



FORM ADV Part 2A

This ADV brochure, dated March 30, 2020  
provides information about the qualifications and business practices of:

**NYL INVESTORS LLC**  
**51 Madison Ave**  
**New York, New York 10010**

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

## **ITEM 2: SUMMARY OF MATERIAL CHANGES**

This brochure dated March 30, 2020, updates and replaces our prior annual brochure, dated March 29, 2019, and reflects the following material changes:

- We have removed reference to performance-based fee for certain type of accounts (Item 6);
- We have added investment process and risk factors regarding real estate equity and debt strategies (Item 8);
- We had added additional risk factors (Item 8).

**ALTHOUGH WE HAVE MADE OTHER CHANGES AND UPDATES TO OUR PREVIOUS BROCHURE, WE DO NOT CONSIDER SUCH CHANGES TO BE MATERIAL.**

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#### **ADV**

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## **ITEM 4: ADVISORY BUSINESS**

NYL Investors LLC (“NYL Investors” or the “Firm”) is a direct, wholly-owned subsidiary of New York Life Insurance Company (“New York Life”).

NYL Investors provides a broad array of investment advisory services to: affiliated insurance companies’ general and separate accounts and other affiliated corporate entities; third-party institutional clients; investment companies; and other pooled investment vehicles (see “*Types of Clients*” section below).

Prior to the formation of NYL Investors in October 2013, our investment groups operated as part of New York Life Investment Management LLC (“NYLIM”) which is an indirect wholly-owned subsidiary of New York Life. NYL Investors is comprised of the following investment groups: (i) Fixed Income Investors (ii) Real Estate Investors and (iii) Private Capital Investors. Through these investment groups, the Firm offers advisory services which may be tailored to meet a client’s needs. For example, a client may prohibit the purchase of specific securities, or may prohibit the purchase of securities within a specific sector or industry. Client imposed restrictions are detailed in the client’s investment advisory agreement.

As of December 31, 2019, NYL Investors had the following client assets under management: \$ 252,269,583,835 on a discretionary basis, and \$ 1,602,173,843 on a non-discretionary basis. Total assets under management are \$253,871,757,678.

### **Fixed Income Investors**

NYL Investors’ Fixed Income Investors Group (“FII”) offers fixed income advisory services. FII has expertise in most major U.S. dollar fixed income sectors including: investment grade corporate bonds, mortgage-backed securities, asset-backed securities, government securities, high yield bonds, floating rate loans, and traditional private placements or under Rule 144A of the Securities Act of 1933 for a wide range of sectors. NYL Investors serves as collateral manager for a series of collateralized loan obligation vehicles (“CLOs”). NYL Investors also serves as subadviser to third party CLOs and to certain CLOs for which its affiliated investment adviser, NYLIM, serves as collateral manager.

FII employs a team-oriented approach to managing fixed income portfolios for affiliated and unaffiliated clients in the institutional markets. Using a combination of top-down fundamental analysis and bottom-up credit research, FII seeks to construct diversified portfolios that are designed to deliver consistent performance and stability. This is accomplished by striving to add incremental excess return while avoiding principal loss.

### **Real Estate Investors**

NYL Investors’ Real Estate Investors Group (“REI”) offers real estate debt and equity advisory services to our parent company, New York Life, and its affiliates, and to third-party investors through our pooled real estate investment funds and separate accounts. With respect to real estate-related debt products, REI’s capabilities and services include origination, underwriting and loan administration of commercial mortgage loans, mezzanine, bridge, construction financing

and structured debt investments, and underwriting, acquisition and monitoring of commercial mortgage-backed securities, and unsecured REIT bonds in a collaborative effort with FII. REI also provides acquisition, disposition and asset management services with respect to real estate equity investments for New York Life and its affiliates, and for certain pooled real estate investment funds. Additionally, within the real estate asset class, REI will identify and underwrite investments in third party-sponsored real estate equity and debt funds and low-income housing tax credit (“LIHTC”) funds. Lastly, REI provides advisory and asset management services to New York Life for its corporate properties and for its leased properties.

### **Private Capital Investors**

NYL Investors’ Private Capital Investors Group (“PCI”) offers financing solutions to public and private companies with a specialized expertise in the infrastructure, power & utility sectors. Deals are sourced through placement agents or directly, through team members’ direct relationships with company senior management. Team members are responsible for ongoing portfolio monitoring.

PCI employs a clearly defined investment process which is consistently executed and managed by experienced professionals to seek to achieve optimal results. Bottom-up fundamental research provides the basis for investment selection combined with a long-term orientation that supports the client throughout multiple economic cycles.

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

### **A. FEES**

- **Private Funds and CLOs**

The fee for investment advisory and management services provided by us to private investment funds and CLO vehicles generally consists of two components – a base management fee and a performance fee or subordinated management fee. The rate, calculation method, and payment method for our fees are set forth in the investment management agreement between NYL Investors and the fund or CLO vehicle, or in the organizational documents for the fund or CLO vehicle, and are disclosed in the private placement memorandum or other offering documents for the fund or CLO vehicle. There is no standard fee schedule for services provided by NYL Investors to private investment funds or CLO vehicles.

- **Investment Companies**

NYL Investors provides sub-advisory services to NYLIM for certain MainStay<sup>1</sup> open-end mutual funds and an ETF belonging to the IndexIQ ETF Trust, where IndexIQ Advisor LLC acts as the advisor. NYL Investors’ fee for sub-advisory services to any mutual fund or ETF is available in

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<sup>1</sup> MainStay is a registered trademark of an affiliate of NYL Investors.

each fund's prospectus or other disclosure document. Advisory fees are calculated based on average daily net assets under management.

- **Separately Managed Accounts**

The fees for investment advisory services are negotiable and can vary depending on a variety of factors such as the type of account, size of the account, and the investment program. Agreed-upon fees are set forth in a fee schedule agreed to by the client and included in the client's investment management agreement ("IMA"). Calculation methodologies may vary by client. Generally, advisory fees will be payable quarterly in arrears, based on the average of the month-end net assets under management at the end of the period for separately managed accounts. All advisory arrangements may be terminated by the client upon assignment by NYL Investors or by either party upon prior written notice, according to the termination provisions outlined in the IMA. If a contract is terminated, all advisory fees will be subject to pro rata adjustment, based upon the date of termination.

- **Fixed Income Investors**

FII's management fees generally range from 0.01% to 0.60% of average daily net assets under management for Mutual Funds and average of the month –end net assets for institutional separately managed accounts. However, performance and fixed fees could be higher than 0.60% depending on account performance and account size. The annual fee schedules for FII's significant investment strategies (see "*Investment Strategies and Risk of Loss*" section below) will be:

|  |                            |
|--|----------------------------|
| <b>Investment Grade Corporate<br/>Core Fixed Income<br/>Intermediate Government Credit</b> | 0.25% for all asset levels |
|--|----------------------------|

|                                    |                            |
|------------------------------------|----------------------------|
| <b>Investment Grade Bond Index</b> | 0.10% for all asset levels |
|------------------------------------|----------------------------|

|                      |                            |
|----------------------|----------------------------|
| <b>Floating Rate</b> | 0.50% for all asset levels |
|----------------------|----------------------------|

In addition to the management fees described above, there may be other fees associated with the management of FII client accounts paid to NYL Investors or third parties. For example, FII may receive certain fees related to entering into note purchase, loan or other transaction agreements. Please refer to "*Structuring and Commitment Fees*" section below for additional information regarding the nature of such fees. Additionally, the custodian for your account, which you independently select, charges a custodial fee that varies by custodian. In addition, the broker-dealers that we select to execute transactions in your account may charge a fee. Brokerage and custody fees are not included in the investment management fee that you pay to us. Instead, custodian fees are charged to you separately by the custodian, and brokerage fees affect your account during the trade execution process. Please refer to "*Brokerage Practices*" section below for additional information regarding our process for selecting brokers to execute transactions in client accounts.

FII also serves as the principal investment manager for general and separate account assets of our parent company, New York Life and its insurance affiliates, New York Life Insurance and Annuity Corporation (“NYLIAC”) and NYLIFE Insurance Company of Arizona (“NYLAZ”), both of which are wholly-owned subsidiaries of New York Life. We charge these affiliates a negotiated management fee based on asset class. The average management fee paid to FII, REI and PCI is approximately .137%, but is subject to change as the asset mix changes.

- **Real Estate Investors**

REI charges New York Life a range of asset-based advisory fees for managing various types of real estate-related investments. In certain cases, such as real estate equities, the fees are on a sliding scale. Borrowers and/or third-party investors are charged origination fees in certain instances and servicing fees for the mortgages held under co-lending agreements and management fees for their capital in the pooled real estate investment funds that we manage. These fees are based on a percentage of the loan or investment. The rate, calculation and payment method of REI's fees associated with our private real estate funds are individually negotiated, are set forth in the organizational documents for each fund, and are disclosed in each fund's private placement memorandum or other offering documents

REI charges a management fee for advisory services to separately managed accounts. The rate, calculation method, and payment method are individually negotiated and are set forth in each IMA between REI and the separately managed account client. The average management fee paid to FII, REI and PCI is approximately 0.137%, but is subject to change as the asset mix changes.

- **Private Capital Investors**

PCI charges a management fee for advisory services to separately managed accounts. The rate, calculation method, and payment method are individually negotiated and are set forth in the IMA between PCI and the separately managed account client. The average management fee paid to FII, REI and PCI is approximately 0.137%, but is subject to change as the asset mix changes.

- **Structuring or Commitment Fees**

Clients of FII and PCI may receive certain fees related to entering into note purchase, loan or other transaction agreements (“Structuring or Commitment Fees”), which Structuring or Commitment Fees would be paid by the issuer of the notes or to each of our clients investing in the notes or lending, generally *pro rata* based on their respective participation in the financing. Our clients who are affiliates of NYL Investors have agreed with us that they will pay over to us any Structuring or Commitment Fees they receive, and if the only participating clients are affiliates of NYL Investors such fees may be paid to us directly by the issuer. The ultimate receipt of such fees by NYL Investors may create a conflict of interest and incentive for us to recommend note investments to clients for reasons other than the interest of our clients. While acknowledging that a conflict exists, because these fees will only be received by us when our affiliates are also investing in the notes (and therefore sharing a common interest with all of our other clients investing in the notes), NYL Investors believes the nature of the facts underlying

this conflict of interest result in the greater incentive being to continue acting in the interests of all of our clients.

## **B. COMPENSATION**

There may be instances where our supervised persons recommend that an advisory client, or prospective advisory client, invest in either *The MainStay Funds*, managed by NYLIM, or in a private fund that we sponsor.<sup>2</sup> When this occurs, neither NYL Investors nor any of our supervised persons will receive asset-based compensation for the sales that result from these recommendations to the advisory client.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

NYL Investors also serves as collateral manager and subadviser for a series of CLOs. As collateral manager and subadviser to these vehicles, we are entitled to additional compensation on a subordinated basis if certain performance targets are achieved. As a result, the appearance of a conflict may exist where our portfolio managers may have an incentive to favor these vehicles over other accounts pursuing a floating rate debt strategy. This conflict is mitigated by the fact that the CLOs have investment guidelines that are typically more restrictive than the other accounts managed in the floating rate debt strategy. In addition, we have policies and procedures in place to make sure that all clients are treated fairly and to ensure that no client account receives preferential treatment in the allocation of investment opportunities (see “*Brokerage Practices*” section below).

## **ITEM 7: TYPES OF CLIENTS**

As discussed in detail in the “*Advisory Business*” section above, NYL Investors provides a broad array of investment advisory services to affiliated insurance companies’ general and separate accounts and other affiliated corporate entities, third-party institutional clients, investment companies, UCITs, and other pooled investment vehicles. NYL Investors also serves as collateral manager and subadviser to certain special purpose vehicles, including, but not limited to, CLOs. The minimum initial account size for FII separately managed accounts is typically \$100 million.

REI offers real estate debt and real estate equity advisory services to our parent company, New York Life, and to third-party qualified investors through our pooled real estate investment funds and separately managed accounts. For third-party accounts invested in our real estate investment funds, the minimum account size ranges from \$1,000,000 to \$5,000,000, depending on the fund. The respective general partner or manager of these funds may waive an investor’s minimum capital commitment and in fact have done so.

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<sup>2</sup> MainStay is a registered trademark of an affiliate of NYL Investors.



## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Although NYL Investors offers advisory services in several asset classes through FII, REI, and PCI, most of our specific investment strategies are managed by FII.

As discussed above, FII is a multi-product fixed income investment manager with expertise in most major U.S. dollar fixed income sectors including high yield bonds, floating rate loans, investment grade corporate bonds, mortgage-backed securities, asset-backed securities, and government securities. Within these sectors, FII's significant investment strategies include:

- **Investment Grade Corporate:** Seeks to maximize total return relative to the Bloomberg Barclay's U.S. Credit Index.
- **Core Fixed Income:** Seeks to outperform the total return of the Bloomberg Barclays U.S. Aggregate Bond Index over a full market cycle.
- **Investment Grade Bond Index:** Seeks to replicate the risk/return characteristics of the Bloomberg Barclays U.S. Aggregate Bond Index.
- **Intermediate Government Credit:** Seeks to outperform the total return of the Bank of America Merrill Lynch 1-10 Year U.S. Corporate & Government Index.
- **Floating Rate:** Seeks to provide high income by tapping the potential of the floating rate loan market.

### **INVESTMENT PROCESS**

#### **Investment Grade Corporate, Core Fixed Income, Intermediate Government Credit, and Investment Grade Bond Index**

For its Investment Grade Corporate, Core Fixed Income and Intermediate Government Credit strategies, FII's goal is to deliver consistent performance and stability by adding incremental returns in excess of the benchmark, while avoiding principal loss. For its Investment Grade Bond Index strategy, the goal is to mirror the risk/return of the index. To achieve these goals, FII implements a risk-controlled, value-oriented investment process focused on active team management that leverages the top-down and bottom-up capabilities of the FII investment management team.

By following a highly collaborative top-down and bottom-up investment process, FII seeks to generate excess return by focusing on the following:

- ***Sector Allocation:*** Sector allocation refers to the different asset classes within the fixed income marketplace that a portfolio will be invested in versus its respective benchmark. For example, subject to unique investment guidelines, a core fixed income portfolio that is benchmarked against the Bloomberg Barclays Aggregate Index will be invested in five major sectors of the investment grade fixed income market. Those sectors are U.S. Treasuries, U.S. government agencies, mortgage-backed securities, corporate bonds, and

structured securities, such as asset-backed securities and commercial mortgage-backed securities. Given FII's strong research team and value approach, particular emphasis is placed on corporate bonds and structured securities. In order to determine optimal sector allocation, FII performs scenario analysis to provide quantitative support for allocation decisions with the objective of maximizing risk-adjusted excess return over an investment cycle.

- *Security Selection:* Security selection refers to the specific securities comprising the portfolio. NYL Investors looks to leverage its deep experienced team of analysts to work in conjunction with the portfolio management team to determine the appropriate weightings of individual securities. Decisions to overweight or underweight an individual security are made within the framework of overall portfolio construction. In many cases, security selection can often add value to a portfolio not only by what securities one owns, but more importantly by not owning underperforming securities. FII actively seeks to avoid securities which in our opinion do not offer appropriate reward for a given level of risk. Specific security selection risks are managed through diversification and adherence to position limits.
- *Duration Management:* Duration management refers to the level of tracking error that can be generated purely from maintaining a different overall duration versus the underlying benchmark. Decisions regarding duration management often have the most significant potential impact on returns and are generally the most difficult to predict. FII uses a combination of fundamental, technical, and quantitative tools to assist in the decision-making process.
- *Yield Curve Management:* Yield curve management refers to the positioning of the portfolio across the term structure of interest rates versus its respective benchmark. Yield curve management differs from duration management in that duration management is more closely aligned with a parallel shift in the yield curve (i.e., interest rates moving up or down) while yield curve management is focused on the changing shape of the term structure of interest rates (i.e., the yield curve flattening or steepening). At any given duration level, a portfolio can have very different yield curve profiles that will lead to different return characteristics. Depending upon market conditions, yield curve management can have a significant impact on returns and needs to be rigorously monitored. FII uses scenario analysis and other quantitative and fundamental tools to determine the optimal yield curve positioning.

### **Floating Rate**

FII's Floating Rate strategy is managed by the High Yield Credit Group within FII ("HYG"). The HYG practices bottom-up fundamental credit research and prefers credits with positive free cash flow, solid collateral, and proven management. It typically avoids investment decisions based simply on credit ratings, and typically does not engage in market timing. It also maintains significant diversification across issuers and industries in order to distribute risk on a broad basis. The HYG will often trade to avoid significant credit deterioration or credit events. It will also trade to improve diversification or improve risk-adjusted yield.

Prior to making an investment, the HYG conducts an initial screen of the investment opportunity based on credit statistics, deal structure, relative value and portfolio needs. Analyst input is critical to the HYG's decision-making process. The foundation of its research process is the evaluation of all aspects of an existing or prospective borrower. Upon initial purchase, and subsequent surveillance of a credit, the analysts seek an informed opinion as to the long-term creditworthiness of such credit using all available sources of internal and external information, without excessive reliance on the view of any one source.

## **RISK OF LOSS**

There are certain material risks associated with investing in the strategies noted above. These risks include (without limitation):

- *Credit Risk:* The risk that an issuer of a debt security may fail to repay the interest or principal when due.
- *Liquidity Risk:* The risk that you cannot sell a security or that the sale price for the security will be extremely low. Liquidity risk is often measured by how often a security trades. The more that a security trades, the lower the liquidity risk.
- *Interest Rate Risk:* The risk that fluctuating interest rates will cause a security's value to change. When interest rates go up, the value of a non-callable debt security tends to go down, and when interest rates go down, the value of a non-callable debt security tends to go up.
- *Call & Repayment Risk:* The risk that a security is repaid prior to expectations or maturity. This risk is elevated when interest rates decline and the issuer of the security has the ability to refinance the security at a lower cost. When this occurs, the proceeds from the called bond would have to be invested at the new lower interest rate which may not be sufficient to replace the income or cash flow produced by the called security because interest rates have declined.
- *Extension Risk:* The risk that the average life of the security extends therefore delaying the return of principal and possibly causing a missed opportunity to invest at a higher interest rate.
- *Floating Rate Loan Risk:* The floating rate loans in which the HYG invests are usually rated below investment grade and are generally considered speculative because they present a greater risk of loss, including default, than higher quality debt securities. Although certain floating rate loans are collateralized, there is no guarantee that the value of the collateral will be sufficient to repay the loan in the event of default. Floating rate loans may, under certain circumstances, be less liquid than higher quality debt securities, and an active trading market may not exist. In addition, some loans may be subject to restrictions on their resale, which may prevent your account from obtaining the full value of the loan when it is sold.

- *LIBOR Discontinuance Risk:* The London Interbank Offering Rate (“LIBOR”) is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. The terms of floating rate loans, financings or other transactions in the U.S. and globally have been historically tied to LIBOR, which functions as a reference rate or benchmark for various commercial and financial contracts. The regulatory authority that oversees financial services firms and financial markets in the United Kingdom has announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions for purposes of determining LIBOR. As a result, it is possible that commencing in 2022, LIBOR may no longer be available or no longer deemed an appropriate reference rate upon which to determine the interest rate on or impacting certain loans, notes, derivatives and other instruments or investments comprising some or all of the client account’s portfolio.

Various financial industry groups have begun planning for that transition and certain regulators and industry groups have taken actions to establish alternative reference rates (e.g., the Secured Overnight Financing Rate, which measures the cost of overnight borrowings through repurchase agreement transactions collateralized with U.S. Treasury securities and is intended to replace U.S. dollar LIBOR with certain adjustments). However, there are challenges to converting certain contracts and transactions to a new benchmark and neither the full effects of the transition process nor its ultimate outcome is known. The transition process might lead to increased volatility and illiquidity in markets for instruments with terms tied to LIBOR.

These developments could negatively impact financial markets in general and present heightened risks, and, as a result of this uncertainty and developments relating to the transition process, investments may be adversely affected.

- *Public Health Crisis:* A public health crisis, pandemic, epidemic or outbreak of a contagious disease, such as the recent outbreak of Coronavirus (or COVID-19) in China, the United States, Europe and other countries, could have an adverse impact on global, national and local economies, which in turn could negatively impact our investments and strategies. Disruptions to commercial activity resulting from the imposition of quarantines, travel restrictions or other measures, or a failure of containment efforts, may adversely affect our investments, including by causing supply chain delays or disruptions or staffing shortages. The outbreak of Coronavirus has contributed to, and may continue to contribute to, volatility in financial markets, including market liquidity and changes in interest rates. A continued outbreak may have a material and adverse impact on our investment returns. The impact of a public health crisis such as the Coronavirus (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to the performance of our investments and strategies.

## **Real Estate Equity Strategies**

- REI 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 structure. The terms of the investment strategy are agreed upon with each client on a case-by-case basis. In certain cases, the New York Life and its insurance affiliates may co-invest in the properties alongside the client. NYL Investors is also the investment manager for pooled investment vehicles investing in core, value-added, and opportunistic real estate.

- REI sources opportunities by leveraging its industry relationships and relies on a 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 REI analyzes whether a proposed opportunity fits within the investment parameters for one or more clients.
- Once an initial analysis is complete, REI 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 investment committee preliminarily approves the investment, additional due diligence is conducted. This due diligence may include physical and environmental 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, REI develops a business plan for the investment that is updated as necessary.

### **Real Estate Debt Strategies**

- REI 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 structure. The terms of the investment strategy are agreed upon with each client on a case-by-case basis. In certain cases, the New York Life and its insurance affiliates may act as a co-lender alongside the client. REI is also the investment manager to a pooled investment vehicle that originates and manages real estate debt investments.
- REI sources core loans through its national network of multi-disciplined field offices. REI sources its structured debt investments through both its national network of multi-disciplined field offices and a dedicated origination team staffed by seasoned investment professionals, solely focused on complex transactions. The dedicated structured debt team maintains broad relationships with local, regional and national developers and investors and operators. The other multi-disciplined lending offices, which focus primarily on core debt, supplement the dedicated effort to source structured debt opportunities through their relationships with brokers and targeted real estate developers and operators in their respective markets. Lastly, the structured debt team works closely with the real estate equity team to leverage their relationships and identify new debt opportunities prior to other market participants. Together, the origination teams' real estate knowledge and experience with the entire spectrum of debt investments allows

them to pursue those structured debt investment opportunities, which present attractive risk-adjusted returns.

- Once a loan transaction has been sourced, an originator is assigned to complete a preliminary analysis outlining the merits, concerns and expected economics. If the results of this initial analysis are deemed compelling, the transaction is escalated to the senior members of the debt team, who jointly review the underlying project's feasibility, including relevant market fundamentals, renovation/redevelopment costs, timelines, cash flow projections and appropriate sensitivity analysis. This more exhaustive review results in the preliminary loan structure, sizing and pricing (in terms of upfront fees and a margin over the appropriate floating rate index). For structured loans, appropriate credit supports are identified, which may include various guarantees, reserves and holdbacks necessary to complete the business plan and support a primary path to repayment through the refinancing of the structured debt investment upon stabilization of the underlying property.
- A final investment committee approval is required prior to loan closing. Upon investment committee approval, the debt team is authorized to close the transaction.

#### **Risk of Loss – Real Equity and Debt Strategies**

- There are certain material risks associated with investing in the strategies noted above. These risks include (without limitation):
- Property level risk associated with any individual property is mitigated in part by thorough acquisition due diligence that involves the diverse perspectives. Many property-level risks are most effectively managed when identified during the due diligence process. Within the due diligence process, REI assesses regulatory financial, physical, environmental and market risks and performs sensitivity analyses to understand the range of potential investment outcomes. Based on these analyses and other due diligence findings, the business points of a transaction are negotiated.
- Tenant credit risk is mitigated by thoughtful tenant selection and credit review. Any appropriate tenant credit enhancements are then sought for new leases and renewals, including expansions.
- Property casualty and liability risk is mitigated by comprehensive property insurance coverage. All properties are covered by market standard insurance (e.g., liability, property/casualty, earthquake and flood/windstorm (if applicable)).
- Property valuation risk is mitigated REI's in-house appraisal team working closely with the external appraiser's team to review and approve the appraisals.
- Local and national market and economic risk is mitigated by maintaining a geographically diversified property portfolio, and by closely monitoring market conditions for emerging risks. REI continually monitors market conditions in all markets where its clients have exposure to help identify emerging risks and provide the

opportunity to take any appropriate risk-mitigating action, such as, for example, selling a property before excessive new construction negatively affects values.

- Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control. The foreclosure process will vary from jurisdiction to jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan, including, without limitation, lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy or its equivalent, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.
- Commercial real estate loans are generally not insured or guaranteed by any person or entity, governmental or otherwise. If a default occurs, recourse generally may be had only against the specific properties and other assets that have been pledged to secure the loan (except in the case where certain “bad boy” events or bad business practices have occurred (such as fraud, bankruptcy, waste, failure to maintain insurance, failure to pay taxes) which is backed up by a non-recourse guaranty)
- A public health crisis, pandemic, epidemic or outbreak of a contagious disease, such as the recent outbreak of Coronavirus (or COVID-19) in China, the United States, Europe and other countries, could have an adverse impact on global, national and local economies, which in turn could negatively impact our investments and strategies. Disruptions to commercial activity resulting from the imposition of quarantines, travel restrictions or other measures, or a failure of containment efforts, may adversely affect our investments, including by causing supply chain delays or disruptions or staffing shortages. The outbreak of Coronavirus has contributed to, and may continue to contribute to, volatility in financial markets, including market liquidity and changes in interest rates. A continued outbreak may have a material and adverse impact on our investment returns. The impact of a public health crisis such as the Coronavirus (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to the performance of our investments and strategies.

#### Other Business Related Risk

- *Technology and Cyber Security:* NYL Investors is dependent on information technology, telecommunication and other operational systems, including both proprietary or internal systems and systems used or provided by third-party service providers (such as custodians, financial intermediaries, transfer agents and other parties to which we or they outsource the provision of services or business operations). These systems may become disabled or fail to operate properly as a result of events or circumstances wholly or partly beyond our or their control. Further, despite implementation of a variety of risk management and security measures, our information technology and other systems, and

those of service providers, could be subject to unauthorized access or other security breaches, resulting in a failure to maintain the security, availability, integrity and confidentiality of data assets. Technology failures or cyber security breaches, whether deliberate or unintentional, including those arising from use of third-party service providers, could have a material adverse effect on our business and could result in, among other things, financial loss, reputational damage, regulatory penalties or the inability to transact business.

- *Other Business Interruptions:* Our investment advisory activities or operations could be interrupted or adversely affected by extraordinary events, emergency situations or circumstances beyond our control, including, without limitation, outbreaks of infectious diseases, pandemics or any other serious public health concerns, war, terrorism, failure of technology, accidents, disasters, government macroeconomic policies or social instability. In order to mitigate the effects of these types of events, we may activate our business continuity and disaster recovery plans. These plans may, for example, require our employees to work and access our information technology, communications or other systems from their homes or other remote locations. However, our business continuity and disaster recovery plans may not be successful, or we could be delayed in implementing or recovering our investment advisory activities or operations. For example, we may have issues or delays in accessing our information technology, communications or other systems, which could have a material adverse effect on our business.

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There are no legal or disciplinary events involving NYL Investors that are material to our advisory business or to the management of client accounts to report.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The following relationships or arrangements with related persons are material to our business and may create potential conflicts of interest:

### **A. Broker-Dealer**

Some of our employees, including some of our senior management, are registered with the Financial Industry Regulatory Association (FINRA) as representatives and principals of NYLIFE Distributors LLC (“NYLIFE Distributors”). NYLIFE Distributors is our affiliate and is registered as a broker-dealer with the SEC. NYLIFE Distributors serves as the principal underwriter and distributor of *The MainStay Funds and IndexIQ Exchange Traded Funds* (“ETFs”). In limited circumstances, we may recommend that our clients purchase *The MainStay Funds and ETFs*.



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

We do not use affiliated broker-dealers to execute securities transactions for our clients.

## **B. Investment Advisers**

We act as either adviser or subadviser for:

- A portion of the general accounts of NYLIC and its affiliated insurance companies.
- Certain series of The MainStay Funds, MainStay VP Funds, open-end registered investment companies for which NYLIM is the investment adviser and NYLIFE Distributors acts as principal underwriter and distributor.
- An ETF belonging to the IndexIQ ETF Trust, where IndexIQ Advisor LLC acts as the advisor and NYLIFE Distributors provides distribution-related services.
- Accounts that are investment vehicles for insurance products sponsored by NYLIC.
- Accounts that have contractual insurance arrangements with NYLIC.
- Accounts for which NYLIM is the investment advisor.
- Account for which Candriam Luxembourg is the investment advisor.
- Certain third party CLOs and CLOs for which NYLIM is the collateral manager

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

- Madison Capital Funding LLC (File No. 801-107923), manages portfolios of commercial loans and related debt and equity investments in which clients of NYL Investors invests. While Madison Capital Funding maintains autonomous investment processes, it may leverage the resources and services of NYL Investors for certain functions. In addition, certain officers of NYL Investors also serve as officers and board members of MCF Capital Management LLC.
- NYLIM (File No. 801-57396), serves as the investment manager for the Mainstay Funds and certain wrap fee accounts and as collateral manager for certain CLOs for which we act as subadviser.
- NYL Investors and its affiliates comprise a “multi-boutique” platform, referred to as New York Life Investments, encompassing the following investment advisers: NYLIM (File No. 801-57396), MacKay Shields (File No. 801-5594), GoldPoint Partners (File No. 801-61010), Private Advisors (File No. 801-55696), Madison Capital Funding LLC (File No.

801-107923), Candriam Investors Group (File Numbers: 801-80510, 801-80508, 801-80509), IndexIQ Advisors LLC, (File number 801-68220), and Ausbil Investment Management Limited (File number 802-111697).

- MacKay Shields LLC, GoldPoint Partners LLC, Private Advisors LLC, New York Life Investment Management LLC, Madison Capital Funding LLC, and Ausbil Investment Management Limited, each an affiliated investment adviser, may serve as an adviser or subadviser for general and separate account assets of our parent company, New York Life and its insurance affiliates, NYLIAC and NYLAZ, both of which are wholly-owned subsidiaries of New York Life. These related investment advisers may also serve as the investment manager of various limited partnerships and also engage in other advisory services. Clients of NYL Investors may be solicited to invest in such limited partnerships or in other investments for which the Related Adviser serves in a similar capacity. From time to time, we may enter into arrangements with our affiliated investment advisers to recommend clients to one another. If we *pay a cash fee to anyone* for soliciting clients on our behalf or if we receive a cash fee from another investment adviser for recommending clients to it, we will comply with the requirements of the SEC's cash solicitation rule to the extent that they apply. This rule requires a written agreement between the investment adviser and the person soliciting clients on its behalf. The rule may also require that the soliciting person provide a disclosure document to the potential client at the time that the solicitation is made. As required by the rule, we will not engage another person to solicit clients on our behalf if that person has been subject to securities regulatory or criminal action within the preceding ten years.

### **C. Finance Company**

Madison Capital Funding LLC ("Madison") is a premier finance company focused on the corporate financing needs of private equity sponsored companies in the middle market. Madison provides enterprise-value cash flow, leveraged financing solutions for acquisitions, recapitalizations, leveraged buyouts, and general corporate capital needs. Madison is wholly owned by New York Life and its insurance subsidiary NYLIAC. Certain officers of NYL Investors also serve as officers or board members of Madison.

### **D. Insurance Companies**

NYL Investors is a wholly-owned subsidiary of New York Life. New York Life is a mutual insurance company that is an admitted insurer in all 50 states and in the District of Columbia. While NYL Investors maintains autonomous investment processes, it leverages the resources and services of NYLIM and New York Life for certain functions. Under this structure, certain compliance, legal and other support functions within NYL Investors are supported by the infrastructure within New York Life, including the implementation of NYL Investors' Rule 206(4)-7 Compliance Program. Subject to New York Life's supervision, we will serve as the principal investment adviser for the general account and separate accounts of New York Life and NYLIAC, as well as for the general account of NYLAZ. NYLIAC and NYLAZ are wholly-owned subsidiaries of New York Life. New York Life and NYLIAC may also invest in the *Private Investment Funds* that we or our affiliates manage.

New York Life, NYLIAC and NYLAZ supervise our management of their accounts, which make up a substantial portion of our assets under management. Some of our employees are also officers of New York Life. Given the percentage of assets under management that are attributable to these entities, the appearance of a conflict may arise as to the allocation of investment opportunities between them and our other clients. In addition, certain issuers of private placement notes may only offer their securities to our affiliated insurance company client. In that case, our allocation policies are not applicable because it is the note issuers making the allocations.

To address this potential conflict of interest, we have adopted several procedures that are intended to ensure that all client accounts are treated fairly and equitably. Pursuant to these procedures, it is not permissible to allocate or re-allocate an order to enhance the performance of one account over another (see “*Brokerage Practices*” below). It is also not permissible to favor any account over another. Compliance with these requirements is monitored as part of our supervisory review process.

To further mitigate this potential conflict, our affiliated insurance company general accounts generally follow buy-and-hold strategies and have different investment objectives from our third-party and separately managed accounts, which generally follow total return strategies with specific benchmarks and investment objectives. As a result of these different strategies, transactions that are appropriate for an affiliated general account may not be appropriate for a separately managed account or unaffiliated account and vice versa. Such a determination typically is made by the portfolio manager prior to executing a trade, and the rationale for the investment decision is documented as part of the trading process. Our Compliance Department conducts periodic reviews to ensure that allocation decisions are being properly documented.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING:**

### **CODE OF ETHICS AND PERSONAL TRADING**

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

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

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

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

- Subject to certain exceptions, may not purchase or sell "Covered Securities" without pre-clearance through our Compliance Department. Covered Securities include everything except: (i) transactions involving direct obligations of the US Government; (ii) shares of unaffiliated open-end investment companies; (iii) commercial paper; (iv) certificates of deposit; and (v) high-quality short-term investments and interests in qualified state college tuition programs; and (vi) cryptocurrencies or digital currencies, such as Bitcoin or Ether, which are a virtual or digital representation of value. However, a virtual currency token offered in an initial or digital coin offering will be deemed a Covered Security for purposes of the Code and subject to preclearance requirements.
- May not profit from the purchase and sale or sale and purchase of the same Covered Security within 60 days.
- May not purchase or sell a Covered Security on a day when there is a buy or sell order for a client.
- May not purchase securities in initial public offerings or in connection with private placements except with the express written prior approval of our Chief Compliance Officer.
- May not participate in Investment Clubs.
- Must file quarterly reports and certifications of covered trading activity.

Investment Personnel are defined as employees who in connection with their regular functions participate in making recommendations regarding the purchase or sale of securities for client accounts (i.e., portfolio managers, traders and analysts). Investment Personnel must adhere to the following additional restrictions:

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

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

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

- We act as an investment adviser for the general and separate accounts of our parent company New York Life as well as for NYLIAC and NYLAZ which are wholly-owned subsidiaries of New York Life. NYL Investors may recommend that clients purchase or sell securities that are also held in these affiliated accounts.
- We may purchase or sell shares of our proprietary mutual funds, *The MainStay Funds*, for client accounts.
- We may recommend investments to our clients that the clients of our advisory affiliates also own.
- We or an affiliate may serve as the general partner for a pooled investment vehicle that we advise and recommend to clients.

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

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

These potential conflicts are mitigated by the fact that our affiliated insurance company general accounts generally have different investment strategies than our unaffiliated accounts (see the “*Industry Affiliations*” section above). As a result of these different strategies, transactions that are appropriate for an affiliated account may not be appropriate for an unaffiliated account and vice versa.

To further mitigate these potential conflicts of interest, when purchases or sales are appropriate for both an affiliated and an unaffiliated account, such orders typically will be aggregated or “bunched” as one order. These orders will be then allocated across client accounts in a fair and equitable manner to ensure that no one client account receives preferential treatment over another (see “*Brokerage Practices*” below).

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

Our employees may invest in mutual funds sponsored by an affiliate of NYL Investors (such as the MainStay Floating Rate Fund), which could create an incentive for us to favor our affiliated mutual fund client over other clients. We maintain investment, trade allocation and account valuation policies and procedures designed to address such conflicts of interest. Further, our Code requires employees to report investments in all The MainStay Funds.

## **ITEM 12: BROKERAGE PRACTICES**

### **A. Selection of Brokers**

When we select or recommend a broker-dealer for transactions in our clients’ accounts, we consider a number of factors regarding the broker-dealer and the reasonableness of its compensation. The factors we consider in selecting a broker-dealer and determining the reasonableness of its compensation include:

- Security price and spreads;
- Commission rates, if applicable;
- Size of the order;
- Nature and extent of services and frequency of coverage;
- Integrity, reputation, financial responsibility and stability;
- Market knowledge and ability to understand trading characteristics of the security and overall performance;
- Ability to execute in desired volume and to act on a confidential basis;
- Willingness to commit capital;
- Access to underwritten offerings and secondary markets;

- Operational efficiency and facilities made available including trading networks, access to multiple brokers and markets, and significant resources for positioning as principals; and
- Nature and extent of research services (as discussed below).

When selecting a broker-dealer, we do not consider its referral of clients to us. We also do not consider its sale of shares of *The MainStay Funds* or of any private funds that we or any of our affiliates advise. While we may direct brokerage to broker-dealers that have consulting divisions that might refer clients or investors to us, we have no agreements to do so. When evaluating compensation (e.g., commissions), we are not required to solicit competitive bids, and do not have an obligation to seek the lowest available commission cost, but rather best overall execution.

### **B. Soft Dollars**

Currently, we do not enter into any third party or proprietary soft dollar arrangements where a broker-dealer provides services in exchange for an expectation of receiving a certain dollar amount of commissions. We also do not engage in any directed brokerage arrangements with any of our clients at this time.

We receive a broad range of research from broker-dealers, including information on the economy, industries, groups of securities and individual companies, statistical information, market data, information regarding political developments, and other information regarding matters that may affect the economy and/or security prices.

We use these research services in connection with our investment activities. Services obtained in connection with the execution of transactions for one client account may be used in managing other accounts, including accounts managed for our affiliates.

We do not believe that the research or other items and services described above that is provided to us by broker-dealers result in higher transaction costs.

### **C. Aggregation and Allocation**

If we believe that the purchase or sale of the same security is in the best interest of more than one client, we may aggregate the securities to be sold or purchased. We will not aggregate trades (also known as “bunching” trades) unless we believe that doing so is consistent with our duty to seek best execution for our clients.

When we allocate bunched trades to client accounts, we do not favor the interest of one client over another. In addition, it is not permissible to allocate or re-allocate an order to enhance the performance of one account over another, or to favor one account over another.

To the extent possible, orders are pre-allocated prior to execution. However, there may be instances where pre-allocating certain trades may not be feasible or practicable given the unique nature of the respective market. In these instances, such allocation will never unfairly discriminate against or advantage one account over another.

There may be instances when there is a limited supply for a particular security or investment opportunity. In such cases, all orders will receive an equitable allocation based on account suitability and account size, and where appropriate, adjusted in consideration of a “normal minimum holding.” Normal minimum holdings are determined based on characteristics of the particular asset class.

For certain real estate investments, allocation queues are used to determine which client or account will be allocated each individual real estate investment transaction. The queues are established on the basis of investment criteria.

Certain issuers of private placement notes may only offer their securities to our affiliated insurance company clients. In that case, our allocation policies are not applicable because it is the note issuers making the allocations.

#### **D. Internal Cross Transactions and Principal Transactions**

Internal cross transactions are trades between advisory client accounts. Principal transactions are trades between a client account and an account deemed owned by NYL Investors. NYL Investors reserves the right to effect cross transactions and principal transactions where it has determined that it is in the clients’ best interest to do so pursuant to an investment management agreement. When coordinating cross transactions, however, NYL Investors faces an inherent conflict, as two advisory client accounts represent both sides of the trade and the adviser generally has the ability to influence the price at which the trade occurs for both clients. When we effect cross transactions, we do so in accordance with our Cross Trade Policy or applicable CLO procedures. Our Cross Trade Policy requires a determination that the transactions are done for bona-fide investment purposes, and are in the best interest of both clients or pursuant to an investment management agreement. All cross transactions must be effected at fair market value.

### **ITEM 13: REVIEW OF ACCOUNTS**

#### **A. Fixed Income Investors**

All FII managed accounts are monitored continuously in an effort to ensure that client objectives are being achieved. Each FII investment team has the primary responsibility for review of the accounts it is managing, including review of the appropriateness of portfolio holdings and transactions in light of each account’s investment objectives, guidelines and restrictions. Investment Team reviews may include (depending on the asset class) reviews of sectors, securities, trade levels, durations and yield exposures.

Formal weekly and informal ad hoc meetings are typically held to discuss portfolio positions, strategies, trends and relative value. Attribution is calculated daily and reviewed by the portfolio management team. Portfolio reviews, which typically include a review of attribution, strategies and account performance versus portfolio benchmarks, are also conducted.

In addition, trading activity is reviewed at least weekly by a supervisor or the supervisor’s delegate to ensure that trading was conducted in accordance with firm procedures. Accounts are subject to review by Compliance Personnel who monitor account trading on a daily basis with



the assistance of Blackrock Aladdin, our front-end trade order management and compliance system that incorporates pre-trade and post-trade compliance testing against account restrictions. Our Compliance Personnel review and investigate any alerts or breaches identified by the system.

Finally, with respect to custodial reconciliations, the Investment Services Group reconciles cash transactions and holdings on a daily basis to the custodian bank's records, and researches and resolves any discrepancies in a timely manner. With respect to our affiliated accounts, holdings are reconciled monthly. A significant portion of our reconciliation process has been automated to avoid mistakes and to reinforce controls. All reconciliation breaks are recorded and tracked to ensure timely and proper resolution. Trades are sent electronically via Blackrock Aladdin to OMGEO for trade confirmation. In those instances where a broker does not support the use of OMGEO, trades are confirmed by Investment Services verbally or via e-mail.

#### **B. Trade Errors**

NYL Investors has a policy in place pertaining to the correction of trade errors. In the event that an error occurs, it is identified and corrected as soon as practicable. Generally, client accounts will be made whole for any losses. However, pursuant to the policy, we may not reimburse for a de minimis error, which we define as a loss of \$25 or less.

#### **C. Client Reporting**

The content and frequency of client reports will vary by client. Such reporting requirements typically will be part of the contract negotiations and memorialized in the client's IMA. Our client reports typically will include portfolio holdings, transactions, portfolio performance information, as well as written commentary on capital markets and a portfolio outlook. Customized reporting typically will be provided as frequently as desired by clients as set forth in the client's investment management agreement.

#### **D. Compliance Oversight**

NYL Investors' Compliance Department is an extension of the New York Life corporate Compliance Department. The Chief Compliance Officer of NYL Investors is responsible for the oversight and maintenance of the compliance function. Under this structure, certain compliance and other support functions within NYL Investors are supported by the infrastructure within this department of New York Life, including the implementation of the compliance program. NYL Investors acknowledges that compliance is the responsibility of all employees. NYL Investors is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 (the "Advisers Act") with the SEC. As such, we are required pursuant to Rule 206(4)-7 under the Advisers Act to have written policies and procedures in place to prevent violations of the Advisers Act. NYL Investors, with the assistance of New York Life's Compliance Department has established an assessment program in order to comply with Rule 206(4)-7 which covers all aspects of our business. As part of this Compliance Program, the Compliance Department maintains an assessment calendar which requires an assessment of each of NYL Investors' policies and procedures at least annually. Testing criteria includes ongoing evaluations and tests of the effectiveness of NYL Investors' Compliance Program including making a determination

that NYL Investors' compliance policies and procedures are operating adequately and are reasonably designed to prevent violations of the federal securities laws. Testing criteria also includes ensuring that each policy and procedure properly reflects current implementation practices and applicable rules and regulations. Procedures are revised as needed throughout the year to better reflect implementation practices or to reflect rule changes. The results of these reviews, including procedural revisions that are made, are reported to NYL Investors' Compliance Committee on a semi-annual basis.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

We do not have any client referral arrangements in place at this time. However, from time to time we may enter into solicitation agreements with certain of our other affiliated investment advisers to refer clients to each other. In this case we may pay or receive a cash fee for such referrals. If we pay or receive a cash fee for client referrals, we comply with the requirements of the SEC's cash solicitation rule, including the applicable disclosure requirements.

We may also have arrangements in place whereby we compensate an unaffiliated third party for soliciting investors to invest in pooled investment vehicles managed or subadvised by NYL Investors. These arrangements will be disclosed to the investor in the respective offering memorandum. This is not a solicitation of advisory services and therefore, the arrangement does not fall under SEC Rule 204(4)-3 regarding solicitation arrangements.

#### **ITEM 15: CUSTODY**

We do not have direct custody of client funds or securities. All client accounts are maintained at qualified custodians, such as banks or broker-dealers that are chosen by the client. Clients will receive account statements directly from their custodians. In addition, clients may receive duplicate account statements from us. When you receive an account statement from us, you are encouraged to compare it to the account statement that you received from your custodian. The two statements should be consistent.

We are deemed to have indirect custody of the assets of certain of our funds by virtue of our role as general partner of the fund or the account being custodied with an affiliate. We provide investors in our funds with audited financial statements within 120 days from the end of each fiscal year. Investors should carefully review those statements. As a result, we are not required to engage an independent public accounting firm to conduct an annual surprise audit of our operation, as would otherwise be required by rules under the Investment Advisers Act of 1940.

#### **ITEM 16: INVESTMENT DISCRETION**

We have investment discretion to manage securities on behalf of client accounts. Clients may impose restrictions on this discretion by, among other things, prohibiting the purchase of specific securities, or prohibiting the purchase of securities within a specific industry. Clients may also restrict the use of certain broker-dealers to execute trades, or may restrict the amount of securities that can be bought or sold within the account. We may also accept client accounts on a non-discretionary basis.

Client-imposed restrictions are detailed in the client's investment advisory agreement. Prior to boarding a new client account, we obtain all necessary information to ensure that the account, including any relevant restrictions, is properly established on our trading and accounting systems.

### **ITEM 17: VOTING CLIENT SECURITIES**

NYL Investors has adopted a Proxy Voting Policy. This Policy is designed to ensure that all proxies are voted in the best interest of our clients without regard to our interests or the interests of our affiliates.

To assist us in researching and voting proxies for those accounts for which we have retained voting rights, we have engaged Institutional Shareholder Services ("ISS"), a third-party proxy service provider. Where a client has contractually delegated proxy voting authority to us, we will vote proxies in accordance with ISS' standard voting guidelines, when available, unless the client provides us with alternative guidelines. Alternative guidelines must be detailed in the client's investment advisory agreement.

A portfolio manager can override an ISS voting recommendation if he/she believes it is in the best interest of our clients to vote otherwise. To override an ISS recommendation, the portfolio manager must submit a written override request to our Compliance Department. Upon receipt of an override request, Compliance will review the request to determine whether any potential material conflicts of interest exist between us and our clients.

Material Conflicts may exist when we or one of our affiliates:

- Manages the issuer's or proponent's pension plan.
- Administers the issuer's or proponent's employee benefit plan.
- Provides brokerage, underwriting, insurance or banking services to the issuer or proponent.
- Manages money for an employee group.

Additional material conflicts may exist if one of our executives is a close relative of, or has a personal or business relationship with:

- An executive of the issuer or proponent.
- A director of the issuer or proponent.
- A person who is a candidate to be a director of the issuer.
- A participant in the proxy contest.
- A proponent of a proxy proposal.

If a potential conflict exists, our Compliance Department refers the override requests to our Proxy Voting Committee for appropriate resolution. The Proxy Voting Committee considers the facts and circumstances of the potential conflict, and determines how to vote. This determination could include: permitting or denying the override request; delegating the vote to an independent third party; or obtaining voting instructions from the client.

A material conflict may also exist when we manage a separate account, a fund or other collective investment vehicle that invests in *The MainStay Funds*. When we receive a proxy in our capacity as a shareholder of an underlying portfolio of *The MainStay Funds*, we will vote in accordance with the recommendation of ISS based on our pre-determined guidelines. If there is no relevant predetermined guideline, then we will vote in accordance with the recommendation of ISS based on its research. If ISS does not provide a recommendation, we then may address the conflict by “echoing” or “mirroring” the vote of the other shareholders in those underlying funds.

A copy of our proxy voting policies and procedures or information as to how proxies were voted for securities held in a client’s account is available upon request.

#### **ITEM 18: FINANCIAL INFORMATION**

At this time, NYL Investors is not required to file a balance sheet for our most recent fiscal year, because we do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. NYL Investors has no financial condition that impairs its ability to meet contractual commitments to clients, and has never been the subject of a bankruptcy proceeding.

#### **ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not applicable.