

Disclosure Brochure

as of March 31, 2019

MetLife Investment Advisors, LLC

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This brochure provides information about the qualifications and business practices of MetLife Investment Advisors, LLC ("MLIA"). 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 (the "SEC") or by any state securities authority.

MLIA is registered with the SEC as an investment adviser. Registration with the SEC as an investment adviser does not imply any level of skill or training.

Additional information about MLIA is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Summary of Material Changes

MetLife Investment Advisors, LLC (“MLIA”) filed its last annual amendment on March 27, 2018. The following material changes occurred since MLIA’s last annual amendment filing.

- MLIA is under common control with Logan Circle Partners, L.P. (“Logan Circle”), a registered investment adviser. MLIA and Logan Circle have combined their investment research, trading and operations. Items 10, 11 and 12 have been updated to reflect this and provide additional disclosure regarding conflicts related to these activities.

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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 is part of MetLife Investment Management (“MIM”), MetLife, Inc.’s institutional investment management business that has more than 900 investment professionals located around the globe.

MLIA’s investment management services are focused on real estate equity investments, real estate debt investments, public fixed income securities, private fixed income obligations, index strategies, capital markets and alternative investments. MLIA manages a variety of strategies and products through joint ventures, separately managed accounts and pooled investment vehicles. In addition, MLIA manages internal fund of funds vehicles for MetLife affiliates that invest in private equity funds and hedge funds and one collateral debt obligation (“CDO”), which is currently in run-down mode.

MLIA provides its advisory services to institutional clients, pension and profit sharing plans (including government plans), sovereign funds, limited partnerships, and affiliated MetLife accounts which, as of April 2, 2018, will include MetLife’s domestic insurance company subsidiaries (the “MetLife Accounts”), registered investment companies, and pooled investment vehicles.

As of December 31, 2018, MLIA had \$461,019,222,537 in assets under management, of which \$455,947,040,862 was managed on a discretionary basis and \$5,072,181,675 was managed on a non-discretionary basis.

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 other service providers, including service providers that are affiliates of MLIA. As a general matter, these fees are separate from MLIA’s fee, and MLIA receives no portion of them. In some circumstances, MLIA has agreed to reduce its advisory fee and performance-based fee to offset certain fees for additional services paid to its affiliates. These arrangements are negotiated on a case-by-case basis and agreed to by each client.

Funds

For any unregistered pooled investment vehicles managed by MLIA (each a “Fund”), the applicable fees and expenses are set forth in the applicable Fund’s offering document. MLIA has set forth below a summary of the fees and expenses that each Fund may incur; however, this is not intended to be a complete or exhaustive list.

All defined terms used herein are intended to be the defined terms used in the respective document that contains the expense information (i.e. private placement memorandum or partnership agreement). Additionally, all section references refer to the appropriate section in the private placement memorandum or partnership agreement.

Expenses borne by MLIA’s real estate equity fund

The Fund pays all expenses relating to the activities and operations of the Fund (“Fund Expenses”), including without limitation: (i) third-party expenses related to the operation of the Fund (e.g., the fees and expenses of any accountants, lawyers, independent fiduciaries and other professionals incurred in connection with the Fund’s annual audit, legal opinion requirements and compliance, financial reporting, tax strategy and tax return preparation); (ii) all costs and expenses associated with the Investor Advisory Committee; (iii) all fees, costs and

expenses related to the acquisition, holding, leasing, financing, refinancing, Development, management, repairs, improvements, monitoring and sale or other disposition of Investments (including any legal, audit, travel, financing, appraisal, insurance (including insurance advisory services), consulting, costs and expenses) and the evaluation, negotiation, structuring, appraising, financing, refinancing or otherwise dealing with potential investments, financings, dispositions, improvements, investments in progress and real estate assets (including any “dead deal” costs, structural and environmental studies, travel, legal, due diligence, investment banking, reporting, projections, valuation, tax and accounting expenses and other fees costs or expenses of any third parties and the General Partner or the Adviser related thereto), regardless of whether the potential investments, dispositions, improvements, developments or investments in progress are consummated; (iv) any custodial expenses for the safekeeping of cash, securities and other property, making permitted temporary investments, interest expenses, brokerage commissions and other investment costs incurred by or on behalf of the Fund; (v) subject to the cap described in “—Organizational Expenses” with respect to expenses relating to the Initial Investor Closing, all fees, costs and expenses related to the offering and sale of Units to prospective investors with respect to any Closing (including any related legal fees and travel expenses and the costs of preparing and periodically updating this Memorandum and obtaining tax and legal opinions); (vi) the costs of forming, organizing and maintaining each subsidiary of the Fund (including any REIT Subsidiary); (vii) any extraordinary administrative or operating fees or expenses (e.g., litigation or indemnification expenses under the Partnership Agreement or related to any subsidiary or asset of the Fund); (viii) taxes, fees and other equivalent governmental charges levied against the Fund, any Investment or other asset of the Fund or the income thereof; (ix) premiums for insurance (including terrorism, errors and omissions, directors and officers and other forms of liability insurance) protecting the Fund, the General Partner, the Adviser (acting in such capacity), the members of the Investment Committee and the Investor Advisory Committee and other indemnified persons and litigation costs of the Fund; (x) all Credit Facility Obligations (including, without limitation, repayment of all outstanding principal and interest obligations arising in connection therewith); and (xi) amounts contributed or advanced to any entity or investment for purposes of such entity or investment paying any costs of the type described in foregoing clauses (i) through (x).

Expenses borne by MLIA’s real estate debt fund

The Fund bears all expenses relating to the activities and operations of the Fund (“Fund Expenses”), whether incurred directly or by the REIT Subsidiary (or any subsidiary thereof), including without limitation: (i) third-party expenses related to the operation of the Fund (including, but not limited to, the fees and expenses of any accountants, loan servicers, valuation services, property asset management fees (in the event of any foreclosure), lawyers, independent fiduciaries and other professionals, including those incurred in connection with the Fund’s annual audit, REIT compliance and tax expenses, regulatory and compliance requirements, Fund document updates and amendments, financial reporting, tax planning, tax projections and tax return preparation); (ii) all travel costs and expenses associated with the Investor Advisory Committee and the costs of any Investor meetings; (iii) all transaction acquisitions and expenses, including transaction fees payable to third parties, costs and expenses related to financing, refinancing, monitoring and sale or other disposition of Fund investments (including any legal, audit, travel, appraisal, insurance (including insurance advisory services), consulting, brokerage, engineering, environmental inspection and indemnification costs and expenses) and the evaluation, negotiation, structuring, appraising, financing, refinancing or otherwise dealing with potential investments, financings, dispositions, investments in progress and completed investments (including any “dead deal” costs, structural and environmental studies, travel, legal, due diligence, reporting, projections, valuation, tax and accounting expenses and other fees, costs or expenses of any third parties and the General Partner or the Manager related thereto), regardless of whether the potential investments, financings, dispositions, improvements, developments or investments in progress are consummated; travel and accommodations relating to the diligencing and monitoring of investments, the costs of retaining third-party consultants, accountants, attorneys or other experts utilized as part of the investment process, due diligence and monitoring related expenses and closing costs incurred in connection with the investment process; (iv) any custodial expenses for the safekeeping of cash, securities and other property, making cash-equivalent investments, interest expenses, brokerage commissions and other investment costs incurred by or on behalf of the Fund; (v) all fees, costs and expenses (other than HFF Fees and Placement Agent Fees) related to the ongoing offering and sale of Interests to Prospective Investors (including any related legal fees and travel expenses and the costs of preparing, updating, printing and distributing this Memorandum and marketing materials (including, but not limited to, pitchbooks, due diligence questionnaires, and any materials requested by prospective investors),

the preparation and negotiation of side letters or supplements, review of Subscription Agreements, Form D and “blue-sky” expenses, “world-sky” expenses, including the Manager’s compliance costs under the Alternative Investment Fund Managers Directive and other regimes’ compliance expenses), and the offering and sale of preferred shares of the REIT Subsidiary; (vi) all fees, costs and expenses relating to the set-up of any Subscription Line Facility and any credit facility; provided, however, that unlike other Fund Expenses, these expenses may be amortized over five years for purposes of calculating Net Asset Value of the Fund notwithstanding that such amortization is not consistent with U.S. GAAP; (vii) regulatory and compliance expenses of the Fund and, to the extent directly related to the Fund, the Manager (such as those relating to regulatory filings, including the Fund’s allocable portion of Form PF-related expenses, related software expenses, and third-party expenses related to compliance with FATCA (as defined in “Certain U.S. Federal Income Tax Considerations”)); (viii) the costs of forming, organizing and maintaining each subsidiary of the Fund; (ix) any extraordinary administrative or operating fees or expenses (including, but not limited to, litigation or indemnification expenses under the Partnership Agreement or related to any subsidiary or asset of the Fund); (x) taxes, fees and other equivalent governmental charges levied against the Fund, any investment or other asset of the Fund or the income thereof; (xi) premiums for insurance (including terrorism, errors and omissions, directors and officers and other forms of liability insurance) protecting the Fund, the General Partner, the Manager (acting in such capacity) and the Investor Advisory Committee and other indemnified persons and litigation costs of the Fund; and (xii) any amounts payable for services related to any affiliate of MetLife, Inc. (including the Manager) that is employed or retained to perform or provide services as specified under “—Transactions with MetLife, Inc.”. Related Funds, if any, will generally bear their own Related Fund-level expenses.

The Manager will bear its internal expenses, including payroll and other overhead costs.

Expenses borne by MLIA’s bank loan fund

The Partnership shall pay (or reimburse the General Partner, the Manager and their respective affiliates for their payment of) all expenses relating to the activities and operations of the Partnership (and its pro rata portion of such costs and expenses incurred at the Master Fund level) (the “Operating Expenses”), including: (i) third-party expenses related to the operation of the Partnership (including, but not limited to, the fees and expenses of any accountants, administrators, depositaries, loan servicers, valuation services, lawyers, independent fiduciaries and other professionals, including those incurred in connection with the Partnership’s annual audit, compliance and tax expenses, regulatory and compliance requirements, Partnership document updates and amendments, financial reporting, tax planning, tax projections and tax return preparation); (ii) all travel costs and expenses associated with the Advisory Committee and the costs of any Limited Partner meetings; (iii) all transaction costs and expenses, including transaction fees payable to third parties, costs and expenses related to financing, refinancing, monitoring and sale or other disposition of investments (including, but not limited to, any legal, audit, travel, consulting, brokerage and indemnification costs and expenses) and the evaluation, negotiation, structuring, appraising, financing, refinancing or otherwise dealing with potential investments, financings, dispositions, investments in progress and completed investments (including any “dead deal” costs, travel, legal, due diligence, reporting, projections, valuation, tax and accounting expenses and other fees costs or expenses of any third parties and the General Partner or the Manager related thereto), regardless of whether the potential investments, financings, dispositions, improvements, developments or investments in progress are consummated, travel and accommodations relating to the diligencing and monitoring of investments, the costs of retaining third-party consultants, accountants, attorneys or other experts utilized as part of the investment process, due diligence and monitoring related expenses and closing costs incurred in connection with the investment process; (iv) any custodial expenses for the safekeeping of cash, securities and other property, making cash-equivalent investments, interest expenses, brokerage commissions and other investment costs incurred by or on behalf of the Partnership; (v) all fees, costs and expenses related to the ongoing offering and sale of Interests to prospective Limited Partners (including, but not limited to, any related legal fees and travel expenses and the costs of preparing, updating, printing and distributing marketing materials (including, but not limited to, pitchbooks, due diligence questionnaires, and any materials requested by Prospective Investors), the preparation and negotiation of Other Agreements or supplements, review of subscription documents, Form D and “blue-sky” expenses, and “world-sky” expenses); (vi) regulatory and compliance expenses of the Partnership and, to the extent directly related to the Partnership, the Manager (such as those relating to regulatory filings, including the Partnership’s allocable portion of Form PF-related

expenses, related software expenses, third-party expenses related to compliance with FATCA, any costs associated with complying with any obligations under the Advisers Act); (vii) any fees, costs and expenses necessary for a rating agency to rate the Partnership and to monitor such rating; (viii) any extraordinary administrative or operating fees or expenses (including, but not limited to, litigation or indemnification expenses under this Agreement or related to any asset of the Partnership); (ix) taxes, fees and other equivalent governmental charges levied against the Partnership, any investment or other asset of the Partnership or the income thereof (to the extent not attributable to a Partner, as determined by the General Partner); and (x) premiums for insurance (including terrorism, errors and omissions, directors and officers and other forms of liability insurance) protecting the Partnership, the General Partner, the Manager (acting in such capacity) and the Advisory Committee and any other Indemnitee and litigation costs of the Partnership.

It is expected that, to the extent practical, the fees and expenses of the Partnership generally will be paid at the Master Fund level with appropriate adjustments being made to the corresponding tracking accounts maintained by the Master Fund for the Limited Partners to reflect any incremental fees and expenses that are incurred directly at the Partnership level.

In the event that any of the foregoing fees and expenses are incurred with respect to the Fund and Other Accounts, the Manager will allocate the costs across the entities on a pro rata basis, or on such other basis as it determines to be fair and equitable.

Expenses borne by MLIA's private equity fund of funds

The Partnership will be responsible for all expenses attributable to the operation of the Partnership and its Portfolio Investments and the performance by the General Partner, the Management Company, the Partnership and their respective Affiliates of their respective obligations, including but not limited to: (i) Organizational Expenses and the organization of any alternative investment vehicle or holding vehicle, including documentation related thereto; (ii) the Management Fee (as defined herein); (iii) all expenses, costs and liabilities incurred in connection with the identifying, structuring, negotiating, purchasing, monitoring, owning, improving, readying for sale, servicing, sale, proposed sale, other disposition and valuation of investments (including due diligence in connection therewith), including, but not limited to, travel and entertainment expenses incurred in connection with the foregoing, legal, accounting, audit and other expenses (to the extent not subject to reimbursement); (iv) costs and liabilities incurred in connection with litigation or other extraordinary events, liability and other insurance and indemnity expenses; (v) all taxes, fees and other governmental charges payable by the Partnership, expenses incidental to the transfer, servicing and accounting for the Partnership's cash and securities, including all charges of depositories and custodians, and all expenses incurred by the "tax matters partner"; (vi) communications expenses, (vii) all expenses and costs associated with Limited Partner meetings; (viii) all expenses and costs of the Advisory Committee (as defined below); (ix) brokerage commissions, custodial expenses, appraisal fees and other investment costs; (x) expenses of liquidating the Partnership and its subsidiaries; (xi) expenses incurred in connection with maintaining the Partnership's books of account and the preparation of financial statements (including, without limitation, fees and expenses of independent auditors, accountants and counsel, the costs and expenses of preparing and circulating reports and any fees or imposts of a governmental authority imposed in connection therewith) and other routine administrative expenses of the Partnership or its subsidiaries, including, but not limited to, the cost of the preparation of applicable tax returns of the Partnership, cash management expenses and insurance and legal expenses; and (xii) all expenses incurred in connection with any indebtedness or bridge financings of the Partnership or other credit arrangement (including any line of credit, loan commitment or letter of credit for the Partnership or related to any Portfolio Investment (or any underlying asset)) (collectively, "Partnership Expenses").

In addition, the Partnership, and thus the Partners, will bear a pro rata share of the partnership and organizational expenses paid by the Partnership with respect to any Portfolio Investment.

Expenses borne by MLIA's hedge fund of funds

Except to the extent described under "*—Payment of Fees and Expenses*" below, each Limited Partner will be responsible for and directly pay its allocable share of all expenses attributable to the operation of the Fund and the performance by the General Partner, the Investment Manager, the Fund and their respective affiliates of their respective obligations, including but not limited to: (i) the Management Fee and fees payable to any third-party

administration services provider; (ii) the Fund's legal, accounting (including expenses paid to third-party vendors associated with the Fund's internal accounting), administrative, auditing, tax preparation and other professional expenses; (iii) all expenses, costs and liabilities incurred in connection with the identifying, structuring, negotiating, purchasing, monitoring, owning, hedging disposing and valuing Underlying Portfolio Vehicle interests and Portfolio Investments (including due diligence in connection therewith), including, but not limited to, travel and entertainment expenses incurred in connection with the foregoing, legal, accounting, audit and other expenses (to the extent not subject to reimbursement); (iv) liability and other insurance and indemnity expenses; (v) all taxes, fees and other governmental charges payable by the Fund (other than those specifically allocated by the General Partner to one or more, but not all, Limited Partners pursuant to the Partnership Agreement), expenses incidental to the transfer, servicing and accounting for the Fund's cash and securities, including all charges of depositories and custodians; (vi) filing fees and expenses; (vii) brokerage commissions, custodial expenses, appraisal fees, bank service fees and other investment costs; (viii) the costs of printing and distributing periodic and annual reports and statements and regulatory and compliance expenses directly related to the Fund; (ix) expenses of liquidating the Fund; (x) expenses incurred in connection with maintaining the Fund's books of account and the preparation of financial statements (including, without limitation, fees and expenses of independent auditors, accountants and counsel, the costs and expenses of preparing and circulating reports and any fees or imposts of a governmental authority imposed in connection therewith) and other routine administrative expenses of the Fund, including, but not limited to, the cost of the preparation of applicable tax returns of the Fund, cash management expenses and insurance and legal expenses; and (xi) all expenses incurred in connection with any indebtedness or bridge financings of the Fund or other credit arrangement (including any line of credit, loan commitment or letter of credit for the Fund) (collectively, "Fund Expenses").

In addition, the Fund will indirectly bear its *pro rata* share of the organizational, operational and transactional expenses of the Underlying Portfolio Vehicles, including any incentive-based compensation payable to the Sub-Advisors, the equivalent of Fund Expenses incurred by the Underlying Portfolio Vehicles, and the transaction fees and costs incurred in connection with their investments and trading, including brokerage commissions (including options and futures trades), spreads, mark-ups on securities, swaps and forwards, commodity trading-related expenses, short dividends, currency and other hedging costs, interest expenses in respect of margin accounts, repurchase agreements and other indebtedness and other similar costs and expenses.

The General Partner or the Investment Manager, as applicable, will be entitled to reimbursement to the extent it advances expenses otherwise allocable to the Fund as described above.

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 MetLife affiliated accounts which includes MetLife's domestic insurance company subsidiaries (the "MetLife Accounts"), registered investment companies, and pooled investment vehicles.

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

Real Estate Equity Strategies

MLIA offers managed account real estate equity strategies tailored to each client's individual goals, objectives, target markets, and guidelines. For real estate equity managed accounts, 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. In certain cases, the MetLife Accounts may co-invest in the properties alongside the client. MLIA is also the investment manager 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. Its regional offices are responsible for originating opportunities in a defined geographic area, and MLIA analyzes whether a proposed opportunity fits within the sought-after investment parameters for any client.

Once an initial analysis is complete, MLIA analyzes the opportunity in more depth, including as appropriate financial and market analysis, cash flow modelling, return sensitivity analysis, and investment structure analysis. If the real estate equity investment committee preliminarily approves the investment, 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.

Real Estate Debt Strategies

Commercial Mortgages: MLIA offers managed account real estate debt strategies tailored to each client's individual goals, objectives, target markets, and guidelines. For real estate debt managed accounts, 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. In certain cases, the MetLife Accounts may act as a co-lender alongside the client. MLIA is also the investment manager to a pooled investment vehicle that originates and manages real estate debt investments. MLIA's real estate group maintains seven U.S. regional offices. Throughout its regional offices, the origination team identifies, evaluates, structures and negotiates investments nationwide. Each internal due diligence process is led by seasoned commercial mortgage loan originators located in each of the regional offices, with guidance provided by the Debt Strategies Group's (DSG's) Investment Committee. Primary loan management responsibilities are handled by each regional office, with frequent communication with portfolio managers.

Agricultural Loans: MLIA offers managed account agricultural loan strategies tailored to each client's individual goals, objectives, target markets, and guidelines. Agricultural loans include agribusiness loans, timber loans, and farm and & ranch loans. MLIA sources agricultural loan opportunities by leveraging existing and building new relationships. It relies on a decentralized regional office structure for the origination, administration and portfolio surveillance of loan assets. The regional offices are responsible for originating long-term buy and hold mortgage loan opportunities in a defined geographic area and MLIA analyzes whether a proposed opportunity fits the client's guideline parameters. If the loan request meets initial underwriting, MLIA further analyzes the borrower's credit and repayment capacity, loan structure, property valuation, borrower's management capacity and any other due-diligence deemed critical to underwriting. Upon completion of the underwriting and due diligence process, the agricultural portfolio unit ("APU") reviews the loan package and internal approval is processed. Upon approval, the loan is closed, funded and managed by MLIA. Each region is responsible for the day-to-day management and oversight of the loan administration. Servicing and portfolio management processes are documented and managed through either delegated authority to regional management or APU approval through a workflow process. Special loan servicing is managed in concert between the regions and APU. Portfolio management and surveillance is

managed in concert between the regions and APU and loan administration is managed at the regions through maturity.

Participations in Commercial Mortgage Loans and Agricultural Loans: From time to time, MetLife Real Estate Lending, LLC ("MREL"), an affiliate and client of MLIA, will offer MLIA's other clients, including MetLife Accounts, the opportunity to acquire participation interests in certain commercial mortgage loans or agricultural loans that MREL is originating. Each client interested in receiving these participation opportunities enters into a master participation and servicing agreement with MREL ("MPSA"). Each client specifies its own investment parameters, including target markets, desired characteristics, investment limitations, and other factors in its MPSA. Once a participation opportunity is identified, MLIA will determine whether a proposed opportunity fits the clients' guideline parameters and then offer those clients the ability to participate on a pro rata basis. Each investment must be approved by the client on a case-by-case basis. MLIA sources loan opportunities for MREL the same way that it sources commercial mortgage and agricultural whole loans above.

Index Strategies

MLIA offers index strategies to its clients.

Each portfolio is managed according to its own investment strategy and carries different risks. MLIA manages both equity and fixed income index portfolios. The investment objective of each portfolio is to track the performance of a specified underlying index. For equity index portfolios, either a full replication or stratified sampling methodology is employed. For fixed income index portfolios, a stratified sampling methodology is employed. When engaging in a stratified sampling methodology, the portfolio 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).

Additionally, MLIA is a subadvisor to Brighthouse Investment Advisers, LLC ("BIA"), which is the investment adviser to the Brighthouse Funds Trust I and Brighthouse Funds Trust II (together, the "Brighthouse Funds"). The Brighthouse Funds are each a registered investment company. Prior to investing in the Brighthouse Funds, clients receive a copy of the applicable summary prospectus.

Public Fixed Income Strategies

MLIA offers managed account public fixed income strategies tailored to each client's individual goals, objectives, targets, and guidelines. MLIA manages public fixed income strategies across sectors, including Investment Grade and High Yield Corporate Bonds, Municipal Bonds, Emerging Markets Bonds, Structured Finance, and Government Securities asset classes. These strategies are actively managed, seeking to offer clients favorable income, capital preservation, and total return over an economic cycle. In the case of separately managed accounts, MLIA follows the client's mandate and investment guidelines in building and managing a fixed income portfolio. MLIA is also the investment manager to a pooled investment vehicle that invests in bank loans. Clients may specify their investment parameters, including credit quality, duration, and income targets, and MLIA customizes each fixed income portfolio to meet these investment needs.

The highly-specialized sector teams utilize their established investment processes and deep experience in the asset class to evaluate potential investments on a deal-by-deal basis. MLIA employs both a top-down and bottom-up approach to fixed income investing. From a top-down perspective, the teams leverage an internal Global Market Strategy group for in-house macroeconomic views, as well as the Global Credit, Leveraged Loan, and Real Estate teams, for example, for fundamental sector views. From a bottom-up perspective, each team employs rigorous sector-level and security-level credit analysis, as well as on-site due diligence and manager meetings, as needed, to determine if a given transaction is an attractive investment for the portfolio. Teams use proprietary models to run scenario analyses on bonds, and leverage long-dated relationships with relevant sell-side, buy-side and research firms, to ensure that all appropriate quantitative and qualitative analysis has been conducted on a potential investment.

Portfolio managers determine the size and allocation of each investment in a fixed income portfolio (as per client guidelines), while sector traders execute portfolio decisions. Each sector team monitors holdings on an ongoing basis. In-depth weekly, monthly, and quarterly reviews are conducted to update buy/sell/hold recommendations as

needed. MLIA holds formal quarterly reviews with all separately-managed account fixed income clients, and ad-hoc meetings as needed to discuss specific investment, portfolio, or market inquiries.

Private Fixed Income Strategies

MLIA offers private fixed income strategies tailored to each client's individual goals, objectives, targets, and guidelines. MLIA manages private fixed income strategies across sectors, including corporate debt, project finance, ABS and CMBS, infrastructure debt, bank loans and other debt securities offered in private placements, Rule 144A transactions, and other offerings exempt from registration with the SEC. These strategies are actively managed, seeking to offer clients favorable income, capital preservation, and total return over an economic cycle. In the case of separately managed accounts, MLIA follows the client's mandate and investment guidelines in building and managing a private fixed income portfolio. MLIA is also the investment management to a pooled investment vehicle investing in bank loans.

In evaluating private fixed income investments for its clients, MLIA considers many aspects of a possible investment; critical priorities include:

- The 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.

Securities Lending

MLIA offers a securities lending program for its clients. Securities lending is a spread-margin business that is intended to generate incremental income for clients. In a securities lending program, securities owned by MLIA clients (the "Lenders") are loaned to highly rated counterparties (the "Borrowers") in exchange for collateral, usually in the form of cash. The overall demand for the securities loaned to the Borrowers creates an attractive cost-of-funds rate for use of the cash collateral, which is then reinvested at a higher rate of return. The spread between the reinvestment return on the cash collateral and the cost-of-funds provides the incremental income for the Lender. The investment of cash collateral is managed conservatively, with investments generally consisting of short-term and liquid securities. If the Borrowers provide non-cash collateral in respect of a securities loan, the Lenders receive a fee for the use of the loaned securities. MLIA clients conduct an independent analysis and approve each counterparty before it is authorized as a Borrower.

The initial value of the collateral received is 102% of the value of the securities on loan. Loaned securities are marked-to-market on a daily basis against the value of the collateral pledged, with a daily exchange of collateral to ensure that the collateral value is maintained at 102%, subject to certain qualifications. In the event of a Borrower default or bankruptcy, MLIA, on behalf of the Lender, would use the collateral to buy an equivalent amount of the loaned security in the open market.

Clients may specify guidelines for the reinvestment of cash collateral including credit quality, duration and income targets, and MLIA customizes the reinvestment portfolio to comport with these parameters. In some instances, the estimated fair value of the securities within the reinvestment portfolio may fall below the amount of cash collateral received, for example, upon an increase in interest rates or an impairment or default of a security held in the reinvestment portfolio. If MLIA is forced to sell securities from the reinvestment portfolio on short notice in order to return significant amounts of cash collateral under the securities lending program or meet other significant cash needs, it may be difficult to sell such collateral in a timely manner, or MLIA may be forced to sell securities in a volatile or illiquid market for less than the value that could have been realized under normal market conditions, or both. In the event of a forced sale, accounting guidance requires the recognition of a loss for securities in an unrealized loss position and may require the impairment of other securities based on the Lender's ability to hold those securities, which would have a negative impact on the Lenders. In addition, under stressful capital market and economic conditions, liquidity broadly deteriorates, which may further restrict the ability to sell securities. Furthermore, if a Lender decreases the volume of its securities lending activities over time, the amount of net investment income generated by these activities will also likely decline.

MLIA's management of a client's securities portfolio typically is not encumbered by the securities lending program. If the portfolio manager decides to sell a security that was on loan, the security is "recalled." Under the terms of the securities lending contract, the Borrower is obligated to return such loaned security to the Lender within a time period not to exceed the customary settlement period for the particular security on loan. If for some reason the Borrower failed to meet that obligation, it would be required to pay an additional fee to the Lender.

Alternative Investments

MLIA offers managed account alternative investments strategies tailored to each client's individual goals, objectives, target markets, and guidelines. MLIA manages alternative investments strategies across private equity funds (e.g. leveraged buyouts, venture capital, distressed securities, infrastructure, and timber funds) and hedge funds managed by unaffiliated third parties (collectively "Funds"). These investments typically are structured as limited partnerships and presented to MLIA directly from the Fund's general partner or in some cases through placement agents representing the Funds.

MLIA sources Funds on a global basis through its team based in offices in the U.S., U.K. and Hong Kong. The origination process begins with the receipt of marketing materials in the form of executive summary, "pitch book", or private placement memorandum which describes the opportunity. MLIA's staff will review the deal information and determine whether it fits general investment parameters.

Once initial analysis is completed and a commitment to the fund is considered, MLIA conducts an in-depth analysis. This analysis would entail due diligence sessions are held with the General Partner of the Fund to understand Fund management's strategy and competence. MLIA evaluates the investment track record and typically conducts extensive reference calls with portfolio company management, other Fund investors, and co-investors, among others. A review of the Fund manager's compliance practices, processes and controls is also completed. Prior to closing, all the due diligence materials are compiled into an investment recommendation memorandum which covers items such as investment rationale and considerations, investment structure and terms, historic financial performance and analysis of firm's track record, references, Fund and strategy description, portfolio company review and overall manager evaluation.

To monitor Fund investments, MLIA participates in Fund annual meetings and conducts periodic reviews, including quarterly conference calls, to assess Fund performance and the general health of a manager's business. If these meetings uncover information or operating patterns that are not consistent with the manager's investment mandate, MLIA will explore further to determine if the situation requires increased scrutiny or perhaps even termination. During its periodic reviews, MLIA will focus on the principal areas affecting the Fund, such as the health of managers business, adherence to Fund's stated investment objectives and strategy, overall performance of the Fund's investments and adherence to diversification practices.

Additionally, 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.

Management of CDO

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

Asset Management for ERISA Plans

MLIA provides investment advice to certain retirement plans subject to the Employee Retirement Income Security Act of 1974, as from time to time amended ("ERISA") as well as their plan asset committees and sponsors. The terms of MLIA's investment management services, including the types of services that MLIA provides, is set forth in the agreement between MLIA and its clients.

Disclosure of Private Funds on Form ADV Part 1

Certain pooled investment vehicles managed by MLIA do not meet the definition of "private fund" as defined on Form ADV Part 1, Item 7B. As such, they are not required to be disclosed on Schedule D. Additional information on why each of these funds is not required to be disclosed on Schedule D is available by contacting MLIA.

MLIA has summarized below certain important risks for clients and prospective clients to consider.

Risks Relating to Debt Investing

Loss of Invested Capital. Investments in securities are subject to risk of loss. The value of the assets will fluctuate based upon a multitude of factors, including (i) the financial condition, results of operations and prospects of the issuers of the underlying securities acquired, (ii) governmental intervention, (iii) market conditions and (iv) local, regional, national and global economic conditions. Therefore, Client may lose all or a portion of the assets if the investment strategy pursued on behalf of Client is not successful.

Cash Holdings Risk. Client may invest significant amounts in cash and cash equivalents for indefinite periods of time when MLIA determines that the prevailing market environment warrants doing so. By holding large cash positions, Client may lose opportunities to participate in market appreciation, which may result in lower returns than if Client had remained fully invested in the market. Furthermore, cash and cash equivalents may generate minimal or no income and could negatively impact Client's return on the assets and Client's ability to achieve its investment objective.

Illiquidity. Client's investments require a long-term commitment, with no certainty of return. There may be little or no near-term cash flow available. Many of Client's investments will be highly illiquid. Consequently, dispositions of such investments may require a lengthy time period, so there can be no assurance that Client will realize value on its investments in a timely manner.

Restricted Securities. Client may invest in securities that are not registered under the 1933 Act, including securities representing interests in private equity and hedge funds ("restricted securities"). Restricted securities may be sold in private placement transactions between issuers and their purchasers and may be neither listed on an exchange nor traded in other established markets. In many cases, privately placed securities may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions on resale. As a result of the absence of a public trading market, privately placed securities may be less liquid and more difficult to value than publicly traded securities. To the extent that privately placed securities may be resold in privately negotiated transactions, the prices realized from the sales, due to illiquidity, could be less than those originally paid by Client or less than their fair market value. In addition, issuers whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that may be applicable if their securities were publicly traded. If any privately placed securities held as assets are required to be registered under the securities laws of one or more jurisdictions before being resold, Client may be required to bear the expenses of registration.

Investment Due Diligence and Investment Research. When conducting due diligence and investment research, MLIA may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues, often on an expedited basis, to take advantage of an investment opportunity. Detailed information necessary for a full evaluation may not be available, and the financial information available to MLIA may not be accurate or provided based upon accepted accounting methods. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence and investment research process in varying degrees depending on the type of investment. There can be no assurance that these consultants will evaluate such investments accurately.

Portfolio Concentration. There may be limited diversification or concentration constraints with respect to the assets. If Client investments become relatively concentrated in any one issuer, industry, region, country or type of investment, the value of the assets may be subject to greater volatility and may be more susceptible to any single economic, political, or regulatory occurrence or the fortunes of a single company or industry than would be the case if Client's investments were more diversified.

Economic Conditions. Negative economic trends nationally, in specific geographic areas of the United States and/or outside the United States, could result in an increase in debt or loan defaults and delinquencies. Inability of issuers to obtain refinancing (particularly as high levels of required refinancings approach) may result in an economic decline that could delay or derail an economic recovery and cause deterioration in the performance of debt investments generally.

Additionally, the following factors may disrupt financial markets and have a negative impact on the assets:

- The bankruptcy or insolvency of one or more major financial institutions that results in the disruption of payments with respect to the assets or triggers additional crises in the global credit markets and overall economy;
- Continued deterioration of the sovereign debt of certain countries, together with the risk of contagion to other, more stable, countries;
- Rating agency downgrades (or otherwise negative changes in their ratings outlook) on the sovereign long-term debt ratings of certain countries;
- Reduced liquidity in the fixed income markets as a result of proposed or implemented changes in the laws and/or regulations applicable to financial intermediaries;
- Issues affecting the economies of the United States and/or non-U.S. economies; and
- The impact of (i) military operations, (ii) the possibility or actual occurrence of terrorist attacks domestically or abroad and/or (iii) political instability in some parts of the world which could have a material adverse effect on general economic conditions, world financial markets, particular business segments, world commodity prices, consumer confidence and/or market liquidity.

Market Disruptions; Governmental Intervention. The assets may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions may from time to time cause dramatic losses for the assets, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

The downturn in the credit markets and the global economic crisis in the past several years have led to extensive and unprecedented governmental intervention. These interventions typically have been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies. In response to the financial crises of 2008-2009, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") was enacted in July 2010. Dodd-Frank established a comprehensive framework for the regulation of markets, market participants and financial instruments that were previously unregulated and substantially alters the regulation of many other markets, market participants and financial instruments. It is difficult to predict the ultimate impact of Dodd-Frank on the assets, MLIA and the markets in which they trade and invest, including whether Dodd-Frank will impact market liquidity in a manner adverse to Client or the assets. Further additional legislative or regulatory action could be taken, and the effect of such actions could have a negative impact on the assets.

Risks Relating to LIBOR. Regulators and law enforcement agencies in a number of jurisdictions have conducted and continue to conduct investigations into potential manipulation or attempted manipulation of LIBOR submissions to the British Bankers' Association (the "BBA"). There also have been allegations that member banks may have manipulated other inter-bank lending rates (such rates, together with LIBOR, the "Benchmark Rates"). Benchmark Rates are being reformed. These changes or other changes in the future may affect the Benchmark Rates (and/or the determination thereof) in unknown ways, which could adversely affect the assets.

Litigation Risk. Client's investment activities may subject Client to the risks of becoming involved in litigation. The expense of defending against claims against Client by third parties and paying any amounts pursuant to settlements or judgments would be borne by Client. Client may not be able to defend or prosecute legal proceedings that may be brought against it (or lenders as a group) or that Client (or lenders as a group) might otherwise bring to protect its (or their) interests.

Over-the-Counter/Interdealer Markets. Client may effect transactions in "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the same level of credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes Client to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the

terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the assets to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement or where Client has concentrated its transactions with a single or small group of counterparties. Client may not be restricted from dealing with any particular counterparty or in the size of the exposure that Client may provide to a given counterparty. The inability to make complete and “foolproof” evaluations of the financial capabilities of Client’s counterparties and the absence of a regulated market to facilitate settlement increases the risk to the assets.

Operational and Information Security Risk from Cyberattacks. The assets and their service providers may be subject to operational and information security risks resulting from cyberattacks. For instance, cyberattacks may (i) cause the release of information related to Client or the assets or other confidential information, (ii) subject the assets and their service providers to regulatory fines or financial losses and (iii) cause reputational damage. Cyberattacks are viewed as an emerging risk, and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing changes.

Risks Relating to Debt Investing

Debt Investments Generally. Investments in debt securities are subject to all of the potential conflicts of interest and investment risks set forth above. In addition, investments in debt securities are subject to the risk of an issuer’s ability to meet principal and interest payments on the obligation (credit risk), price volatility due to interest rate sensitivity, market perception of the creditworthiness of the issuer, general market liquidity (market risk) and potential inability to access additional financing due, e.g., to high leverage (leverage risk). The price of a debt instrument generally moves inversely with interest rates, such that a rise in interest rates typically causes a fall in value, while a fall in interest rates typically causes a rise in value. Bonds generally involve less market risk than stocks; however, the risk of bonds can vary significantly depending upon factors such as the credit quality of the issuer and the maturity of the instrument. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation, resulting in losses.

Privately Placed Debt Investments. Client may trade in privately placed debt investments issued by either public or private companies (i.e., companies that have not issued publicly traded securities). Private debt investments may be in the form of loans or securities, and may be issued in financings and recapitalizations. They also may include high yield debt securities (discussed below), which are typically issued in traditional private placements or in connection with acquisitions and other business combinations. Client may trade in debt securities that rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer’s assets or unsecured. Client also may invest in debt securities that are not protected by financial covenants or limitations on additional indebtedness. Privately placed debt issued by public companies is subject to fewer reporting obligations than publicly traded securities issued by those companies. Further, Client may invest in debt securities issued by companies with little or no operating history. Detailed information about privately placed debt necessary for a full evaluation of the securities may be less available to MLIA than would be available in connection with publicly offered debt securities. As noted, Client also may invest in debt securities issued by private companies. Investment in debt issued by private companies is subject to all of the risks of investment in privately placed debt issued by public companies plus additional risks, including (i) greater illiquidity of the Client investment, (ii) inability to sell due to a lack of market, (iii) absence of market efficiency or testing to determine the correct price, (iv) limited or no information available to debt holders regarding, among other things, a private company’s business prospects and results of operations and (v) less oversight from independent directors, regulatory agencies and others.

Default Risk. A defaulted or otherwise distressed Client investment may become subject to workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal and a substantial change in the terms, conditions and covenants with respect to the investment. Such negotiations or restructuring may be extensive and protracted over time and may result in substantial uncertainty with respect to the ultimate recovery on such Client investment. The ability of Client to influence the affairs of an issuer may be substantially less than that of other creditors in the capital structure, depending on the nature of Client’s investment (for example, the seniority of its position in the capital structure and the size of Client’s position relative to those of other investors). Accordingly, Client may not be able to take the steps necessary to

protect its investments in the most opportunistic manner. Client may incur additional expenses if it is required to seek recovery upon default or to negotiate new terms with a defaulting issuer.

Insolvency and Bankruptcy. Various laws enacted for the protection of creditors may apply to Client investments. In a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of a Client investment, such as a trustee in bankruptcy, a court may find that the issuer did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting such Client investment. If, after giving effect to such indebtedness, the issuer (i) is insolvent, (ii) is engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital or (iii) intends to incur, or believes that it will incur, debts beyond its ability to pay such debts as they mature, such court could determine (i) to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, (ii) to subordinate such indebtedness to existing or future creditors of the issuer or (iii) to recover amounts previously paid by the issuer in satisfaction of such indebtedness. The issuer of a Client investment may enter bankruptcy, receivership, insolvency or similar proceedings (collectively, "bankruptcy"). Bankruptcy may result in, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of the related Client investments. There are a number of risks inherent in the bankruptcy process, including:

- Rulings in a bankruptcy case are the product of adversarial proceedings determined by a court with equitable powers and are beyond the control of specific creditors.
- A bankruptcy filing may adversely and permanently affect the issuer making such filing. The issuer may lose its market position, key employees, relationships with important suppliers, access to the capital markets or other sources of liquidity and otherwise become incapable of restoring itself as a viable entity. If a Chapter 11 reorganization is converted to or becomes a liquidation, the liquidation value of the issuer may not equal the liquidation value that was believed to exist at the time of purchase of the Client investment.
- A creditor's return on investment may be adversely affected by delays while a plan of reorganization is being negotiated, approved by parties in interest and confirmed by the bankruptcy court until it ultimately becomes effective. In addition, the administrative costs of the debtor and official committees in connection with the case are frequently high and will be paid out of the debtor's estate prior to any return to general unsecured creditors. Certain claims that have priority by law (for example, claims for taxes) also may be significant.
- If Client purchases an investment for less than its par amount, recovery of the discount (the difference between the purchase price and the par amount) may be disallowed or limited in whole or in part in a bankruptcy.
- Creditors' claims against bankrupt or insolvent entities may be subject to equitable subordination or recharacterization as equity (particularly where the creditor is an insider or otherwise controls the debtor), and transfers made to creditors may be subject to avoidance and disgorgement as preferences or fraudulent conveyances.

Lender Liability Risk. U.S. courts have upheld the right of borrowers to sue lenders or bondholders based on a variety of evolving legal theories (sometimes referred to as "lender liability"). Generally, lender liability is founded on the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or stockholders. The assets also may be subject to claims from creditors of an obligor that debt obligations issued by such obligor should be equitably subordinated. For example, because MLIA or its affiliates may hold equity or other interests in an issuer, the assets could be exposed to claims for equitable subordination or lender liability or both based on such equity or other holdings.

Call and Prepayment Risk. The ability of issuers to prepay assets will vary. The assets will experience a loss if a Client investment was purchased at a price greater than par and is prepaid at par or at a price lower than the purchase price. The rate of prepayments, amortization, delinquencies and defaults may be influenced by various factors including:

- Changes in issuer performance and requirements for capital;
- Interest rate movements;
- Unavailability of credit or a decline in credit underwriting standards; and
- The overall economic environment.

Further, in the case of prepayment, Client bears reinvestment risk, because MLIA may be required to invest the proceeds at a lower rate than the original investment. The assets may pay floating interest rates. To the extent interest rates increase, periodic interest obligations owed by the related issuer also will increase. As prevailing interest rates increase, some issuers may not be able to make the increased interest payments on assets or refinance their balloon and bullet loans, resulting in payment defaults.

Spread Widening Risk. For various reasons, the prices of the assets may decline substantially. In particular, purchasing debt instruments or other assets at what may appear to be “undervalued” or “discounted” levels is no guarantee that these assets will not be trading at even lower levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such “spread widening” risk. Additionally, the perceived discount in pricing from previous environments described herein may still not reflect the true value of the assets underlying debt instruments in which Client invests.

Leveraged Loans and High Yield Instruments. A severe liquidity crisis in the global credit markets resulted in, and may again result in, substantial fluctuations in prices for leveraged loans and high yield debt securities and limited liquidity for such instruments. Although certain sectors may recover in such times, the conditions giving rise to such price fluctuations and limited liquidity may continue and may become more acute. During periods of limited liquidity and higher price volatility, MLIA’s ability to acquire or dispose of assets at a price and time that MLIA deems advantageous may be severely impaired. In addition, a broad credit crisis may adversely affect the primary market for a number of financial products, which may reduce opportunities for Client to purchase new issuances of investments.

Unsecured Loans; Unsecured Bonds. Unsecured loans are not secured obligations and do not have the benefit of a pledge of specified property. The absence of a security interest may make unsecured loans more illiquid investments than senior secured loans, second lien loans or secured bonds. Unsecured bonds are not secured obligations and do not have the benefit of a pledge of specified property. The absence of a security interest may make unsecured bonds more illiquid investments than senior secured loans, second lien loans or secured bonds. In addition, unsecured bonds are subordinate in right of payment to one or more other obligations of the related issuer and therefore are subject to additional risks that the cash flows of the related issuer may be insufficient to make the scheduled payments on the subordinated bonds after giving effect to any senior obligations of the issuer. Subordination is also expected to cause subordinated bonds to be more illiquid investments than senior obligations.

Syndicated Debt and Secondary Market Investments. Client may acquire investments in primary transactions and also by secondary market investments. To the extent Client trades in any syndicated debt, it may be subject to certain additional risks as a result of having no direct contractual relationship with the borrower of the underlying loan. In such circumstances, Client generally will be dependent on the lender to enforce its rights and obligations under the loan arrangements. Such investments will be subject to the credit risk of both the borrower and the lender, because they depend on the lender to make payments of principal and interest received on the underlying loan.

Investment Grade Debt. Investment grade debt obligations are obligations that have credit ratings that are intended to reflect (but will not necessarily reflect) relatively less credit and liquidity risk than those for high yield and mezzanine debt securities. A higher credit rating is not necessarily an indication or a guarantee of actual higher credit quality.

Balloon Loans and Bullet Loans. Balloon and bullet loans involve a greater degree of risk than other types of transactions because they are structured to allow for either small (balloon) or no (bullet) principal payments over the term of the loan, requiring the issuer to make a large final payment upon the maturity of the investment. The ability of such issuer to make this final payment upon the maturity of the investment typically depends upon its

ability either to refinance the investment prior to maturity or to generate sufficient cash flow to repay the investment at maturity. The ability of any issuer to accomplish any of these goals will be affected by many factors, including (i) the availability of financing at acceptable rates to such issuer, (ii) the financial condition of such issuer, (iii) the marketability of the collateral (if any) securing such investment, (iv) the operating history of the related business, (v) tax laws and (vi) the prevailing general economic conditions. Consequently, such issuer may not have the ability to repay the investment at maturity, and Client could lose all or most of the principal of the investment. Given their relative size and limited resources and access to capital, some issuers may have difficulty in repaying or refinancing their balloon and bullet loans on a timely basis or at all. Significant numbers of issuers are facing the need to refinance their debt over the next few years, and significant numbers of collateralized debt obligation transactions are facing the end of their reinvestment periods or the final maturities of their own debt. As a result of the foregoing “refinancing cliff”, there could be significant pressure on the ability of issuers to refinance their debt over the next few years. If the issue is not addressed through adequate systemic liquidity or other measures, increased defaults could result, and there could be downward pressure on the prices and markets for debt instruments, including Client investments.

Limited Control of Administration and Amendment of Investments. Client may have limited consent and control rights with respect to an investment, and such rights may not be effective in view of the expected proportion of such obligations held by Client. MLIA will exercise or enforce, or refrain from exercising or enforcing, any or all of Client’s rights in connection with the assets or any related documents or will refuse amendments or waivers of the terms of any assets and related documents in accordance with its portfolio management practices. MLIA’s ability to agree to changes to the terms of the assets generally will not otherwise be restricted by the Agreement. Client will not have any right to compel MLIA to take or refrain from taking any actions other than in accordance with its portfolio management practices.

U.S. Government Issuers. Client may acquire debt of U.S. Government issuers. Treasury obligations may differ in their interest rates, maturities, times of issuance and other characteristics. Obligations of U.S. Government agencies and authorities are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. Government. No assurance can be given that the U.S. Government will provide financial support to its agencies and authorities if it is not obligated by law to do so.

Sovereign Debt. Client may also acquire sovereign debt instruments, which are subject to the risk that a governmental entity may delay or refuse to pay interest or repay principal on its sovereign debt, due, for example, to cash flow problems, insufficient foreign currency reserves, political considerations, the relative size of the governmental entity’s debt position in relation to the economy or the failure to put in place economic reforms required by the International Monetary Fund or other multilateral agencies. [If a governmental entity defaults, it may ask for more time to pay or for further loans, or it may ask for forgiveness of interest or principal on its existing debt. Furthermore, a governmental entity may be unwilling to renegotiate the terms of its sovereign debt. There may be no established legal process for a U.S. bondholder (such as Client) to enforce its rights against a governmental entity that does not fulfill its obligations, nor are there bankruptcy proceedings through which all or part of the sovereign debt that a governmental entity has not repaid may be collected.

Municipal Bonds Risk. Municipal bonds are subject to interest rate, credit and market risk. The ability of an issuer to make payments could be affected by litigation, legislation or other political events or the bankruptcy of the issuer. Lower rated municipal bonds are subject to greater credit and market risk than higher quality municipal bonds. In addition, municipal issuers may be adversely affected by rising health care costs, increasing unfunded pension liabilities, and the phasing out of federal programs that provide financial support to municipalities. Unfavorable conditions and developments relating to projects financed with municipal securities can result in lower revenues to issuers thereof. Issuers often depend on revenues from these projects to make principal and interest payments. The market prices of residual interest bonds may be highly sensitive to changes in market rates and may decrease significantly when market rates increase.

Emerging Markets Securities Risk. Investments in emerging markets securities are considered speculative and subject to heightened risks in addition to the general risks of investing in foreign securities. Unlike more established markets, emerging markets may have governments that are less stable, markets that are less liquid and economies that are less developed. In addition, the securities markets of emerging market countries may consist of companies

with smaller market capitalizations and may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible restrictions on repatriation of investment income and capital. Furthermore, foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization or creation of government monopolies.

Leveraged Lease Risk. Client may invest in leveraged leases, which may subject Client to many of the risks listed above. In particular, Client will be subject to the risk that a lessee may not make scheduled payments in a timely manner.

Distressed Securities. Client may invest in “below investment grade” securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to Client's investment in any instrument, and a significant portion of the obligations and securities in which Client invests may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that MLIA will correctly evaluate the value of the assets underlying a company's loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which Client invests, Client may lose its entire investment, may be required to accept cash or securities with a value less than Client's original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from Client's investments may not compensate Client adequately for the risks assumed. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to Client of the security in respect to which such distribution was made. In certain transactions, Client may not be “hedged” against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

Reliance on Corporate Management and Financial Reporting. Client may trade various corporate debt instruments and collateralized debt securities. MLIA may select investments for Client in part on the basis of information and data filed by issuers of securities with various government regulators or made directly available to MLIA by the issuers of securities or through sources other than the issuers such as collateral pool servicers. Although MLIA will evaluate all such information and data and seek independent corroboration when it considers it appropriate and reasonably available, MLIA will not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information will not be readily available. MLIA is dependent upon the integrity of the management of these issuers and of such servicers and the financial and collateral performance reporting processes in general. Recent events have demonstrated the material losses which investors such as Client can incur as a result of corporate mismanagement, fraud and accounting irregularities.

Risks Relating to Securities Lending and Repurchase Transactions

Securities Lending Risk. Client may engage in securities lending. Securities lending involves the risk that Client may lose money in the event the borrower of the loaned securities fails to return the securities in a timely manner or at all or becomes insolvent. Client could also lose money in the event of a decline in the value of collateral provided for

loaned securities or a decline in the value of any investments made with cash collateral. If such investments lose value, Client will have to cover the loss when repaying the collateral.

Repurchase Transactions Risk. Client may enter into repurchase and reverse repurchase transactions agreements. The risks associated with these types of transactions arise if the other party to the agreement defaults or becomes insolvent and Client experience losses or delays in recovering its investments. In a repurchase transaction, Client could incur a loss if the value of the securities sold has increased in value relative to the value of the cash or collateral held by Client. In the case of a reverse repurchase agreement, Client could incur a loss if the value of the securities purchased by Client has decreased in value relative to the value of the collateral held by Client. Reverse repurchase agreements may be considered borrowing for some purposes and create the risk of magnified capital losses. The use of leverage may decrease (or increase) Client's returns when Client earns a lesser (or greater) return on leveraged investments than the cost of the leverage. These events could also trigger adverse tax consequences to Client.

Risks Relating to Derivatives

In General. Client may invest in various derivatives instruments, such as convertible securities, options, futures, over-the-counter cleared swaps, forwards and interest rate, credit default, total return and equity swaps and options on such swaps. The use of derivatives instruments involves a variety of material risks, including, but not limited to, those described below. The derivatives markets for certain derivatives instruments may have limited liquidity, which can make it difficult as well as costly to terminate, unwind or close out open positions in order to either realize gains or limit losses.

Market Risk. Market risk is the risk that the value to Client of a transaction will be adversely affected by such factors as:

- fluctuations in the level of one or more market prices, rates or indexes,
- changes in volatility levels of market prices, rates or indexes,
- variances in the correlations or other relationships between various market factors, and
- the level of liquidity, or illiquidity, in the market for the relevant transaction or related markets.

Counterparty Risk. Although MLIA transacts derivatives on a collateralized basis with counterparties that it believes to be creditworthy, there is no guarantee that such counterparties will be able to perform their economic obligations under the derivatives transactions. In addition, centralized clearing of certain over-the-counter ("OTC") derivatives exposes Client to the risk of a default by a clearing member or clearinghouse with respect to its cleared derivative transactions.

Funding Risk. Client bears the risk that Client or its counterparty may not have adequate cash available to fund current obligations, which might occur because of mismatches in cash flows due from or to Client's counterparties in OTC derivatives transactions or related hedging, trading, collateral, or other transactions, or delays in payment.

Operational Risk. Client may incur losses because of inadequacies in its internal systems or controls for monitoring and quantifying the risks and contractual obligations associated with OTC derivatives and related transactions, for recording and valuing the transactions or for detecting human error, or from systems failure or management failure.

Special Risks. There may be other significant risks that Client may be exposed to based on the terms of a specific transaction. Highly customized OTC derivatives transactions, in particular, may present heightened liquidity risk and introduce other significant risk factors of a complex character. Highly leveraged transactions may experience substantial gains or losses in value as a result of relatively small changes in the value or level of an underlying or related market factor. Unusual or extreme changes in market factors may affect the value of the transaction and the risks associated with it in ways that are not taken into account in most available systems for modeling transaction risk.

Pricing. Because the price and other terms on which Client may enter into or terminate an OTC derivatives transaction are individually negotiated, these may not represent the best price or terms available to Client from other sources.

Increased Cost of Hedging Due to Evolving Regulation. The amount of collateral Client may be required to pledge and the payments Client may be required to make under derivatives transactions may increase under certain circumstances will increase as a result of the requirement to pledge initial margin for OTC cleared transactions and for OTC bilateral transactions entered into after 2019 as a result of the adoption of final margin requirements for non-centrally cleared derivatives. Although the final rules allow Client to pledge a broad range of non-cash collateral as initial and variation margin, the prudential regulators, Commodity Futures Trading Commission, central clearinghouses and counterparties may restrict or eliminate certain types of previously eligible collateral or charge Client to pledge such non-cash collateral, which would increase Client's costs and could adversely affect the liquidity of Client's investments and the composition of Client's investment portfolio.

Hedge Effectiveness/Basis Risk. MLIA may use derivatives to hedge various business risks, including the impact of increased benefit exposures from certain annuity products that offer guaranteed benefits. Client is subject to the risk that hedging and other management procedures might prove ineffective in reducing the risks to which insurance policies expose us or that unanticipated policyholder behavior or mortality, combined with adverse market events, could produce economic losses beyond the scope of the risk management techniques employed. Any such losses could be increased by higher costs of writing derivatives (including customized derivatives) and the reduced availability of customized derivatives that might result from the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act and comparable international derivatives regulations. Derivative types may include options, forwards, interest rate, credit default and currency swaps with a number of counterparties on a bilateral basis for uncleared OTC derivatives and with clearing brokers and central clearinghouses for OTC cleared derivatives. If counterparties, clearing brokers or central clearinghouses to such derivatives fail or refuse to honor their obligations under these derivatives, hedges of the related risk will be ineffective.

Risks Relating to Mortgage- and asset-Backed Securities

In General. Mortgage-backed securities (residential and commercial) and asset-backed securities represent interests in "pools" of mortgages or other assets, including consumer loans or receivables held in trust. Although asset-backed and commercial mortgage-backed securities ("CMBS") generally experience less prepayment than residential mortgage-backed securities, mortgage-backed and asset-backed securities, like traditional fixed-income securities, are subject to credit, interest rate, prepayment and extension risks. Small movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain mortgage-backed securities. Client's investments in asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the assets and the servicing of those assets. These securities also are subject to the risk of default on the underlying mortgage or assets, particularly during periods of economic downturn. Certain CMBS are issued in several classes with different levels of yield and credit protection. Client's investments in CMBS with several classes may be in the lower classes that have greater risks than the higher classes, including greater interest rate, credit and prepayment risks.

Mortgage-backed securities may be either pass-through securities or collateralized mortgage obligations ("CMOs"). Pass-through securities represent a right to receive principal and interest payments collected on a pool of mortgages, which are passed through to security holders. CMOs are created by dividing the principal and interest payments collected on a pool of mortgages into several revenue streams (tranches) with different priority rights to portions of the underlying mortgage payments. Certain CMO tranches may represent a right to receive interest only ("IOs"), principal only ("POs") or an amount that remains after floating-rate tranches are paid (an inverse floater). These securities are frequently referred to as "mortgage derivatives" and may be extremely sensitive to changes in interest rates. Interest rates on inverse floaters, for example, vary inversely with a short-term floating rate (which may be reset periodically). Interest rates on inverse floaters will decrease when short-term rates increase, and will increase when short-term rates decrease. These securities have the effect of providing a degree of investment leverage. In response to changes in market interest rates or other market conditions, the value of an inverse floater may increase or decrease at a multiple of the increase or decrease in the value of the underlying securities. If Client invests in CMO tranches (including CMO tranches issued by government agencies) and interest rates move in a manner not anticipated by MLIA, it is possible that Client could lose all or substantially all of its investment. Certain mortgage-backed securities in which Client may invest may also provide a degree of investment leverage, which could cause Client to lose all or substantially all of its investment.

The mortgage market in the United States has experienced difficulties that may adversely affect the performance and market value of certain of Client's mortgage-related investments. Delinquencies and losses on mortgage loans (including subprime and second-lien mortgage loans) generally have increased and may continue to increase, and a decline in or flattening of real-estate values (as has been experienced and may continue to be experienced in many housing markets) may exacerbate such delinquencies and losses. Also, a number of mortgage loan originators have experienced serious financial difficulties or bankruptcy. Reduced investor demand for mortgage loans and mortgage-related securities and increased investor yield requirements have caused limited liquidity in the secondary market for mortgage-related securities, which can adversely affect the market value of mortgage-related securities. It is possible that such limited liquidity in such secondary markets could continue or worsen. Asset-backed securities entail certain risks not presented by mortgage-backed securities, including the risk that in certain states it may be difficult to perfect the liens securing the collateral backing certain asset-backed securities. In addition, certain asset-backed securities are based on loans that are unsecured, which means that there is no collateral to seize if the underlying borrower defaults.

Risks Relating to Investments in Mortgage Loans

Residential Mortgage Loans and Mortgage Loans Generally. Client may invest in mortgage loans and may be subject to all of the risks inherent in mortgage loan investments, including:

- Client is at risk of defaults by the borrowers on those mortgage loans. These defaults may be caused by many conditions beyond MLIA's control, including interest rate levels and local and other economic conditions affecting real estate values. MLIA will not know whether the values of the properties securing the mortgage loans will remain at the levels existing on the dates of origination of those mortgage loans. If the values of the underlying properties drop, the risk to Client will increase.
- Fixed-rate, long-term mortgage loans could yield a return that is lower than the then-current market rates if interest rates rise. If interest rates decrease, Client could be adversely affected to the extent that mortgage loans are prepaid because Client may not be able to generate equivalent returns upon reinvestment of the funds.
- Declines in real estate values may induce mortgagors to voluntarily default on their loans, increasing the risk of foreclosure and loss of capital.
- Delays in liquidating defaulted mortgage loans could reduce Client's investment returns. If there are defaults under those mortgage loans, MLIA (or its agent) may not be able to repossess and sell the underlying properties quickly. The resulting time delay could reduce the value of Client's investment in the defaulted mortgage loans. An action to foreclose on a property securing a mortgage loan is regulated by state statutes and regulations and is subject to many of the delays and expenses of other lawsuits if the defendant raises defenses or counterclaims.

Commercial Mortgage Loan Risk. Client may invest in or originate commercial mortgage loans. The value of Client's commercial mortgage loans may be influenced by the historical rate of delinquencies and defaults experienced on the commercial mortgage loans and by the severity of loss incurred as a result of such defaults. The factors influencing delinquencies, defaults and loss severity include (i) economic and real estate market conditions by industry sectors (e.g., multifamily, retail, office); (ii) the terms and structure of the mortgage loans; and (iii) any specific limits to legal and financial recourse upon a default under the terms of the mortgage loan. The ability of a borrower to repay a commercial mortgage loan secured by income-producing property typically is dependent primarily upon the successful operation and operating income of such property (i.e., the ability of tenants to make lease payments, the ability of a property to attract and retain tenants, and the ability of the owner to maintain the property, minimize operating expenses, and comply with applicable zoning and other laws) rather than upon the existence of independent income or assets of the borrower and many commercial mortgage loans may provide recourse only to specific assets, such as the property, and not against the borrower's other assets or personal guarantees. Commercial mortgage loans generally do not fully amortize, which can necessitate a sale of the property or refinancing of the remaining "balloon" amount at or prior to maturity of the mortgage loan. Accordingly, investors in and originators of commercial mortgage loans bear the risk that the borrower will be unable to refinance or otherwise repay the mortgage at maturity, thereby increasing the likelihood of a default on the borrower's

obligation. Exercise of foreclosure and other remedies may involve lengthy delays and additional legal and other related expenses, including transfer taxes, in addition to potentially declining property values. In certain circumstances, the creditors may also become liable upon taking title to an asset for environmental or structural damage existing at the property.

Agricultural Mortgage Loans. Client may invest in or originate agricultural mortgage loans. The risks associated with agricultural mortgage loans are similar to those described above with respect to commercial mortgage loans. The ability of a borrower to timely repay a mortgage loan secured by agricultural real property and/or outbuildings or facilities and to avoid default may be influenced by a variety of factors, including fluctuations in the price of agricultural commodities and the impact of the weather and catastrophic events such as tornadoes and flooding on yields from tillable land, which may be outside the control of the borrower. To the extent a borrower defaults on an agricultural mortgage loan, the assets seized in a foreclosure may be highly illiquid.

Risks Relating to Real Estate Investments

Real Estate Investments Generally. The main risk of real estate related investments is that the value of the real estate may go down. Many factors may affect real estate values. Real estate investments generally will be subject to the risks incident to the ownership and operation of real estate and/or risks incident to the making of nonrecourse mortgage loans secured by real estate, including (i) risks associated with both the domestic and international general economic climate; (ii) local real estate conditions; (iii) risks due to dependence on cash flow; (iv) risks and operating problems arising out of the absence of certain construction materials; (v) changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); (vi) the financial condition of tenants, buyers and sellers of properties; (vii) changes in availability of debt financing; (viii) energy and supply shortages; (ix) changes in the tax, real estate, environmental and zoning laws and regulations; (x) various uninsured or uninsurable risks; (xi) natural disasters; and (xii) the ability of Client or third-party borrowers to manage the real properties. The availability of mortgages and changes in interest rates may also affect real estate values. If Client's real estate related investments are concentrated in one geographic area or in one property type, Client will be particularly subject to the risks associated with that area or property type.

Real Estate Investment Trusts. In addition to the risks facing real estate and real estate-related securities, such as a decline in property values due to increasing vacancies, a decline in rents resulting from unanticipated economic, legal or technological developments or a decline in the price of securities of real estate companies due to a failure of borrowers to pay their loans or poor management, investments in real estate investment trusts ("REITs") involve unique risks. REITs may have limited financial resources, may trade less frequently and in limited volume and may be more volatile than other securities. As a result, some of Client's investments are subject to the risks incident to investments in REITs and companies engaged in real estate activities, generally, including: (i) potential environmental liabilities, the risk of uninsured losses, the perceptions of prospective tenants of the safety, convenience and attractiveness of the properties, the ability of the owner to provide adequate management, maintenance and insurance, the expenses of periodically renovating, repairing and re-letting spaces, and increasing operating costs (including mortgage payments, real estate taxes, insurance, maintenance costs and utilities) which may not be passed through to tenants; (ii) risks of owning properties through joint ventures or partnerships which may render a REIT or a company engaged in real estate activities unable to exercise sole decision-making authority and subject the REIT or other company to the risk that a joint venturer or partner will act in a manner contrary to its best interests; (iii) general real estate investment considerations, such as the effect of local economic and other conditions on property cash flows and values, the need to re-let space upon the expiration of current leases, dependence on major tenants and the possibility of tenant defaults, the ability of a property to generate revenue sufficient to meet debt service payments and other operating expenses, periodic excessive real estate development, and the illiquidity of real estate investments, all of which may affect the REIT's or other company's ability to make expected distributions to its stockholders; (iv) possible increases in interest rates, which may lead prospective purchasers of real estate equity securities, as well as other classes of equities, to demand higher annual yields, and which would adversely affect the market price of such securities; (v) borrowing risks; (vi) relative illiquidity of real estate investments which will tend to limit the ability of a REIT or non-REIT issuer to vary its holdings promptly in response to changes in local economic or other conditions; and (vii) risks associated with the management by REITs of properties owned by third parties, including the risk that management contracts (which are typically cancelable without notice) will be terminated by the entity controlling the property or in connection with the sale of such

property, that contracts may not be renewed upon expiration or may not be renewed on terms consistent with current terms, and that the rental revenues upon which management fees are based will decline as a result of general real estate market conditions or specific market factors. Investments in REITs are also subject to special risks, including, without limitation: (i) restrictions on ownership (which may prohibit ownership of more than 9.9% of a REIT's shares by one investor), which are designed to ensure that the REIT does not violate certain share accumulation restrictions imposed by federal tax laws on REITs and which may also deter possible acquisitions of, or changes in control of, a REIT; (ii) many REITs have small-to-medium sized market capitalizations which may be more volatile than prices of large-capitalization securities and an investment in such securities may be less liquid; and (iii) tax risks, including risk of changes in the tax laws that may cause a REIT to fail to qualify as a REIT or cause REITs, generally, to be subject to corporate taxation.

Risks Relating to Equity Investing and Limited Partnership Interests

Equity Investment Generally. Common and preferred stocks represent equity ownership in a company. Stock markets are volatile. The price of equity securities will fluctuate and can decline and reduce the value of the assets. The value of equity securities purchased by Client could decline if the financial condition of the companies Client invests in declines or if overall market and economic conditions deteriorate. The value of equity securities may also decline due to factors that affect a particular industry or industries, such as labor shortages or an increase in production costs and competitive conditions within an industry. In addition, the value may decline due to general market conditions that are not specifically related to a company or industry, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or generally adverse investor sentiment.

Preferred Securities. Preferred securities may pay fixed or adjustable rates of return. Preferred securities are subject to issuer-specific and market risks applicable generally to equity securities. In addition, a company's preferred securities generally pay dividends only after the company makes required payments to holders of its bonds and other debt. Unlike interest payments on debt securities, dividends on preferred shares are generally payable at the discretion of the board of directors of the issuer. For this reason, the value of preferred securities will usually react more strongly than bonds and other debt to actual or perceived changes in the company's financial condition or prospects. Preferred securities of smaller companies may be more vulnerable to adverse developments than preferred stock of larger companies.

Private Equity and Hedge Funds. Client may invest in securities representing limited partnership interests (or their equivalent) in private equity and hedge funds. Such investments are generally subject to the risks described above under "Restricted Securities," including with respect to restrictions on transfer or resale, the lack of liquidity to which such investments may be subject and the effect of such illiquidity on valuations, and the loss of certain protections offered under the securities laws to holders of registered securities. In addition to the foregoing, Client's investments in hedge funds may be subject to other risks, including, without limitation, the risk that restrictions on redemptions may prevent Client from exiting a hedge fund investment during periods of market stress. Investments in private equity and hedge funds are speculative and may subject Client to the risk that the strategy chosen by the fund's investment manager to achieve the fund's objective will not be successful. As a limited partner (or its equivalent), Client will have little or no control over the management of a private equity or hedge fund in which it is invested or the investment decisions of the fund's investment manager.

Risks Relating to Foreign Investments

In General. Client may invest in companies located in countries other than the United States. Accordingly, Client may be exposed to risks associated with foreign investments, including:

- The value of holdings traded outside the United States (and any hedging transactions in foreign currencies) will be affected by changes in currency exchange rates.
- The costs of non-U.S. securities transactions tend to be higher than those of U.S. transactions.
- Foreign holdings may be adversely affected by foreign government action.

- International trade barriers or economic sanctions against certain non-U.S. countries may adversely affect these holdings.
- The economies of certain countries may compare unfavorably with the U.S. economy.
- Foreign securities markets may be smaller than the U.S. markets, which may make trading more difficult.
- Foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies.
- In the event of a default of any foreign debt obligations, it may be more difficult for Client to obtain or enforce a judgment against the issuers of such securities.
- Changes or modifications in existing judicial decisions or in the current positions of the IRS, either taken administratively or as contained in published revenue rulings and revenue procedures (which changes or modifications may apply with retroactive effect), and the passage of new legislation, could lead to unfavorable treatment of certain non-U.S. securities which could adversely impact the Client's portfolio.

Risks Relating to Infrastructure assets

In General. Investments in infrastructure debt are subject to all of the potential conflicts of interest and investment risks set forth above. In addition, most infrastructure assets have unique geographic and market characteristics, as well as regulatory characteristics, that can result in unique costs and delays in the revenues from such assets. Infrastructure assets can have a narrow customer base, and the source of revenues may be affected significantly by the failure of their customers or counterparties to pay their contractual obligations. Further, the insolvency of a lead contractor, a major subcontractor or a key equipment supplier could result in material delays, disruptions and costs that could significantly impair the financial viability of an infrastructure investment project and any potential revenues. All of these effects on such assets or on the revenues of such assets could negatively affect the cash flow available to service their related debt. Additional risks that could impact the ability of an issuer to meet its principal and interest payments on an infrastructure-related debt obligation or the ability of MLIA to make suitable investments in such obligations on behalf of Client include:

- A project may not be completed within budget, within the agreed time frame and/or to the agreed specification due to labor disputes, shortages of materials or skilled labor or work stoppages, adverse weather conditions, accidents, catastrophic events or terrorist activities and similar events beyond the control of the issuers of debt included in the assets or MLIA.
- Infrastructure debt is subject to magnified risks relating to operations and technical issues. There are a limited number of operators with the expertise necessary to successfully maintain and operate infrastructure projects. Mechanical breakdown, spare parts shortages, failure to perform according to design specifications, labor strikes, labor disputes, work stoppages and other work interruptions, and other unanticipated events may adversely affect operations.
- Infrastructure assets typically are subject to numerous statutes, rules and regulations relating to environmental protection that create significant liability to the owners and operators of such assets and/or the lenders to such assets. This regulatory framework is subject to change and to imposing more stringent obligations on the infrastructure assets and, therefore, the issuers of debt instruments included in the assets. There can be no guarantee that all costs and risks regarding compliance with U.S. and non-U.S. environmental laws, regulations, regulatory initiatives and permit requirements can be identified at the time that any investment is made or managed as part of the assets.
- In addition to the regulatory constraints and requirements to which debt investments are generally subject, many infrastructure projects are subject to substantial additional governmental regulation. Governments have considerable discretion in implementing regulations.
- Lease, guarantee and concession agreements with governmental authorities are subject to the risk that these authorities will not be able to honor their obligations under the agreement, especially over the long term.

- Client may invest in debt securities of issuers that are subject to commodity price risk, including, without limitation, the price of electricity and the price of fuel.
- Infrastructure assets are often governed by highly complex legal contracts and documents. The risks of a dispute over interpretation or enforceability of the legal contracts and documentation and consequent costs and delays may be higher than for other types of investments.
- From time to time, Client may invest in debt issued by issuers that engage in infrastructure projects in undeveloped areas where there is a lack of existing infrastructure and a higher requirement for capital expenditures. Additionally, even in developed areas, infrastructure assets may be inefficiently managed and/or damaged or destroyed, causing a delay in or termination of the issuer's business operations.
- Issuers may be subject to catastrophic events and other *force majeure* events, including natural disasters, man-made disasters, defective design and construction and other unforeseen circumstances and incidents, during the construction, technical and/or operational phases. Any of such events could have a material adverse effect on the financial condition and business operations on the issuers of the debt instruments included in the assets and project insurance proceeds may be inadequate to mitigate losses.
- Infrastructure investments are often especially subject to political considerations and popular sentiments that could affect the ability of MLIA to source assets on favorable terms, result in a risk of expropriation of assets or otherwise impact the financial stability of the issuer.

Certain Conflicts of Interest

Client should be aware that there will be occasions when Investment Manager and its affiliates will encounter potential conflicts of interest in connection with activities relating to the Assets.

MetLife Investment Management. MetLife Investment Management ("MIM") is MetLife, Inc.'s institutional investment management business. MLIA is a subsidiary of MetLife, Inc. that provides investment management services and is part of MIM. MLIA or one of its affiliates serves as the investment manager for third party accounts, MetLife affiliates (including Metropolitan Life Insurance Company), and certain investment vehicles sponsored by MLIA or other MetLife affiliates. Accordingly, potential conflicting interests or duties may arise because MLIA or one of its affiliates undertakes investment management activities for another account or accounts investing in the same assets or the same issuers as Client. MLIA acts as adviser to other accounts and may give advice and take action with respect to any of those accounts which may differ from the advice given, or the time or nature of action taken, with respect to the Client's portfolio. There can be no assurance that any MetLife affiliate account that makes an investment alongside Client will continue to hold such investment until its maturity. In addition, investment opportunities will likely be appropriate for more than one account, including third party client accounts from which management fees are paid to MLIA, MetLife affiliate accounts and accounts owned jointly by third-party clients and MetLife affiliate accounts. This presents a conflict of interest for MLIA as there are competing benefits it and the MetLife affiliates derive depending upon which account is allocated a specific investment opportunity. Those competing benefits may include, without limitation, different management fee arrangements and different levels of ownership by MetLife affiliate accounts. Consistent with its fiduciary duties to its clients, MLIA has adopted policies and procedures designed to appropriately manage this conflict, including its allocation policies; however, while diligent efforts will be made to allocate opportunities where appropriate to each account in a fair and equitable manner over time and in accordance with the applicable investment allocation policy, Client will not receive every allocation every time one is sourced and Client may be disadvantaged or harmed by the manner or timing of allocated investment opportunities. For example, a transaction for one account may adversely affect the price at which a transaction in the same instrument can be effected for Client.

Other Relationships. MLIA and its affiliates have existing and potential relationships with a significant number of corporations, institutions and individuals in matters related to their other businesses and investments. As a result of these relationships, MLIA may face conflicts of interest in connection with transactions involving an investment by Client with such persons, including with respect to the consideration offered by, and the obligations of, such persons. In determining whether to pursue a particular investment on behalf of Client, these relationships could be considered by MLIA, and there may be certain potential investments that will not be pursued on behalf of Client in

view of such relationships. As a result, there can be no assurance that all potentially otherwise suitable investment opportunities that come to the attention of MLIA will be made available to Client.

Use of Material, Non-Public Information. 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.

Transactions with Related Parties. MLIA may from time to time engage certain of its affiliates to provide services to its clients. The use of MLIA affiliates to provide these services may raise potential conflicts of interest in that there may be an incentive for MLIA to favor its affiliates over unaffiliated third parties.

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.

Relationship with MetLife Investment Management ("MIM") Affiliates¹

MLIA is part of MIM, MetLife's institutional investment management business. MIM has more than 900 investment professionals located around the globe and is affiliated with many types of U.S. and non-U.S. financial service providers, including other investment advisers, broker-dealers and insurance companies. Some MLIA employees also are officers and employees of some of these affiliates.

Logan Circle Partners

MLIA's affiliate, Logan Circle Partners, L.P. and its subsidiaries (collectively, "Logan Circle"), serves as the investment adviser and general partners to the Logan Circle Private Funds and serves as investment adviser to the Logan Circle Mutual Funds. Logan Circle is an SEC registered investment adviser.

Effective April 2, 2018, MLIA and Logan Circle have combined their investment research, trading and operations. As part of this organizational change, the MIM Public Fixed Income business unit has been established. MIM Public Fixed Income primarily manages portfolios investing in US and non-US investment grade debt, high yield debt, emerging market debt, municipal bonds and structured finance investments. MIM Public Fixed Income is comprised of total return portfolio asset management, insurance asset management, credit trading and credit research, and manages client portfolios for both MLIA.

MLIA and Logan Circle have implemented policies and procedures to address the conflicts that may arise in situations relating to management of Logan Circle's and MLIA's clients, including the MetLife Accounts, including trading desk policies and allocation policies. Copies of these policies are available to current or prospective clients upon request.

UK Investment Management Affiliate

MLIA's affiliate, MetLife Investment Management Limited ("MIML"), located in London, England, is registered with the FCA as an investments adviser and investments manager. MIML provides investment management services to institutional investors located in the UK and the wider European Economic Area. Certain individuals within MLIA may also support the investment management activities of MIML, and MLIA and MIML share personnel and may recommend the same security to clients of both MLIA and MIML. Both MLIA and MIML have adopted allocation policies to address this particular conflict of interest where it arises, as further discussed below.

¹ Subsidiaries of MetLife, Inc. that provide investment management services include Metropolitan Life Insurance Company, MetLife Investment Advisors, LLC, MetLife Investment Management Limited, MetLife Investments Limited, MetLife Investments Asia Limited, MetLife Latin America Asesorias e Inversiones Limitada, MetLife Asset Management Corp. (Japan), Logan Circle Partners, L.P. and Logan Circle Partners, I LLC.

Japan Investment Management Affiliate

MLIA's affiliate, MetLife Asset Management Corp. (Japan) ("MAM"), is an FSA registered discretionary investment manager located in Japan. MAM provides investment management services to institutional investors located in Japan. MLIA acts as a sub-discretionary investment manager to MAM and originates US Dollar investments for MAM's clients at MAM's direction. When MLIA is managing a MAM client account through the sub-discretionary investment manager relationship, such client is treated as an MLIA client for purposes of investment allocations. Additionally, the sub-discretionary investment management agreement between MLIA and MAM permits certain individuals within MLIA to also support the investment management activities of MAM.

Hong Kong Investment Management Affiliate

MLIA's affiliate, MetLife Investments Asia Limited ("MIAL"), is licensed by the Securities and Futures Commission of Hong Kong ("SFC") to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong. MIAL provides investment management services to institutional investors located in Hong Kong. MLIA acts as a sub-discretionary investment manager to MIAL and originates US Dollar investments for MIAL's clients at MIAL's direction. When MLIA is managing a MIAL client account through the sub-discretionary investment manager relationship, such client is treated as an MLIA client for purposes of investment allocations. Additionally, the sub-discretionary investment management agreement between MLIA and MIAL permits certain individuals within MLIA to also support the investment management activities of MIAL.

Broker-Dealer Affiliate

MLIA's affiliate, MetLife Investments Securities, LLC ("MISL"), is a FINRA registered broker-dealer. MISL provides marketing and distribution support related to the offering and selling of securities of certain private funds managed by MLIA (the "Private Funds") to institutional clients. MISL primarily acts as a distributor of interests in the Private Funds managed by MLIA. Certain of MLIA's personnel are also registered representatives of MISL and engage in the marketing activities associated with the Private Funds; however, they do not receive any sales commissions for these activities.

Commercial Mortgage Loan Originator

MetLife Real Estate Lending, LLC ("MREL"), an affiliate of MLIA, may from time to time provide MLIA's clients (including MetLife Accounts) with the opportunity to acquire participation interests in certain mortgage loans it originates. MLIA is the investment manager of MREL and will manage the loans that have been originated. MLIA will have responsibility to provide the participants with reports and other information summarizing the activity of these loans in exchange for a management fee. Potential conflicts of interest may exist due to the fact that loan participation opportunities will likely be appropriate for more than one client, including both MetLife Accounts and third party clients from which management fees are paid to MLIA. MLIA is responsible for sourcing and managing the loans for MREL and will have to determine which clients among those for which an investment is appropriate receive an allocation of a participation in a particular loan opportunity. This presents a conflict of interest for MLIA as there are competing benefits it and its affiliates derive depending upon which client is allocated a specific investment opportunity. As an SEC registered investment adviser, MLIA is committed to addressing conflicts of interest and in that regard has adopted policies and procedures designed to appropriately manage this conflict, including its allocation policy.

Allocation Policies

MetLife affiliates in many instances own or may be interested in acquiring the same investment opportunities as are owned or appropriate for MLIA's third party clients. Additionally, both MLIA and Logan Circle may recommend the same securities to their respective clients.

In order to address the resulting conflicts, MLIA, MIML and Logan Circle have each implemented compliance policies and procedures, including allocation policies specific to each asset class. These allocation policies are designed to ensure that investment opportunities are allocated in a fair and equitable manner over time to third party clients and the MetLife Accounts. For certain asset classes, when a single investment opportunity cannot readily be shared on a pro rata basis between third party clients and the MetLife Accounts, the allocation policies generally provide for allocation of the investment opportunity on a rotational basis. For other asset classes, the desired target

participation amounts for each transaction (including the MetLife Accounts' interests) are aggregated and placed as a single bid/order. The MetLife Accounts may seek a larger position than third party clients in these transactions based on the size of the MetLife Accounts' portfolios as compared to individual third party client mandates. If the entire bid/order can be filled, each third party client and the MetLife Accounts will receive their full target participation amount; otherwise, each participating account's allocation is adjusted based on the allocation policy for that asset class, which as a general matter provide for pro rata reductions in the amount allocated. If a pro rata reduction would reduce a third party client's allocation below its stated minimum, or result in a *de minimis* allocation, the policies generally provide that the third party client would not be allocated any of the acquired investment and its share would be reallocated among the other participating accounts including the MetLife Accounts. As a result, if the MetLife Accounts are participating in that transaction, they would receive an increased allocation whereas the affected third party client would not any allocation. Copies of these allocation policies are available upon request.

Property Management Affiliates

MLIA selects a property management company to provide services to real estate equity managed accounts. For certain real estate properties, MLIA has selected (and will likely select in the future) MIM Property Management, LLC ("MIM PM"), a wholly-owned subsidiary of MLIA, and causes the managed accounts to pay MIM PM (or an unaffiliated property management company) a property management fee. (MIM PM also has retained, and will in the future retain, a third party property sub-manager.) When the fee is paid to MIM PM, such amounts are reimbursed to the managed account by tenants of the particular property. MLIA has a conflict of interest in selecting MIM PM to perform property management services over an unaffiliated property management company. To address this conflict, MLIA ensures that the fee paid to MIM PM offsets on a dollar-for-dollar basis other sources of revenue payable to MLIA with respect to the managed account, such as management fees and incentive compensation payable to MLIA with respect to such managed account. In this way, the fee paid to MIM PM does not, on a net basis, increase the total compensation received by MLIA and its subsidiaries with respect to such managed account. Lastly, because selecting its affiliate to perform these services raises a clear conflict of interest, MLIA obtains client consent to this activity. MLIA does not receive a financial benefit; however, the client benefits through a reduction in advisory fees.

With respect to MLIA's real estate equity fund, MLIA has retained a property management company owned by the fund to service one real estate property held by the fund (and may do so for future real estate properties). Any profits of this property manager inure to the benefit of the fund and its investors. This property manager has engaged a third party property sub-manager and would expect to hire a third party property sub-manager for any future real estate properties of the fund for which it acts as property manager.

Additional Conflicts Related to Affiliations

Affiliates of MLIA may have financial interests in, or relationships with, companies whose securities MLIA purchases or sells for its third party client accounts. At any time, these affiliates' interests and relationships could be inconsistent or in potential or actual conflict with positions held or actions taken by MLIA on behalf of its' third party client accounts. For example: (1) due the fact that MetLife affiliates hold public and private debt and equity securities of a large number of issuers, MLIA's third party clients may invest in some of the same issuers, but at different levels in the capital structure, and (2) MetLife affiliates may hold the senior debt of an issuer whose subordinated debt is held MLIA's third party clients or hold secured debt of an issuer whose public unsecured debt is held in MLIA third party client accounts. In the event of restructuring or insolvency, the MetLife affiliates as holders of senior debt may exercise remedies and take other actions that are not in the interest of, or are adverse to, other MLIA clients that are the holders of junior debt.

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.

In addition to its Code of Ethics, MLIA:

- Maintains and enforces written policies reasonably designed to prevent the unlawful use of material non-public information by MLIA or any of its employees.
- Has implemented ethical wall procedures to wall off a defined unit from tainting the rest of the investments department with the material non-public information that they receive.
- Has implemented policies and procedures that prohibit favoring any MetLife Account (whether managed by MLIA or an affiliated entity) over a third party client's account.
- Has adopted policies prohibit that asset transfers between client portfolios unless such transactions are executed in accordance with the requirements of the Advisers Act.

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

Potential Conflicts Due to Overlapping Client Investments

Where clients hold the same investment, the differing investment objectives of such clients, as well as other factors applicable to the specific situation, may result in a determination to dispose of, or retain, all or a portion of an investment on behalf of a client at different times as such investment or portion thereof is being disposed of, or retained, by other clients. In addition, particularly with respect to illiquid or private investments, conflicts of interest can arise when disposing of a particular investment would be beneficial for one client while retaining such investment would be beneficial for another client. MLIA may also recommend investments to or purchase securities for the account of one client (or supervised persons may purchase such securities) that may differ from investments recommended or purchased for other clients, even though the investment objectives of other these clients may be similar. Moreover, MLIA and its affiliates may make investments or engage in other activities that express inconsistent views with respect to an entity in which MLIA has invested client assets, a particular security or relevant market conditions. For example, if MLIA or its affiliate makes an investment on behalf of one client that expresses a negative outlook on a particular investment in which other clients are invested, this may reduce the value of other clients' investments.

In addition, MLIA's portfolio managers generally make investment decisions for the respective clients that they manage independently of the manner in which it approaches a similar or even the same investment made by other MLIA portfolio managers. In addition, MLIA may take different approaching to hedging for certain clients.

MLIA may invest in the same issuers for client accounts, but at different levels in the capital structure. For example, one client may hold securities in an entity that are senior or junior to the debt securities held by another client, and in the event of restructuring or insolvency clients will be entitled to different payment or other rights, or that in a workout or other distressed scenario the interests of one client might be adverse to those of other clients so that some clients might recover all or part of its investment while the other clients might not.

Cross-Transactions

From time to time, MLIA may sell a security from a Client account and purchase the same security in another Client account through a so called "cross transaction" if MLIA deems the transaction to be in the best interest of each participating Client and is permitted by applicable Client and regulatory requirements. In general, MLIA seeks to conduct cross transactions in accordance with the pricing requirements of Rule 17a-7 under the Investment Company Act of 1940, in which transactions are effected at current market price using the average of the highest current independent bid and lowest current independent offer determined on the basis of a reasonable inquiry.

In certain instances where participating Clients use different custodians, MLIA may utilize the assistance of a broker-dealer to execute a cross transaction between such Clients, to the extent permitted by applicable Client and regulatory requirements and where deemed necessary or appropriate by Logan Circle. In such dealer-assisted cross

transactions, the Rule 17a-7 pricing methodology may be utilized. However, in instances of dealer-assisted cross transactions where there are limited dealers willing to effect the trade, or there is limited inventory in the security to be traded, the Rule 17a-7 pricing method may not be available, and as such, an alternative pricing method may be used. This alternative pricing method requires MLIA to contact at least three dealers and first request a bid on the security from each dealer on behalf of client A; and then upon receipt of the bid information from each dealer, immediately request the same dealer to provide an offer to sell the same security (i.e., a reoffer) to client B. The trade will be executed with the dealer bid that is nearest to the average bid and at spread that is equal to the lower of (i) the dealer's proposed spread, or (ii) the average spread.

The Chief Compliance Officer of MLIA must approve a cross transaction prior to execution.

Item 12: Brokerage Practices

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.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist MLIA in its investment decision-making process. Such research generally will be used to service all of MLIA's clients, but all research will not be applicable to each client. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because MLIA does not have to produce or pay for the products or services.

Additionally, for certain transactions executed on behalf of the Brighthouse Funds, MLIA may direct certain trades to broker-dealers where it will receive no-fee transactions (i.e., no commissions are paid) or outperformance deals (i.e., price improvement for "Market On Close" trades) on trades related to index changes or rebalances. Any financial benefit from these transactions directly benefits the Brighthouse Funds and MLIA receives no financial benefit from these arrangements.

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 MIM'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.

Surprise Examination Requirement

MLIA has contracted with an independent accountant to obtain a surprise examination of any assets over which it may be deemed to have custody (outside of a pooled investment vehicle) as required by applicable custody rules. In addition, these assets are maintained with a qualified custodian, and MLIA ensures it has a reasonable belief that the custodian is sending the client quarterly statements.

Delivery of Audited Financial Statements

MLIA obtains and distributes US GAAP audited financials for each pooled investment vehicle it manages to the funds' investors within the required timeframe for each such vehicle to comply 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 BIA.

MLIA may vote client securities (proxies) on BIA'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.