLIA clients and MetLife's general accounts.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

MLIA and persons associated with MLIA are permitted to buy or sell securities that it also recommends to clients consistent with MLIA's policies and procedures. MLIA has implemented a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). For certain Access Persons (as defined in the Advisers Act and other applicable rules), the Code imposes restrictions on the purchase and sale of securities for their own accounts and accounts in which the Access Person has a beneficial interest. The Code also includes a pre-clearance requirement for all Access Persons, restrictions on participation in initial public offerings, blackout period restrictions, minimum holding period requirements, quarterly and annual reporting requirements and an annual certification.

MLIA also maintains and enforces written policies reasonably designed to prevent the unlawful use of material non-public information by MLIA or any of its employees.

In addition, MLIA has implemented policies and procedures that prohibit favoring any proprietary or related person account (whether managed by MLIA or an affiliated entity) over an advisory client's account. In addition, MLIA's policies prohibit asset transfers between separate

account portfolios or advisory client portfolios and any other portfolio managed by MLIA. Please see response to Item 10 for information about how investment opportunities are allocated.

A copy of MLIA's Code of Ethics is available to any client or prospective client upon request.

Although MLIA is the investment manager to three alternative funds of funds, the sole investors in which are MLIA's affiliates and investment opportunities are not open to non-affiliates. As such, MLIA does not believe that this arrangement raises additional conflicts of interest.

### **Item 12: Brokerage Practices**

MLIA generally does not recommend the use of a particular custodian for clients' accounts. However, for its management of the MetSeries Fund, and as further disclosed in the applicable Prospectus, the assets managed by MLIA for MLA are custodied at State Street Bank. As part of its investment activity for the MetLife Funds, MLIA may direct execution of securities transactions through one or more broker-dealers. Factors which MLIA considers in utilizing a particular broker-dealer include its financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by a particular broker-dealer may be higher or lower than those charged by other broker-dealers. When MLIA selects a particular broker-dealer to execute transactions, it will ensure that any commission paid complies with its duty to obtain "best execution." In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a financial institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. MLIA seeks competitive rates but may not necessarily obtain the lowest possible commission rates for transactions.

MLIA periodically and systematically reviews its policies and procedures regarding its selection of financial institutions to execute transactions in light of its duty to obtain best execution.

### **Item 13: Review of Accounts**

MLIA monitors account portfolios on an ongoing basis and conducts regular account reviews on at least a quarterly basis. Such reviews are conducted by investment professionals within MLIA. MLIA may also leverage certain of MetLife's regional offices for additional reviews and support. MLIA contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's investment objectives.

MLIA provides clients with supplemental reports that may include such relevant account and/or market-related information. The content of those reports, as well as the frequency with which they are delivered by MLIA, are set forth in the applicable agreement between MLIA and the client.

### **Item 14: Client Referrals and Other Compensation**

MLIA may pay unaffiliated solicitors a referral fee for client introductions in accordance with the requirements of Rule 206(4)-3 of the Advisers Act. Any referral fee is paid by MLIA and does not result in any additional charge to the client. Unaffiliated solicitors will provide clients with a copy

of MLIA's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement (including compensation).

### **Item 15: Custody**

As discussed in Item 13, MLIA may prepare periodic supplemental reports. Any supplemental reports should be carefully reviewed and compared against statements received directly from the account custodian, to the extent the account contains the types of securities that would be held with a custodian.

To the extent MLIA has the authority to request a financial institution to debit its advisory fee from a client's account and remit the fee directly to MLIA, MLIA ensures that it has written authorization from the client and that any such debit is done in accordance with applicable custody rules.

### **Item 16: Investment Discretion**

For certain client accounts, MLIA has the authority, without obtaining specific client consent, to determine any purchases and sales to be made within an account. This discretionary authority is, however, subject to the terms of the investment management agreement or offering documents, which may limit the scope of MLIA's discretionary authority.

### **Item 17: Voting of Client Securities**

MLIA generally does not provide investment management services on the type of investments that generate proxies, except in its role as subadvisor to MLA.

MLIA may vote client securities (proxies) on MLA's behalf. MLIA has implemented policies and procedures (the "Proxy Policies") that govern how MLIA votes proxies. The Proxy Policies have been designed to ensure that client securities are voted in the best interests of clients in accordance with applicable rules.

The Proxy Policies are based on the guiding principle of maximization of economic value of client holdings. MLIA does not permit voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle. The Proxy Policies are designed to ensure that material conflicts of interest on the part of MLIA or its affiliates do not affect voting decisions on behalf of clients.

Based on the guiding principle that all votes made by MLIA on behalf of its clients must be made in the best interest of the clients and with the intent to maximize the economic value of clients' securities holdings, MLIA has implemented detailed proxy voting guidelines (the "Guidelines") that set forth how MLIA plans to vote on specific matters presented for shareholder vote. The indicated vote in the Guidelines is the governing position on any matter specifically addressed by the Guidelines. MLIA, however, may deviate from the Guidelines with respect to a particular shareholder vote when such action is consistent with the guiding principle of seeking the maximization of economic value to clients, taking into consideration all relevant facts and circumstances at the time of the vote. Prior to deviating from the guidelines, MLIA's Proxy Policy Committee, which is comprised of senior MetLife investment personnel, and legal and



compliance personnel and which includes at least one officer of MLIA, must first make a determination whether there is any material conflict of interest between MLIA (or any of its affiliates) and clients.

MLIA has retained Institutional Shareholder Services (“ISS”) to handle the administrative aspects of voting proxies. ISS monitors client accounts and their holdings to be sure that all proxies are received and voted consistent with MLIA’s Guidelines. Should a proxy arise that is not covered by the Guidelines, the proxy will be voted in accordance with ISS’ guidelines. In addition, MLIA regularly monitors matters presented for shareholder vote and tracks the voting of the Proxies.

Clients may obtain a copy of the Proxy Policies and information regarding how MLIA voted securities held in their accounts, by contacting MLIA at (973) 355-4000.

#### **Item 18: Financial Information**

MLIA does not require or solicit fees of more than \$1,200 per client, six months or more in advance. In addition, MLIA does not have any financial conditions reasonably likely to impair its ability to meet contractual commitments to clients. Lastly, MLIA has not been the subject of a bankruptcy petition in the past 10 years.

#### **Item 19: Requirements for State-Registered Advisers**

MLIA is not a state-registered adviser and is not required to respond to this Item.