

# Disclosure Brochure

as of March 31, 2021

## MetLife Investment Management, LLC MIM Index Strategies

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This brochure provides information about the qualifications and business practices of the MIM Index Strategies business unit of MetLife Investment Management, LLC (the “Firm”). If you have any questions about the contents of this brochure, please contact us at 973-355-4081. 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.

The Firm 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 the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Summary of Material Changes**

MetLife Investment Management, LLC (the “Firm”) filed its last annual amendment on March 31, 2020. The following material changes occurred since the Firm’s last annual amendment filing.

- As of April 1, 2021, Israel Grafstein is the Chief Compliance Officer of the Firm.

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

MetLife Investment Management, LLC (the “Firm”) was founded in 2006 and is a subsidiary of MetLife, Inc. (together with its subsidiaries, “MetLife”), a publicly held company. The Firm is part of MetLife Investment Management (“MIM”), MetLife’s institutional investment management business.

The Firm offers investment management services in the following business units: MIM Real Estate; MIM Private Fixed Income; MIM Public Fixed Income; MIM Index Strategies; and other units (including capital markets and alternative investments). Such business units are not separate legal entities or formal sub-divisions of the Firm, but are utilized for purposes of the Firm’s Disclosure Brochures in order to more accurately describe the Firm’s business activities in specific asset classes to clients and prospective clients of the Firm.

This Disclosure Brochure relates solely to the investment management unit of the Firm dedicated to advising clients with respect to index strategies (“MIM Index Strategies”). Each of the Firm’s other investment management business units is described in greater detail in its own disclosure brochure.

As of December 31, 2020, the Firm had \$556,561,408,287 in assets under management, of which \$550,801,055,958 was managed on a discretionary basis and \$5,760,352,329 was managed on a non-discretionary basis.

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

The Firm is typically compensated for its advisory services based upon a percentage of assets under management. The Firm tailors its advisory services based on the needs of the client. As such, all advisory fees are agreed with the client depending on the scope of services the Firm is providing (other than for any pooled investment vehicles, where the fee is set forth in the offering documents, as they may be amended from time to time). The amount and terms of the fee is either set forth in the fund offering documents and constituent fund documents (for any pooled investment vehicles) or in the advisory agreement between the Firm and the client (for separately managed accounts). For managed accounts, the Firm may also receive other fees in connection with the mandate as may be agreed to between the client and the Firm.

Where the Firm serves as a sub-advisor to a registered investment company, the fee charged will be disclosed in the applicable summary prospectus (“Prospectus”).

The Firm generally charges its fee in arrears on a quarterly basis. While the Firm 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.

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

MIM Index Strategies generally does not provide services for performance-based compensation. Other investment management business units within the Firm, however, may provide services for performance-based compensation. Those arrangements are disclosed in the applicable disclosure brochures.

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

Through MIM Index Strategies, the Firm provides its advisory services to institutional clients, which may include registered investment companies, insurance companies, corporate entities, pension and profit sharing plans (including government, Employee Retirement Income Security Act of 1974, as from time to time amended (“ERISA”), and Taft-Hartley plans), charitable institutions, foundations, and endowments, sovereign funds, limited partnerships, pooled investment vehicles, public and government entities and MetLife affiliated general and separate accounts, which includes MetLife’s domestic insurance company subsidiaries (the “MetLife Accounts”),. With respect to any pooled investment vehicle, the Firm provides investment advice and other services directly to such vehicle and not individually to the investors in such vehicle.

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

The information presented below relates to MIM Index Strategies. Information about the additional investment management business units of the Firm is contained in separate disclosure brochures. The current investment strategies offered by MIM Index Strategies are as follows:

## **General Index Strategies**

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An index is an unmanaged group of securities whose aggregate performance is used as a standard to measure the investment performance of a particular market. There are many types of indexes. Some represent entire markets, such as the U.S. stock market or the U.S. bond market. Other indexes cover market segments, such as large-capitalization stocks or long-term bonds.

Passive investment management is a strategy that offers investors broad and diversified market exposure with low turnover and low asset management fees. MIM Index Strategies employs two types of indexing strategies: full replication and sampling. When using the full replication methodology, MIM Index Strategies seeks to manage the portfolios to reflect target index weights and profile characteristics. When using the sampling methodology, MIM Index Strategies utilizes a proprietary portfolio management process to seek to manage portfolios to reflect representative index portfolios that are characteristically neutral to the target index profile.

## **Equity Index Strategies**

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MIM Index Strategies offers investors passively-managed equity portfolios that seek to track the total returns of strategy-specific market indices. The equity portfolios offered by MIM Index Strategies are designed to provide investors with broad market exposure and diversification across asset types and sectors, offering customized, client-centric solutions. MIM Index Strategies' portfolio management process is designed to facilitate tight performance tracking through stringent risk controls, while its team approach aims to ensure portfolio management integrity and continuity.

MIM Index Strategies offers the following equity index strategies:

- International Equity Index Strategy
- Large Cap Equity Index Strategy
- Large Cap Growth Equity Index Strategy
- Large Cap Value Equity Index Strategy
- Mid Cap Equity Index Strategy
- REIT Index Strategy
- Small Cap Equity Index Strategy

## **Fixed Income Index Strategies**

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MIM Index Strategies offers investors passively-managed fixed income portfolios that seek to track the total returns of strategy-specific market indices. These portfolios provide investors with broad market exposure and diversification across asset types and sectors, offering customized, client-centric solutions. Moreover, the portfolio management process facilitates tight performance tracking through stringent risk controls, while the team approach to these portfolios ensures portfolio management integrity and continuity.

The fixed income index portfolios offered by MIM Index Strategies utilize a proprietary portfolio management process that combines stratified sampling with a multi-factor optimization overlay. Stratified sampling neutralizes portfolio exposures across key characteristics including: term structure, sector, duration and quality. Alternatively, the multi-factor risk model uses historical volatilities and correlations to identify both idiosyncratic and systemic risks inherent in the portfolio. Together these approaches generate a balanced portfolio designed to track the performance of the relevant benchmark, and the use of this combined approach allows for efficient asset management and a risk-controlled process that targets minimizing trading costs and tracking error.

MIM Index Strategies offers the following fixed income index strategies:

- MBS Custom Blend Index Strategy
- U.S. Core Bond Index Strategy
- U.S. Intermediate Core Bond Index Strategy

- U.S. Long Government/Credit Index Strategy
- U.S. Treasury STRIPS 20+ Year Index Strategy
- U.S. Credit Index Strategy
- U.S. Short Duration Government/Corporate Index Strategy
- U.S. CMBS Index Strategy

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### **Asset Management for ERISA Plans**

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The Firm may provide investment advice to certain retirement plans subject to ERISA as well as their plan asset committees and sponsors. The terms of the Firm's investment management services, including the types of services that the Firm provides, are set forth in the agreements between the Firm and its clients.

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### **Risk of Loss for All Investments**

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Investing in securities and other financial instruments involves risk of loss that investors should be prepared to bear. Investment strategies may not achieve their performance objectives and may result in losses. MIM Index Strategies has summarized below certain important risks for clients and prospective clients to consider with respect to its strategies.

Information about the risks related to additional investment management units of the Firm is provided in separate disclosure brochures.

For purposes of the risk factors included herein, the term "Client," as context requires, should be read to include an investor in a pooled investment vehicle managed by the Firm. References to actions taken or investments made by a "Client" should be understood to mean, as context requires, that such actions may be taken or investments made by the Firm or its affiliates acting on behalf of Client.

### **Risks Relating to Index Investing**

**Index-Related Risk** - Index strategies are passively managed and do not take defensive positions in declining markets. As such, an index strategy will be negatively affected by declines in the securities represented by the applicable index. There is no guarantee that a portfolio managed to an index strategy will achieve a high degree of correlation to its underlying index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the index portfolio's ability to adjust its exposure to the required levels in order to track its underlying index. Errors in index data, index computations and/or the construction of the underlying index in accordance with its methodology occur from time to time without being identified and corrected for a period of time or at all, which may have an adverse impact on a portfolio managed to the index. The Firm does not provide any warranty or guarantee against index providers' errors. The index provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their indices, and does not guarantee that the index will be in line with its described index methodology. Errors and rebalances carried out by the index provider to the underlying index could increase the costs and market exposure risk of a portfolio.

**Index Replication/Tracking Risk** - The ability of a portfolio to replicate the performance of a broad-based index may be affected by, among other things, changes in securities markets, the manner in which performance of the index is calculated, changes in the composition of the index, the composition of the portfolio, the amount and timing of cash flows into and out of the portfolio, commissions, sales charges (if any), and other expenses.

**Passive Management Risk** - In attempting to replicate the returns of an index, the Separate Account may be more susceptible to risks because it generally will not use any defensive strategies to mitigate its risk exposure. In addition, the Separate Account's returns may deviate from the index it seeks to track as a result of, among other things, the Separate Account's operating expenses, transaction costs and delays in investing cash.

**Reinvestment Risk** - The Account generally will reinvest the cash flows received from a security. The additional income from such reinvestment, sometimes called interest-on-interest, is reliant on the prevailing interest rate levels at the time of reinvestment. There is a risk that the interest rate at which interim cash flows can be reinvested will fall.

Reinvestment risk is greater for longer holding periods and for securities with large, early cash flows such as high-coupon bonds.

**Sampling Risk.** An index strategy's use of a representative sampling approach will result in its holding a smaller number of securities than are in its underlying index and in the underlying strategy holding securities not included in its underlying index. As a result, an adverse development respecting an issuer of securities held by the underlying strategy could result in a greater decline in the underlying strategy's value than would be the case if all of the securities in its underlying index were held. An underlying strategy's use of a representative sampling approach may also include the risk that it may not track the return of its underlying index as well as it would have if the underlying strategy held all of the securities in its underlying index.

### **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.

**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 (iii) pandemics, such as Covid-19, and/or (iv) 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 experienced in 2007-2009 led to extensive and unprecedented governmental intervention. These interventions typically were unclear in scope and application, resulting in confusion and uncertainty which in itself was materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies. In response to the financial crises of 2007-2009, 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, the Firm 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, Central Clearing Houses, or the ICE Benchmark Association (the current administrator of LIBOR) may take actions resulting in changes to the way LIBOR is determined, the discontinuance of reliance on LIBOR as a benchmark rate or the establishment of alternative reference rates. The U.K. Financial Conduct Authority has announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. The Federal Reserve Bank of New York has begun publishing a Secured Overnight Financing Rate ("SOFR"), which is intended to replace U.S. dollar LIBOR, and central banks in several other jurisdictions have also announced plans for alternative reference rates for other currencies. At this time, the Firm cannot predict how markets will respond to these new rates, and cannot predict the effect of any changes to, or discontinuation of, LIBOR on new or existing financial instruments to which Client(s) have exposure. Any changes to, or discontinuation of, LIBOR may have an adverse effect on interest rates or certain derivatives and floating-rate securities held by Clients or other assets or liabilities managed for Clients whose value is tied to LIBOR or to a LIBOR alternative. Any uncertainty regarding the continued use or availability of LIBOR could adversely affect the value of such instruments. Any change to, or discontinuation of, similar benchmark rates besides LIBOR could have similar effects.

*Over-the-Counter/Interdealer Markets.* MIM Index Strategies 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.

*Debt Investments Generally.* 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.

*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 re-characterization 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 the Firm 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 MIM Index Strategies 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. 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 has in the past 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, MIM Index Strategies’ ability to acquire or dispose of assets at a price and time that MIM Index Strategies 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. 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.

*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.

*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. MIM Index Strategies may 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. Client will not have any right to compel MIM Index Strategies to take or refrain from taking any actions other than in accordance with its portfolio management practices.

*U.S. Government Issuers.* Investments in U.S. 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.** Investments in sovereign debt instruments 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.

**Distressed Securities.** An Index Strategy 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 the Firm 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.** MIM Index Strategies may select various corporate debt instruments and collateralized debt securities 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 MIM Index Strategies by the issuers of securities or through sources other than the issuers such as collateral pool servicers. Although MIM Index Strategies will evaluate all such information and data and seek independent corroboration when it considers it appropriate and reasonably available, MIM Index Strategies 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. MIM Index Strategies 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. Corporate mismanagement, fraud and accounting irregularities on the part of any such issuers may result in material losses to investors such as Client.

**Repurchase Agreement Risk** - Repurchase agreements are subject to credit and counterparty risk. In the event a counterparty defaults, becomes insolvent or otherwise becomes unable or unwilling to honor its obligation to the Separate Account, the Separate Account may incur delays or restrictions on its ability to dispose of the underlying securities and lose all or a part of the income from the repurchase agreement.

**Illiquidity.** Although MIM Index Strategies generally invests in liquid securities, there could be certain circumstances in which Client holds illiquid investments. There may be little or no near-term cash flow available with respect to such investments. Consequently, dispositions of such investments may require a lengthy time period, so there can be no assurance that Client will realize value on any such investments in a timely manner.

### **Risks Relating to Equity Investing**

**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.

**Market Capitalization (Small-, Mid- and Large-Cap Stocks Risk).** To the extent a strategy emphasizes small-, mid-, or large-cap stocks, it takes on the associated risks. Compared to small- and mid-cap companies, large-cap companies may be less responsive to changes and opportunities. At times, the stocks of larger companies may lag other types of stocks in performance. The stocks of small- and mid-cap companies are often more volatile and less liquid than the stocks of larger companies and may be more affected than other types of stocks by the underperformance of a sector or during market downturns. Compared to large-cap companies, small and mid-cap companies may have a shorter history of operations, and may have limited product lines, markets or financial resources.

**Value Stocks.** Value stocks may remain undervalued during a given period or may not ever realize their full value. This may happen, among other reasons, because of a failure to anticipate which stocks or industries would benefit from changing market or economic conditions.

**Growth Stocks.** Because the prices of most growth stocks are based on future expectations, these stocks tend to be more sensitive than value stocks to bad economic news and negative earnings surprises. Bad economic news or changing investor perceptions can negatively affect growth stocks across several industries and sectors simultaneously.

## **Risks Relating to Derivatives**

*In General.* An Index Strategy t may invest in various derivatives instruments; although MIM Index Strategies generally invests only in exchange-traded derivatives, such derivative instruments may include 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. Market liquidity for certain derivatives instruments may be limited, which can make it difficult and costly to terminate, unwind or close out open positions in order to either realize gains or limit losses.

Derivatives may be used to mitigate a wide range of risks for Clients. Such management procedures might prove ineffective in reducing such risks, and when 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 Dodd-Frank and comparable international derivatives regulations.

*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 interest rates, currency exchange rates, credit indices or equity indexes,
- changes in volatility levels of interest rates, currency exchange rates, credit indices or equity indexes,
- variances in the correlations or other relationships between various market factors including the derivatives transaction and the asset or liability sought to be synthetically created, and
- the level of liquidity, or illiquidity, in the market for the relevant transaction or related markets.

*Counterparty Risk.* Although MIM Index Strategies will transact derivatives 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. If counterparties, clearing brokers or central clearinghouses fail or refuse to honor their obligations for the derivatives, the use of such derivatives will be ineffective. A counterparty’s or central clearinghouse’s insolvency, inability or unwillingness to make payments under the terms of derivatives agreements or inability or unwillingness to return collateral will have a material adverse effect on Client’s returns on investment.

*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 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. 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.

## **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. 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 MIM Index Strategies, 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.

During the global economic crisis, the mortgage market in the U.S. experienced difficulties that adversely affected the performance and market value of certain mortgage-related investments. During the global economic crisis, delinquencies and losses on mortgage loans (including subprime and second-lien mortgage loans) generally increased, and the decline in or flattening of real-estate values (as has been experienced and may continue to be experienced in many housing markets) exacerbated such delinquencies and losses. Also, a number of mortgage loan originators experienced serious financial difficulties or bankruptcy. Reduced investor demand for mortgage loans and mortgage-related securities and increased investor yield requirements caused limited liquidity in the secondary market for mortgage-related securities, which adversely affected the market value of certain mortgage-related securities. It is possible that such limited liquidity in such secondary markets could arise in a similar manner in the event of any downturn in the U.S. mortgage market. 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 Foreign Investments**

*In General.* An Index Strategy may invest in companies located in countries other than the U.S. 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, including expropriation or seizure.
- International trade disputes 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.

#### **Additional Risks**

*Public Health Crises, including Covid-19.* Major public health issues, such as a pandemic (e.g. the novel coronavirus COVID-19) or other event that causes a large number of illnesses or deaths, have had and could continue to have a major impact on the global economy and financial markets, including financial market volatility and changes in interest rates, which could negatively impact client investments. Governmental and non-governmental organizations may not effectively combat the spread and severity of such a pandemic, increasing their harm to us. In particular, disruptions to commercial activity relating to the imposition of quarantines and travel restrictions, and/or failures to contain the outbreak despite these measures, could materially and adversely impact clients' investments, both in the near- and long-term. In addition, the imposition of travel restrictions (including "shelter-in-place" or "lock-down" directives) may impact the ability of the Firm's personnel to travel in connection with potential or existing investments, or otherwise disrupt business activities, which could negatively impact the Firm's ability to effectively identify, monitor, operate and dispose of client investments.

*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.

*Operational and Information Security Risk from Cyberattacks and other Computer-Related Attacks.* The Firm relies on the effective operation of its computer systems and, in certain instances, the computer systems of its service providers, for a variety of functions, including, transactions, providing information to Client, and maintaining financial records. The Firm also retains confidential and proprietary information on its computer systems and the computer systems of its service providers, and relies on sophisticated technologies to maintain the security of that information. The Firm's computer systems and the computer systems of its service providers are subject to computer viruses or other malicious codes, unauthorized or fraudulent access, social engineering, phishing, human error, cyberattacks or other computer-related penetrations, and such threats have increased over recent periods. The administrative and technical controls and other preventive actions the Firm takes to reduce the risk of cyber-incidents and protect its information technology may be insufficient to prevent physical and electronic break-ins, cyber-attacks, compromised credentials, fraud, other security breaches or other unauthorized access to its computer systems or the computer systems of its service providers. In some cases, such cyber-incidents may not be immediately detected. Such incidents may impede or interrupt the Firm's business operations and could adversely affect the Firm's operations, and in turn could adversely affect Client or the assets.

In the event of a disaster such as a natural catastrophe, epidemic, industrial accident, blackout, computer virus, terrorist attack, cyberattack or war, unanticipated problems with the Firm's disaster recovery systems could have a material adverse impact on the Firm's ability to conduct business, particularly if those problems affect the computer-based data processing, transmission, storage and retrieval systems and destroy valuable data of the Firm. In addition, if a significant number of the Firm's managers, or associates generally, are unavailable following a disaster, its ability to effectively conduct business could be severely compromised. These interruptions also may interfere with the ability of the Firm to provide services to Client and the ability of the Firm's associates to perform their job responsibilities.

The failure of the computer systems of the Firm or its service providers, or the disaster recovery plans of the Firm or its service providers for any reason, could cause significant interruptions in the Firm's operations and result in a failure

to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Client or the assets, and could potentially result in financial losses.

### **Risks Relating to Conflicts of Interest**

Client should be aware that there will be occasions when the Firm and its affiliates will encounter potential conflicts of interest in connection with activities relating to investments on behalf of Client.

**Allocations.** The Firm serves as the investment manager for third party accounts, the MetLife Accounts, and certain investment vehicles sponsored by the Firm. Accordingly, potential conflicting interests or duties will likely arise because the Firm undertakes investment management activities for another account or accounts, including MetLife Accounts, investing in the same assets or the same issuers as Client. The Firm acts as adviser to other accounts, including the MetLife Accounts and there will likely be times during which the Firm will give advice and take action with respect to any of those accounts which will differ from the advice given, or the time or nature of action taken, with respect to the Client's portfolio. For example, the Firm could cause a MetLife Account and Client's account to co-invest in an investment but later decide to dispose of the investment owned by the MetLife Account, but not Client's account. The value of the investment retained by Client might be negatively impacted as a result of the sale of the MetLife Account's investment. There can be no assurance that any MetLife 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 of these accounts. This presents a potential conflict of interest for the Firm as there are competing benefits it derives depending upon which account is allocated a specific investment opportunity. Those competing benefits include, different management fee arrangements and different levels of ownership by MetLife Accounts. Consistent with its fiduciary duties to its clients, the Firm has adopted policies and procedures designed to appropriately manage this conflict, including its allocation policy (as discussed in greater detail in response to Item 10 below); 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 and decisions to sell these investments. For example, effecting a transaction in a security for one account may adversely affect the price at which a transaction in the same security can be effected for Client.

**Other Relationships.** The Firm and MetLife 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, the Firm 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. For example, the issuer of an investment may enter into transactions with certain MetLife affiliates engaged in the insurance business; if MIM's investment in such issuer becomes distressed or the issuer enters into bankruptcy, MIM may desire to take action that could be viewed as adverse to such issuer, but, subject to applicable law and internal policies, the Firm may decline to take such action as a result of the relationship between the MetLife affiliate and such issuer. In determining whether to pursue a particular investment on behalf of Client, these relationships could be considered by the Firm, 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 (i) subject to applicable law and internal policies, the Firm will take an action that it believes is in the best of interest of its clients, if such action is adverse to the interests of MetLife affiliates and (ii) all potentially otherwise suitable investment opportunities that come to the attention of the Firm will be made available to Client.

**Use of Material, Non-Public Information.** From time to time employees of MetLife may come into possession of material, non-public information in connection with other activities. As such, the Firm would be restricted from investing in certain transactions it otherwise may have initiated or selling an investment it otherwise may have sold.

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

The Firm 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, the Firm is a subsidiary of MetLife, Inc. The Firm is under common control with other registered investment advisers, broker dealers and insurance companies. Any relationship between the Firm and another MetLife affiliate material to a prospective client's evaluation of MIM Index Strategies, including conflicts of interest, is disclosed as appropriate within this Disclosure Brochure or in applicable offering documents.

### **Relationship with MetLife Investment Management Affiliates<sup>1</sup>**

The Firm is part of MetLife's institutional investment management business, MetLife Investment Management, which 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 Firm employees also are directors, officers and/or employees of some of these affiliates and are likely to recommend the same security to clients of both the Firm and the affiliate. In addition, the Firm may delegate a portion of its investment management responsibilities to, and receives investment services from, certain of these affiliates, including trade execution services, receipt of investment research and recommendations to invest in certain securities. Likewise, the Firm provides investment management, investment research and sub-advisory services to certain of these affiliates. When the Firm is managing an affiliate's client account through a sub-advisory relationship, such client will be treated as a client of the Firm for purposes of investment allocations. Both the Firm and these affiliates have adopted trade allocation policies to address this particular conflict of interest where it arises, as further discussed below in response to this Item 10.

### **Relationship with Other Affiliated Investment Advisers**

#### *UK Investment Management Affiliate*

The Firm's affiliate, MetLife Investment Management Limited ("MIML"), located in London, England, is registered with the U.K. Financial Conduct Authority as an investments adviser and investments manager. MIML provides investment management services to institutional investors located in the UK, the wider European Economic Area and globally. The Firm and MIML have entered into arrangements whereby they may provide investment management, investment research and sub-advisory services to each other for investments other than MIM Index Strategies. The Firm's other affiliate in London, MetLife Investments Limited, provides portfolio management and advisory services and trade execution services solely to affiliates.

#### *Japan Investment Management Affiliate*

The Firm's affiliate, MetLife Asset Management Corp. (Japan) ("MAM"), is a Financial Services Agency registered discretionary investment manager located in Japan. MAM provides investment management services to institutional investors located in Japan. The Firm and MAM have entered into arrangements whereby the Firm provides sub-investment management services to MAM for the benefit of MAM non-US clients relating to investments other than MIM Index Strategies.

#### *Hong Kong Investment Management Affiliate*

The Firm'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 and the Asia region. The Firm and MIAL have entered into arrangements whereby they may provide investment management, investment research and sub-advisory services to each other for investments other than MIM Index Strategies.

#### *Chile Investment Management Affiliate*

The Firm's affiliate, MetLife Latin America Asesorias e Inversiones Limitada, provides investment management services solely to MetLife affiliates in the LatAm region and investment research services to the Firm.

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<sup>1</sup> Subsidiaries of MetLife, Inc. that provide investment management services include, in addition to the Firm, Metropolitan Life Insurance Company, MetLife Investment Management Limited, MetLife Investments Limited, MetLife Investments Asia Limited, MetLife Latin America Asesorias e Inversiones Limitada, MetLife Asset Management Corp. (Japan) and MIM I LLC.

## **Relationship with Broker-Dealer Affiliate**

The Firm'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 the Firm to institutional clients. Certain of the Firm's personnel are also registered representatives of MISL and engage in the marketing activities associated with the private funds managed by the Firm; however, they do not receive any sales commissions for these activities.

## **Relationship with Affiliated or Sponsored Investment Vehicles**

*Private Funds.* The Firm serves as the investment adviser to multiple private funds located globally. One or more subsidiaries of the Firm serve as the general partner to certain of such funds.

*Mutual Funds.* The Firm serves as investment adviser to mutual funds which the Firm sponsors.

*Collective Investment Trust Funds.* The Firm serves as investment adviser to certain trust companies organized under the Pennsylvania Banking Code that are sponsored by the Firm.

The Firm and its affiliate employees may have an ownership interest in these affiliated or sponsored investment vehicles.

## **Additional Conflicts Related to Affiliations**

*Conflicts Related to the Financial Interests of Affiliates.* Given the broad nature of MetLife's business, there will be times during which affiliates of the Firm will have financial interests in, or relationships with, companies whose securities the Firm 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 the Firm on behalf of its third party client accounts. For example: (1) due to the fact that MetLife affiliates hold public and private debt and equity securities of a large number of issuers, the Firm's third party clients may invest in some of the same issuers, but at different levels in the capital structure, and (2) it is possible that a MetLife affiliate will hold the senior debt of an issuer whose subordinated debt is held by the Firm's third party clients or hold secured debt of an issuer whose public unsecured debt is held in the Firm's third party client accounts. In the event of restructuring or insolvency, the MetLife affiliates as holders of senior debt will exercise remedies and take other actions that are not in the interest of, or are adverse to, other clients of the Firm that are the holders of junior debt. In addition, MetLife affiliates sell various products and/or services to certain companies whose securities the Firm may purchase and sell on behalf of clients or who may have other relationships with the Firm (such as a tenant in a building owned by a client or a counterparty on a derivatives trade). While the Firm makes investment decisions for each client independently in consideration of the best interests of such client, there can be no guarantee that any actual or potential conflicts will be resolved in favor of such client or that actions taken by a MetLife affiliate will not adversely affect the value of a client investment.

*Transactions with Related Parties.* The Firm from time to time engages certain of its affiliates to provide services to its clients. The use of MetLife affiliates to provide these services is likely to raise potential conflicts of interest because there is an incentive for the Firm to favor its affiliates over unaffiliated third parties who may provide superior services or charge less for comparable services.

*Conflicts Related to Investment Consultants.* Certain of the Firm's clients and prospective clients retain investment consultants to advise them on the selection and review of investment managers (including with respect to the selection of investment funds). The Firm has dealings with these investment consultants in their roles as discretionary managers or non-discretionary advisers to their clients. The Firm also has independent business relationships with investment consultants, or other interactions with such consultants. In general, both the Firm and the investment consultant make the appropriate disclosure to their respective clients, as applicable of any conflict it believes to exist due to their business relationships.

*Conflicts Related to Service Providers.* The Firm retains third party advisors and other service providers to provide various services to the Firm as well as for funds that the Firm manages or sub-advises. If a service provider is engaged to provide services to the Firm or one or more of the Firm's funds and managed accounts while also providing services to other MetLife affiliates, such service provider will generally negotiate rates in the context of the overall relationship

with the Firm or MetLife. In such a scenario, the Firm will generally benefit from negotiated fee rates offered to the Firm's funds and managed accounts and vice versa. The Firm will not necessarily be able to obtain advantageous fee rates from a given service provider negotiated by MetLife affiliates based on their relationship with the service provider.

**Valuation.** The assets and liabilities of the Firm's clients will be valued in accordance with the Firm's valuation policy, which is designed to comply with relevant industry standards and represent current best practices for valuations and impairments. The Firm's clients should be aware that there is a conflict of interest to the extent that the Firm or an affiliated entity is performing valuations for the Firm's clients, including, among others, when the Firm is expected to receive management fees based on such valuations. In addition, for certain assets held by MetLife Accounts, the Firm's valuation policy provides for different valuation methodologies to be used for such assets as compared to that used for assets held by third party clients. As a result, there will likely be instances where the Firm attributes a different value to the same asset, depending on whether such asset is held by a MetLife Account or a third party client and the Firm has no obligation, legal or otherwise, to conform its valuation of assets for the MetLife Account to valuations of assets maintained by third party clients.

**Conflicts Related 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. The Firm 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 these clients may be similar. Moreover, the Firm and its affiliates may make investments or engage in other activities that express inconsistent views with respect to an entity in which the Firm has invested client assets, a particular security or relevant market conditions. For example, if the Firm 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, MIM Index Strategy's portfolio managers generally make investment decisions for the respective clients whose accounts they manage independently of the manner in which a similar or even the same investment may be viewed by other portfolio managers or other Firm business units. In addition, the Firm may take different approaches to hedging for certain clients.

The Firm 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. 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.

### **Allocation Policy**

In order to address the conflicts related to the affiliations described herein, the Firm has implemented compliance policies and procedures, including an allocation policy that covers each asset class. This allocation policy is designed to ensure that investment opportunities are allocated in a fair and equitable manner over time to Firm clients, including third party clients and the MetLife Accounts. In certain situations, when a single investment opportunity cannot readily be shared on a pro rata basis, the allocation policy generally provides for allocation of the investment opportunity on a rotational basis. When possible, 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 participant's allocation below its stated minimum, or result in a *de minimis* allocation, the policy generally provides that the participant 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 receive any allocation. A copy of the Firm's allocation policy is available upon request.

The foregoing list of conflicts of interest does not purport to be a complete enumeration or explanation of the conflicts involved in an investment with, or managed by, the Firm. In addition, as MIM Index Strategies' investment programs and clients develop and change over time, a client may be subject to additional and different conflicts.

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

The Firm and persons associated with the Firm are permitted to buy or sell securities that it also recommends to clients consistent with the Firm's policies and procedures. The Firm 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. A copy of the Firm's Code of Ethics is available to any client or prospective client upon request.

In addition to its Code of Ethics, the Firm:

- Maintains and enforces written policies reasonably designed to prevent the unlawful use of material non-public information by the Firm or any of its employees.
- Has implemented ethical wall procedures to limit the receipt of material non-public information to personnel who often have access to confidential information, such that the investment activities of the rest of the Firm are not otherwise restricted due to the imputation of such material non-public information to the rest of the Firm (as described in further detail below).
- Has implemented policies and procedures that prohibit favoring any MetLife Account over a third party client's account (as described in further detail in response to Item 10 above).
- Has adopted policies that prohibit asset transfers between client portfolios unless such transactions are executed in accordance with the requirements of the Advisers Act.

#### *Material Non-Public Information ("MNPI") and Ethical Wall*

To control the flow of MNPI within the Firm and to prevent its misuse, the Firm has established policies and procedures that are designed to control receipt of MNPI and appropriately manage related trading issues. These policies and procedures include, where appropriate, use of information barriers. An information barrier may include, as dictated by the applicable facts and circumstances, the physical, technological and operational separation to various degrees ("walling off") of certain of the Firm's business units or personnel, as well as those of its affiliates involved in different businesses, and other policies and procedures designed to prevent the unauthorized access to, or dissemination of, MNPI. The purpose of the information barrier is, among other things, to limit the receipt of MNPI to such personnel who often have access to confidential information, such that the investment activities of the rest of the Firm are not otherwise restricted because the designated personnel may have MNPI that would be imputed to the rest of the Firm in the absence of an information barrier. The Firm has established and is expected to continue to establish, additional information barriers when appropriate, including in connection with its various investment units. In some instances, the Firm could create an "isolated information barrier" around a small number of employees within an investment unit who come into possession of MNPI about an issuer, so that their knowledge is not attributed to the rest of the unit.

As a result of information barriers between the Firm's business units primarily investing in private asset sectors (collectively, "MIM Private Units"), the Firm's unit primarily investing in public asset sectors ("MIM Public Fixed Income") will make investment decisions independently of MIM Private Units. Notwithstanding the policies and procedures in place between MIM Public Fixed Income and MIM Private Units, conflicts of interest may arise among

and between such units of the Firm. In certain cases, the investment objectives and programs of MIM Public Fixed Income or its clients are similar to, or overlap with, the investment strategies and objectives of MIM Private Units or its clients. MIM Public Fixed Income may invest in the same securities or issuers in which MIM Private Units is invested. In addition, MIM Public Fixed Income may invest in a particular security or entity at substantially the same time as MIM Private Units. The information barrier may result in differences in price, terms and amount of leverage (if any), and associated transaction costs. In addition, MIM Public Fixed Income likely will not dispose of such an investment at substantially the same price or time as MIM Private Units. MIM Private Units also may make investments or engage in other activities that express views inconsistent with those of MIM Public Fixed Income, which may reduce the value of client investments managed by MIM Public Fixed Income.

MIM Public Fixed Income also may invest in entities or assets in which MIM Private Units have an existing investment. Similarly, MIM Private Units may later invest in entities or assets that MIM Public Fixed Income are invested in, which may have an effect (either positive or negative) on the market prices of MIM Public Fixed Income clients. This would potentially result in MIM Private Units clients being senior to MIM Public Fixed Income clients in the capital structure of an issuer, which could mean that, in a workout or other distressed scenario, the interests of MIM Private Units clients might be adverse to MIM Public Fixed Income clients and MIM Private Units clients might recover all or part of the investment while MIM Public Fixed Income clients may not. MIM Private Units will not be required to take any action or withhold from taking any action to mitigate losses by MIM Public Fixed Income clients in such a scenario. In addition, MIM Private Units may seek to exercise creditor's rights under the applicable loan agreement or other documents in a manner which may be detrimental to other investors, including MIM Public Fixed Income clients.

## **Item 12: Brokerage Practices**

### *Brokerage Selection and Best Execution*

In selecting broker-dealers to execute transactions for clients' accounts, MIM Index Strategies considers a variety of factors including, but not limited to: its financial strength, reputation, execution, pricing, research and service. MIM Index Strategies seeks to obtain "best execution" consistent with its duties as an investment adviser. 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. MIM Index Strategies will seek competitive rates but may not necessarily obtain the lowest possible commission rates for transactions. However, in some instances, there may only be one broker-dealer active in a particular security at a given time which may limit the ability to obtain best execution.

### *Soft Dollars and Research Services*

Currently, MIM Index Strategies does not enter into any third party or proprietary soft dollar arrangements where a broker-dealer provides research services in exchange for an expectation of receiving a certain dollar amount of commissions.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers who provide unsolicited proprietary research (research created or developed by the broker-dealer) which assist MIM Index Strategies in its investment decision-making process. Such research generally will be used to service all of MIM Index Strategies' clients, but all research will not be applicable to each client. In addition to unsolicited research, certain broker-dealers may provide invitations to attend conferences and meetings with management representatives of issuers or with other analysts and specialists.

The amount of research and other benefits described above may depend on the amount of brokerage transactions effected with the brokers. A conflict of interest may exist because there is an incentive to cause clients to pay a higher commission than MIM Index Strategies might otherwise be able to negotiate, and to recommend brokers that provide research and other benefits. Accordingly, there is an inherent conflict of interest that exists because MIM Index Strategies does not have to produce or pay for such research or other benefits and it could appear to select brokers based on its interest in receiving research and other benefits, rather than in its clients' best interest in receiving most favorable execution. The Firm has policies and procedures to address conflicts of interest associated with the brokerage practices of each of its business units, and periodically reviews its policies and procedures regarding its selection of financial institutions to execute transactions in light of its duty to obtain best execution.

#### *Brokerage for Client Referrals*

The Firm does not direct brokerage for client referrals.

#### *Directed Brokerage*

MIM Index Strategies does not permit clients to direct trades to a particular broker-dealer.

#### *Trade Aggregation and Allocation*

MIM Index Strategies manages accounts with similar investment styles and strategies. As a result, if an investment transaction is appropriate for more than one client, the Firm may attempt to aggregate trades for the accounts and perform one trade or a block trade and allocate pro-rata. If MIM Index Strategies determines that the purchase or sale of the same security or instrument is in the best interest of more than one client, MIM Index Strategies may, but may in its sole discretion choose not to, combine or aggregate orders to the extent permitted by applicable law.

In order to address the conflicts that may result in connection with trade aggregation and allocation, the Firm has implemented compliance policies and procedures, including allocation policies specific to each asset class, as described in response to Item 10 above.

#### *Trade Error Policy*

MIM Index Strategies maintains a trade error policy. "Trade Errors" include, but are not limited to: (i) purchasing or selling the wrong security or quantity; (ii) purchasing a security when a sale was intended or selling a security when a purchase was intended; (iii) purchasing or selling a security in violation of regulatory or contractual obligations; and (iv) purchasing or selling a security for an unintended account. Trade Errors do not include situations that do not result in a trade settling. To the extent a Trade Error is caused by a third party, such as a broker or agent, MIM Index Strategies will seek to recover any losses associated with the Trade Error from such third party, but may choose not to do so in its discretion and MIM Index Strategies will not be liable for such losses, provided that such third party was selected, engaged or retained in good faith. Clients will not be notified if an error in their account is avoided through cancellation, modification or reallocation.

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

MIM Index Strategies 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 MIM Index Strategies. MIM Index Strategies 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.

MIM Index Strategies 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 MIM Index Strategies, are set forth in the applicable agreement between the Firm and the client.

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

The Firm 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 the Firm and does not result in any additional charge to the client. Unaffiliated solicitors will provide clients with a copy of the Firm'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, the Firm may prepare periodic supplemental reports. Any supplemental reports should be carefully reviewed and compared against statements received directly from the client's account custodian, to the extent the account contains the types of investments that would be held with a custodian.

The Firm does not generally accept custody of clients' securities. To the extent the Firm has the authority to request a financial institution to debit its advisory fee from a client's account and remit the fee directly to the Firm, the Firm ensures that it has written authorization from the client and that any such debit is done in accordance with applicable custody rules. For clients where the Firm is authorized to carry out certain actions on behalf of the client that could

be deemed to constitute custody, the Firm has policies and procedures in place to comply with applicable custody rules.

#### *Surprise Examination Requirement*

The Firm 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 the Firm ensures it has a reasonable belief that the custodian is sending the client quarterly statements.

#### *Delivery of Audited Financial Statements*

The Firm obtains and distributes US GAAP audited financials, as applicable, 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 MIM Index Strategies client accounts, the Firm 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 the Firm's discretionary authority.

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

For certain MIM Index Strategies client accounts, the Firm has the authority, without obtaining specific client consent, to vote on certain matters regarding the assets. This discretionary authority is, however, subject to the terms of the investment management agreement or offering documents, which may limit the scope of the Firm's discretionary authority.

The Firm has implemented policies and procedures (the "Proxy Policies") that govern how the Firm 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. The Firm 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 the Firm or its affiliates do not affect voting decisions on behalf of clients.

Based on the guiding principle that all votes made by the Firm 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, the Firm has adopted proxy voting guidelines (the "Guidelines") that set forth how the Firm plans to vote on specific matters presented for shareholder vote. The Firm has retained Institutional Shareholder Services' ("ISS") recommended proxy voting guidelines and to monitor and vote proxies. The Firm, 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, the Firm's Proxy Committee, which is comprised of senior investment personnel, and legal and compliance personnel, must first make a determination whether there is any material conflict of interest between the Firm (or any of its affiliates) and clients.

ISS monitors client accounts and their holdings to be sure that all proxies are received and voted. Should a proxy arise that is not covered by the Guidelines, ISS will be directed to vote in a manner approved by the Firm's Proxy Committee. In addition, the Firm's Proxy Committee 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 the Firm voted securities held in their accounts, by contacting Israel Grafstein, Chief Compliance Officer of the Firm, at (973) 355-4801.

**Item 18: Financial Information**

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

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

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