

**MetLife Investment Management, LLC | MetLife Investments Securities, LLC**  
**Form CRS Customer Relationship Summary | September 2022**

<p><i>Introduction</i></p>	<p><b>MetLife Investment Management, LLC (“MIM LLC”)</b> is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser and provides investment management services to clients as described below.</p> <p><b>MetLife Investments Securities, LLC (“MISL”)</b> is registered with the SEC and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). MISL’s sole purpose is to act as placement agent in the sale of interests in certain funds managed by MIM LLC, as described in greater detail below.</p> <p>Both MIM LLC and MISL are wholly owned indirect subsidiaries of MetLife, Inc. Certain MIM LLC personnel also act as registered representatives of MISL, and MISL has no other personnel. As a result, the salespersons who offer MIM LLC’s investment advisory services to clients are the same individuals who offer fund placement services to customers as registered representatives of MISL.</p> <p>Brokerage and investment advisory services differ, and it is important for you to understand these differences. We have highlighted certain key considerations in this document.</p> <p>Free and simple tools are available to research firms and financial professionals at <a href="https://investor.gov/CRS">Investor.gov/CRS</a> or <a href="https://brokercheck.finra.org/">https://brokercheck.finra.org/</a>, which also provides educational materials about broker-dealers, investment advisers, and investing.</p>	
<p><i>What investment services and advice can you provide me?</i></p>	<p>MIM LLC provides investment management services directly to investors via separately managed accounts and also acts as the investment manager to pooled investment vehicles that it manages (each, a “<b>MIM Fund</b>”) in which investors are able to invest. MISL provides fund placement services which are only relevant to you if you invest in a MIM Fund (as defined below) that is sold through MISL.</p> <p>MIM LLC provides investment management services in the following asset classes: real estate, private fixed income, public fixed income, index strategies, capital markets, and alternative investments. Although MIM LLC provides services primarily to institutional investors, including the MIM Funds, we also offer certain investors who are retail investors as defined under Regulation Best Interest (“<b>Reg BI</b>”) the opportunity to invest through a separately managed account structure.</p> <p>MIM LLC typically has discretionary trading authority over client accounts. For certain asset classes, we also offer clients the option of a non-discretionary account, where the client makes the ultimate decision regarding the purchase or sale of investments. MIM LLC generally monitors investments on an ongoing basis and conduct regular account reviews on at least a quarterly basis. Such reviews are conducted by our investment professionals.</p>	<p>MISL is a limited purpose broker dealer authorized by FINRA to act as placement agent in the sale of interests in MIM Funds. Although MISL provides services primarily to institutional investors, we also offer fund placement services to certain investors who are retail investors as defined under Reg BI who meet the qualification requirements to invest in the applicable MIM Fund.</p> <p>MISL’s role as broker dealer is limited to acting as placement agent in connection with the offering and sale of interests in MIM Funds. MISL does not have discretionary trading authority and does not monitor customer investments. Further, MISL does not have customer accounts and does not handle customer funds or securities. While MISL sales representatives may make recommendations regarding investments in MIM Funds, only investors and/or their consultants or</p>

	<p>MIM LLC does not have a stated investment minimum for separately managed accounts, but new accounts are generally larger than \$50 million.</p>	<p>investment advisers make ultimate investment decisions. MISL is not involved in the offer or sale of interests in any funds managed by third parties that are not MIM Funds.</p>
	<p>Investments in the MIM Funds (whose interests are placed by MISL) require a minimum investment size, which varies by product, but generally begins at a minimum of \$1 million-\$5 million (subject to reduction in MIM LLC’s discretion).</p> <p><b>For additional information</b>, please see the applicable MIM LLC Form ADV, Part 2A Brochure and the applicable Private Placement Memoranda, Prospectus or equivalent document (“<b>Fund Offering Document</b>”) for the applicable MIM Fund for detailed discussion on conflicts of interest, investment offerings and limitations, fees and other important information.</p>	
	<p><b>Conversation Starter.</b> Ask your financial professional —</p> <ul style="list-style-type: none"> <li>• <b>Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?</b></li> <li>• <b>How will you choose investments to recommend to me?</b></li> <li>• <b>What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?</b></li> </ul>	
<p><i>What fees will I pay?</i></p>	<p>MIM LLC receives a management fee for our investment management services based upon a percentage of the assets we manage on behalf of a client. The more assets there are in your account, the more you will pay in fees, and therefore we may have an incentive to encourage you to increase the assets in your account.</p> <p>For certain client accounts, MIM LLC may also receive additional incentive-based compensation, which is typically a percentage of the increase in value of the account over a particular time period, subject in certain cases to meeting certain targets or thresholds, the details of which are set forth in the management agreement (in the case of a separately managed account) or Fund Offering Document (in the case of a MIM Fund).</p> <p>MIM LLC’s fees are in addition to custodian fees and other transactional fees that you may pay to third parties. Additionally, if you invest in one of our real estate mandates, you may incur additional fees and costs related to property management.</p> <p>For MIM LLC’s public fixed income clients, advisory fees are set forth in our Form ADV, Part 2A Brochure. For other asset classes, the advisory fees are agreed to between you and MIM LLC in your account documentation.</p>	<p>MISL does not charge brokerage or other transaction-based fees and MISL sales representatives do not receive sales commissions in connection with the offering and selling of MIM LLC’s funds. However, investors will incur fees and costs in association with MIM LLC’s management of the funds, described in more detail in the column to the left, and for which additional information may be found in MIM LLC’s Form ADV Part 2A Brochure and the applicable Fund Offering Document.</p>

	<p><b>You will pay management fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.</b></p> <p><i>For additional information</i>, please see the applicable MIM LLC Form ADV, Part 2A Brochure and the applicable Fund Offering Document for detailed discussion on conflicts of interest, investment offerings and limitations, fees and other important information.</p>	
	<p><b>Conversation Starter.</b> Ask your financial professional—</p> <ul style="list-style-type: none"> <li>• <b>Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?</b></li> </ul>	
<p><i>What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser?</i></p> <p><i>How else does your firm make money and what conflicts of interest do you have?</i></p>	<p>When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means.</p> <ul style="list-style-type: none"> <li>• MIM LLC is part of MetLife’s institutional investment management business, MetLife Investment Management (“MIM”), which has domestic and international affiliates, including other investment advisers and broker-dealers. We also provide investment management services to our affiliates and we may recommend investments to our affiliates that we do not recommend to you.</li> <li>• MIM LLC may allocate investments among both our clients and those of our affiliated investment managers, which may result in a reduced allocation to you.</li> <li>• Where MIM LLC and its portfolio managers receive incentive-based compensation from a client account, MIM LLC may have an incentive to take additional risks in the account or allocate more favorable investment opportunities to it.</li> <li>• Given the broad nature of MetLife’s business, including MetLife’s insurance businesses, there will be times during which our affiliates will have financial interests in, or relationships with, companies whose securities we buy or sell for our clients. At any time, these affiliates’ interests and relationships could be inconsistent or in potential or actual conflict with positions held or actions taken by MIM LLC on behalf of our clients.</li> </ul>	<ul style="list-style-type: none"> <li>• Certain prospective investors retain investment consultants to advise them on the selection and review of investment funds. MISL and its affiliates may have dealings with these investment consultants in their roles offering products to their clients or as discretionary managers or non-discretionary consultants, or other interactions with such consultants. In general, both MISL and the investment consultant make appropriate disclosure to their respective clients, as applicable, of any conflict it believes to exist due to their business relationships.</li> <li>• MISL only offers fund placement services for funds which are MIM Funds, but does not offer fund placement services for any funds managed by unaffiliated third parties. This limits our ability to make recommendations to you.</li> </ul>

	<p>As noted above, MIM LLC is compensated by receipt of a management fee for our investment management services based upon a percentage of our assets under management. The more assets there are in your account or that you invest in a MIM Fund, the more you will pay in fees, and therefore we have an incentive to encourage you to increase the assets in your account or your investment in a MIM Fund, or to propose an investment that may be unsuitable to you. Accordingly, prospective investors should also rely on their own diligence when making an investment decision to invest in a MIM Fund.</p> <p><b>For additional information</b>, please see the applicable MIM LLC Form ADV, Part 2A Brochure and the applicable Fund Offering Document for detailed discussion on conflicts of interest, investment offerings and limitations, fees and other important information.</p> <p><b>Conversation Starter.</b> Ask your financial professional —</p> <ul style="list-style-type: none"> <li>• <b>How might your conflicts of interest affect me, and how will you address them?</b></li> </ul>
<p><i>How do your financial professionals make money?</i></p>	<p>The sales personnel who offer MIM LLC’s investment advisory services are the same individuals who offer fund placement services as registered representatives of MISL. MISL’s registered representatives do not receive any sales commissions in connection with the offering and selling of MIM Funds; rather, their compensation is earned as a result of their role within MIM LLC. Such compensation is comprised primarily of a base salary and an annual variable incentive bonus and may also include long-term equity-based incentives. A sales professional’s total incentive-based compensation is determined based on several qualitative factors and, in part, on the sales professional’s overall performance as a MetLife employee for the prior calendar year (which may take into account the total amount of sales that they produced in the prior year, but is not a “sales commission” and is not based on a quantitative formula that is directly linked to sales). As a result of this compensation structure, a sales professional’s compensation is not directly affected as a result of having sold interests in a MIM Fund versus separately managed advisory accounts to investors; however, fundraising success is a factor that MIM LLC considers in assessing annual incentive-based compensation, which creates an indirect incentive for sales personnel to recommend that you invest in MIM services or MISL products. Certain portfolio managers of MIM Funds are eligible to also receive performance based compensation referred to as carried interest.</p>
<p><i>Do your financial professionals have a legal or disciplinary history?</i></p>	<p>Yes. Visit <a href="http://Investor.gov/CRS">Investor.gov/CRS</a> and <a href="https://brokercheck.finra.org/">https://brokercheck.finra.org/</a> for a free and simple search tool to research us and our financial professionals.</p> <p><b>Conversation Starter.</b> Ask your financial professional —</p> <ul style="list-style-type: none"> <li>• <b>As a financial professional, do you have any disciplinary history? For what type of conduct?</b></li> </ul>
<p><i>Additional Information</i></p>	<p><b>For additional information about our services</b>, or to obtain additional, up-to-date information or a copy of MIM LLC’s Form ADV Part 2A, please contact MIM Client Services at <a href="mailto:MIMClientService@metlife.com">MIMClientService@metlife.com</a> or (for Public Fixed Income clients) at <a href="mailto:MIM_PubFI_ClientServ@metlife.com">MIM_PubFI_ClientServ@metlife.com</a>.</p> <p><b>Conversation Starter.</b> Ask your financial professional —</p> <ul style="list-style-type: none"> <li>• <b>Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?</b></li> </ul>

**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) 437-0869. 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

This brochure dated April 9, 2024, updates and replaces MetLife Investment Management, LLC's Index Strategies brochure dated March 29, 2024.

There have been no material changes since the Firm's last annual amendment filing. This brochure contains updated and expanded disclosures since the Firm's annual amendment filed on March 31, 2023 relating to the following areas:

- Item 4: Advisory Business
  - Updated information on the Firm's advisory business
- Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss
  - Updated and expanded Investment Strategies
  - Updated and expanded disclosures relating to various risks including Economic Conditions, Market Disruptions, Equity Risk, Interest Rate Increases, Rating Risk, T+1 Settlement, and Sustainable Investment Risk
- Item 10: Other Financial Industry Activities and Affiliations; Relationships with Other Affiliated Investment Advisers
  - Updated and expanded disclosures regarding the Firm's affiliates
- Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading
  - Updated and expanded disclosures regarding the Firm's Code of Ethics, Receipt of MNPI and Information Barriers, and Personal Trading

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

MetLife Investment Management, LLC (the “Firm”) was founded in 2006 and is an indirect, wholly-owned 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: Real Estate; Private Fixed Income; Public Fixed Income; Index Strategies; and other units (including private funds, 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.

The Firm typically makes investments for clients in accordance with written investment guidelines or other investment specific documentation for each advisory mandate. Investment services can be tailored for each client’s specific needs and objectives, including restrictions on investing in certain securities or types of securities. The Firm has procedures and controls to monitor compliance with each client’s specific investment guidelines. Where the Firm is the investment adviser to a pooled investment vehicle, investment objectives, guidelines and any investment restrictions generally are not tailored to the needs of individual investors in those vehicles, but rather are described in the prospectus or other relevant offering document for such vehicle.

As of December 31, 2023, the Firm had \$499,516,358,508 in assets under management, of which \$496,466,586,170 was managed on a discretionary basis and \$3,049,772,338 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 amended from time to time). The amount and terms of the fee is either set forth in the fund offering documents or 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 can also receive other fees in connection with the mandate as 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 can 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. Please refer to the section entitled “Brokerage Practices” below for more information on these practices.

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

MIM Index Strategies does not provide services for performance-based compensation.



## Item 7: Types of Clients

Through MIM Index Strategies, the Firm provides its advisory services to institutional clients, including 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:

### 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 portfolio management processes that seek to manage portfolios that reflect representative index portfolios that are characteristically neutral to the target index profile.

### Equity Index Strategies

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MIM Index Strategies offer investors passively-managed equity portfolios that seek to track the total returns of strategy-specific market indices. These portfolios provide investors with broad market exposure and diversification across market capitalizations, market styles and geographical locations, 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
- Emerging Market Equity Index Strategy (Note: this Separate Account invests only in ETFs)

## 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.

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 (Note: One Separate Account Portfolio owns individual securities, while the other only invests in ETFs)
- U.S. CMBS Index Strategy
- U.S. Short Treasury Index Strategy
- U.S. Treasury 0 - 5 Year Custom Index Strategy
- 1 - 3 Month U.S. Treasury Bill Index Strategy

## Asset Management for ERISA Plans

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The Firm provides 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.

## Insurance Asset Management

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The Firm leverages its global scale and footprint, insurance asset management expertise, risk management and credit culture to create value for its insurance clients and offers such clients the following investment mandates:

- Single investment mandates
- Multiple investment mandates
- Outsourced CIO mandates
- Insurance core mandate solutions leveraging the Firm's global asset origination and portfolio management platforms

The Firm's insurance asset management services focus on portfolio analytics that include asset allocation advice, risk analysis, stress testing, and hedge modeling. This is customized to the needs of the individual client. The Firm leverages its in-house resources to review client data and provide custom analyses and solutions, which is used to shape the advice offered to the client.

Additionally, the Firm produces white papers and other forms of client research and education, which can be tailored to the needs of the client, including asset class diversification, information about hedging strategies, use of derivatives, or other topics at the client's request.

The Firm is also able to provide portfolio advisory services, which includes portfolio design and ongoing strategic asset allocation across multiple strategies. The investment management activities would be conducted by the asset class specialists within the Firm, with oversight from its insurance asset managers providing ongoing recommendations for how to strategically rebalance the portfolio.

### **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 can 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 are taken or investments made by the Firm or its affiliates acting on behalf of Client.

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

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**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 could 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 can 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, index strategies can be more susceptible to risks because it generally will not use any defensive strategies to mitigate its risk exposure. In addition, the strategy’s returns could deviate from the index it seeks to track as a result of, among other things, the operating expenses, transaction costs and delays in investing cash.

**Reinvestment Risk.** The strategy 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 can also include the risk that it does 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**

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*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 could default or otherwise become unable to honor a financial obligation, resulting in losses.

*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 could 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 upon the maturity of their debt obligations can exacerbate economic decline that could delay or derail an economic recovery and cause deterioration in the performance of debt investments generally.

Additionally, the following factors can 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;
- 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 can 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 indicated pricing levels. Market disruptions can 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.

*Default Risk.* A defaulted or otherwise distressed Client investment could become subject to workout negotiations or restructuring, which can 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 can be extensive and protracted over time and could 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 can 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 could be unable to take the steps necessary to protect its investments in the most opportunistic manner. Client could 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 can apply to Client investments. In a lawsuit brought by an unpaid creditor or representative of creditors of an issuer in a Client portfolio, such as a trustee in bankruptcy, a court could 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 could enter bankruptcy, receivership, insolvency, or similar proceedings (collectively, "bankruptcy"). Bankruptcy can 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 can adversely and permanently affect the issuer making such filing. The issuer could 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 can 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 could 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) could be disallowed or limited in whole or in part in a bankruptcy.
- Creditors' claims against bankrupt or insolvent entities can 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 can 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 could 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 could 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 can 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 can be required to invest the proceeds at a lower rate than the original investment. Finally, the assets may pay floating interest rates, which vary over time.

*Interest Rate Increases.* To the extent interest rates increase, periodic interest obligations owed by the related issuer also will increase. As prevailing interest rates increase, some issuers could not be able to make the increased interest payments on assets or refinance their loans or bonds at maturity, resulting in payment defaults.

*Spread Widening Risk.* For various reasons, the prices of the assets can 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 could 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 could again result in, substantial fluctuations in prices for leveraged loans and high yield debt securities and limited liquidity for such instruments. Although certain sectors can recover in such times, the conditions giving rise to such price fluctuations and limited liquidity could continue and can 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 could be severely impaired. In addition, a broad credit crisis could adversely affect the primary market for a number of financial products, which could 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 can 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 could 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.

*Ratings Risk.* 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 could be unable 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 could 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 could 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. The Firm 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 the Firm 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 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.

*Zero Coupon Securities.* Zero coupon securities may experience greater volatility in market value due to changes in interest rates than other income-producing securities which make regular payments of interest in cash. A zero coupon security is a debt security that is purchased and traded at a discount to its face value because it pays no interest for some or all of its life. A Portfolio will accrue income on these securities, including at a time when it is otherwise disadvantageous to do so, to satisfy the Portfolio's distribution obligations in order to be eligible for treatment as a regulated investment company. These securities involve credit and interest rate risk, as the value of the interest payments could decline substantially by the time interest is actually paid.

*Sovereign Debt.* Investments in sovereign debt instruments are subject to the risk that a governmental entity delays or refuses 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 could ask for more time to pay or for further loans, or for forgiveness of interest or principal on its existing debt. Furthermore, a governmental entity could 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 could 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 can 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 can be highly sensitive to changes in market rates and can 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. Compared to developed markets, emerging markets can 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 consist of companies with smaller market capitalizations and can 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 could 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.* Investments in distressed securities are considered 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 offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently can be difficult to obtain information as to the true condition of such issuers. Such investments can 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 could 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 could 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 can lose its entire investment, be required to accept cash or securities with a value less than Client's original investment and/or 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.* The Firm makes investment decisions in part on the basis of information and data filed by issuers of securities with various government regulators or made directly available to the Firm by the issuers of securities or through sources other than the issuers such as collateral pool servicers. Although the Firm will evaluate all such information and data and seek independent corroboration when it considers it appropriate and reasonably available, the Firm 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. The Firm 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 could 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 can 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.* There could be certain circumstances in which Client holds illiquid investments. There could be little or no near-term cash flow available with respect to such investments. Consequently, dispositions of such investments prior to their maturities can 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 can 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 could 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 can be less responsive to changes and opportunities. At times, the stocks of larger companies can 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 can 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 could have a shorter history of operations, and could have limited product lines, markets, or financial resources.

*Value Stocks.* Value stocks can remain undervalued during a given period or may not ever realize their full value. This can 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**

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*In General.* The use of derivatives instruments such as convertible securities, options, futures, over-the-counter cleared swaps, forwards and interest rate, credit default, total return and equity swaps and options on such swaps, involves a variety of material risks, including, but not limited to, those described below. Market liquidity for certain derivatives instruments can 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 trading 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 the Firm 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 could 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 can 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 could be other significant risks that Client can be exposed to based on the terms of a specific transaction. Highly customized OTC derivatives transactions, in particular, could present heightened liquidity risk and introduce other significant risk factors of a complex character. Unusual or extreme changes in market factors can 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**

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**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) can 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 could be in the lower classes that have greater risks than the higher classes, including greater interest rate, credit, and prepayment risks.

Mortgage-backed securities can 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 can 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 can be extremely sensitive to changes in interest rates. Interest rates on inverse floaters, for example, vary inversely with a short-term floating rate (which can 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 can 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 could invest 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 could 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 could 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**

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*In General.* A portfolio may invest in companies located in countries other than the U.S. Accordingly, Client can be exposed to risks associated with foreign investments, including:

- The value of holdings denominated in a currency other than the United States Dollar (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 could be adversely affected by foreign government action, including expropriation or seizure.
- International trade disputes or economic sanctions against certain non-U.S. countries can adversely affect these holdings.
- The economies of certain countries can compare unfavorably with the U.S. economy.
- Foreign securities markets could 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 could 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 could apply with retroactive effect), and the passage of new legislation, could lead to unfavorable treatment of certain on-U.S. securities which could adversely impact the Client's portfolio.

*Anti-Bribery and Corruption.* The U.S. Foreign Corrupt Practices Act (the "FCPA"), the U.K Bribery Act of 2010, and other anti-corruption laws and regulations, as well as anti-boycott regulations, apply to, and can restrict the activities of the Firm and its Clients.

*Sanctions.* The Firm operates a program designed to ensure compliance with economic and trade sanctions-related obligations applicable directly to its activities, including but not limited to, those administered by the U.S. Treasury's Office of Foreign Assets Control ("OFAC"). These sanctions prohibit, among other things, transactions with and the provision of services, directly or indirectly, to certain countries, territories, entities, and individuals. It should be expected that any economic and trade sanctions, and the application by the Firm of its compliance program, will restrict or limit a Client's investment activities, can require the Firm to cause a Client to sell its position in an investment at an inopportune time or when the Firm would otherwise not have done so, and preclude the Firm from selling a Client's position in investment when the Firm would otherwise wish to do so. The application of sanctions can also have significant adverse impacts on the valuation and liquidity of a Client's investments to the extent such investments are related to the sanctioned entities or individuals, potentially rendering specific investment illiquid or worthless.

Additionally, sanction laws in the U.S. and other jurisdictions or other governmental action could significantly restrict the Firm and its Clients from investing or continuing to hold an investment in, or transacting with or in certain countries, individuals, and companies, including, among other things, transactions with, and the provision of services to certain foreign countries, territories, in entities and individuals.

If the Firm determines that a Client is subject to trade, economic or other sanctions imposed by a governmental or regulatory authority, the Firm will take such actions as it determines appropriate to comply with applicable law and its related policies and procedures. These actions could include, without limitation, (i) blocking or freezing Client accounts or Client investments, (ii) where permitted or required by the applicable sanctions law, requiring a Client to redeem or withdraw from the vehicle, and delaying the payment of any redemption or withdrawal proceeds, without interest, until such time as such payment is permitted under applicable law, (iii) excluding an Client in a pooled investment vehicle from allocations of net capital appreciation and net capital depreciation and distributions made to other Clients, (iv) ceasing further dealings with such Client's interest until such sanctions are lifted or a license is obtained under applicable law to continue dealings, and (v) excluding a Client in a pooled investment vehicle from voting on matters on which investors are entitled to vote, and excluding the net asset value of such investor's interest in the pooled investment vehicle for purposes of determining the investors entitled to vote on or required to take any action in respect of the pooled investment vehicle.

Sanctions-related requirements imposed by governmental or regulatory authorities can be complex, changing, conflicting, unclear or subject to opaque, changing or conflicting guidance. Accordingly, the Firm may take or refrain from taking action it determines appropriate to comply with applicable law and its related policies and procedures even though it turns out that doing so was not required or appropriate.

The Firm maintains risk-based compliance programs that include:

- a) Senior Management Commitment to ensure there is sufficient authority to deploy policies and procedures in a manner that effectively controls the sanctions risk of each respective MetLife Entity.
- b) Risk Assessment to conduct a routine, and if appropriate, ongoing "risk assessment" for the purposes of identifying potential sanctions issues that each Entity is likely to encounter.
- c) Internal Controls including policies and procedures, to identify, interdict (screen), escalate, report (as appropriate), and keep records pertaining to activity that may be prohibited by the regulations and laws administered by OFAC and the other applicable sanctions regimes in the countries in which MetLife operates.
- d) Testing to ensure that each MetLife Entity is aware of where and how their programs are performing and should be updated, enhanced, or recalibrated to account for a changing risk assessment or sanctions environment, as appropriate.
- e) Training to ensure that each MetLife Entity understands the compliance requirements of the applicable sanctions regulations.

### **Additional Risks**

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Public Health Crises, including Covid-19. Major public health issues, such as a pandemic (e.g., 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) could 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 can 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 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 could 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 can 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 could 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.

*T+1 Transition Risk.* Effective May 28, 2024, the settlement cycle for certain securities will transition from T+2 to T+1. The shortened time for settlement could result in increased settlement failures and pressure on post-trade manual controls.

*Sustainable Investment Risk.* An account's sustainable investment strategy could lead to the selection or exclusion of securities of certain issuers, which could result in increased tracking error relative to benchmark, and possibly lead to different returns than accounts without a sustainable investment strategy or sustainability guidelines. The criteria related to sustainability strategies could limit the universe of issuers in which an account may be invested. In addition, screens in place based on Client-directed sustainability guidelines could result in a Client's account forgoing an opportunity to make certain investments. In seeking to comply with sustainability strategies or Client guidelines, the Firm relies upon internal and/or external research and data. Sustainable investing is qualitative and/or subjective by nature and the Firm and its affiliates' internal research and rating processes could differ from the views of others. The Firm is sometimes dependent upon information and data obtained through third-party reporting that may be incomplete, inaccurate, or unavailable, which would impact the Firm's ability to assess an issuer's business practices with respect to sustainability

practices. This data is not available with respect to all issuers, sectors, or industry and is often based upon estimates, comparisons or projections that could prove to be incorrect. As a result, a Client could disagree with the classification of an issuer by third-parties of the Firm.

**Model and Data Risk.** When quantitative models (“Models”) and information and data (“Data”) used in managing the Portfolio prove to be incorrect or incomplete, any investment decisions made in reliance on the Models and Data may not produce the desired results and the Portfolio may realize losses. In addition, any hedging based on faulty Models and Data may prove to be unsuccessful. Furthermore, the success of Models that are predictive in nature is dependent largely on the accuracy and reliability of the supplied historical data. All Models are susceptible to input errors which may cause the resulting information to be incorrect.

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

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Client should be aware that there will be occasions when the Firm and its affiliates will encounter 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 arise where 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 can 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 can adversely affect the price at which a transaction in the same security can be effected for Client.

The Firm may invest in the same issuers for client accounts, but at different levels in the capital structure. For example, one client could 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.

**Use of Material, Non-Public Information.** From time to time employees of MetLife can come into possession of material, non-public information in connection with their other activities. In such cases, the Firm would be restricted from investing in certain transactions it otherwise may have initiated or from selling an investment it otherwise would have sold. (Note: the Index team has 10b5-1(c) methodologies that allow it to buy Restricted names)

## 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. The Firm has also entered into arrangements with certain investment advisory affiliates of the Firm pursuant to which certain employees of the affiliate have been designated to provide investment services to the Firm with respect to the Firm's clients as more specifically described below. Such arrangements are commonly referred to as "participating affiliate arrangements." These designated employees are deemed "associated persons" of the Firm as defined under the Investment Advisers Act of 1940, as amended, and, in this capacity, are subject to the oversight of the Firm and its Chief Compliance Officer. 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, as more specifically described below with respect to each affiliate, the Firm provides 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.

Canada Investment Management Affiliate. MIM I, LLC ("MIM I") is a wholly owned subsidiary of MIM, LLC that is registered with the Ontario Securities Commission (as its primary regulator) in Canada to provide portfolio management services to certain Canadian institutional investors. While MIM I has a limited number of employees, it leverages the capabilities of MIM, LLC. MIM I's activities are limited to portfolio management for public fixed income separately managed accounts.

UK Investment Management Affiliates. MetLife Investment Management Limited ("MIML"): Located in London, England, MIML is authorized by the U.K. Financial Conduct Authority as an investment adviser and investment manager. MIML provides investment management services to institutional investors located in the U.K. and globally. The Firm has entered into participating affiliate arrangements with MIML under which the Firm may delegate a portion of its investment management responsibilities to MIML as well as related investment services, including trade execution services and the receipt of investment research and recommendations to invest in certain securities and other investments for the benefit of the Firm's clients. In addition, MIML has entered into similar arrangements with Firm under which the Firm may provide trade execution services,

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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), MIM I LLC, MetLife Investment Management Europe Limited, and Affirmative Investment Management Partners Limited.



investment research and recommendations to invest in certain securities for the benefit of MIML's clients.

MetLife Investments Limited ("MIL") is another affiliate of the Firm located in London, England and provides portfolio management and advisory services solely to affiliates.

Affirmative Investment Management Partners Limited ("AIM") is registered with the U.K. Financial Conduct Authority as an alternative investment fund manager (AIFM) with MiFID top-up permissions. The Firm has entered into an agreement with AIM under which the Firm may delegate a portion of its investment management responsibilities to AIM as well as related investment services, including trade execution services and the receipt of investment research and recommendations to invest in certain securities and other investments for the benefit of the Firm's clients. In addition, AIM has entered into similar arrangements with the Firm under which the Firm may provide trade execution services, investment research and recommendations to invest in certain securities for the benefit of AIM's clients.

*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. MAM has entered into arrangements with the Firm pursuant to which it delegates to the Firm a portion of its investment management responsibilities in connection with MAM's clients outside the US. The Firm has entered into arrangements with MAM under which MAM provides investment research services to the Firm. In addition, the Firm has delegated a portion of its investment management responsibilities for certain non-US affiliates to MAM.

*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 professional investors located in Hong Kong. The Firm has entered into participating affiliate arrangements with MIAL under which the Firm may delegate a portion of its investment management responsibilities to MIAL as well as related investment services, including trade execution services, investment research and recommendations to invest in certain securities for the benefit of the Firm's clients. In addition, MIAL has entered into similar arrangements with Firm under which the Firm may provide investment management services, trade execution services, investment research and recommendations to invest in certain securities for the benefit of MIAL's clients.

*European Investment Management Affiliate.* The Firm's affiliate, MetLife Investment Management Europe Limited ("MIM Europe") is authorized by the Central Bank of Ireland as a manager for alternative investment funds ("AIFs") and undertakings for the collective investment in transferable securities ("UCITS"). MIM Europe provides fund management services to AIFs and UCITS for distribution to institutional investors within the European Union. MIM Europe also has additional regulatory permissions to provide investment services to separately managed accounts, non-discretionary investment advice and the reception and transmission of orders ("MiFID Services"). MIM Europe has entered into arrangements with the Firm under which the Firm provides sub-advisory and related services to MIM Europe and pursuant to which MIM Europe may provide such services in return.

*Chile Investment Management Affiliate.* The Firm's affiliate, MetLife Latin America Asesorias e Inversiones Limitada ("MILA"), provides investment management services solely to MetLife affiliates in the LatAm region. The Firm has entered into arrangements with MILA under which MILA provides investment research services to the Firm.

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

*MetLife Investments Securities, LLC.* 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.

MetLife Investors Distribution Company. MetLife Investors Distribution Company (MLIDC) serves as the principal underwriter of MetLife, Inc.'s, variable contracts. The Firm provides investment advisory services on behalf of the US Insurance business whose products are sold by MLIDC.

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

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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 could have an ownership interest in these affiliated or sponsored investment vehicles.

### **Additional Conflicts Related to Affiliations**

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Conflicts Related to the Financial Interests of Affiliates. Given the broad nature of MetLife's business, affiliates of the Firm can 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 could 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 can be expected to exercise remedies and take other actions without regard to whether they are 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 could purchase and sell on behalf of clients or who 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 creates conflicts of interest because there is an incentive for the Firm to favor its affiliates over unaffiliated third parties.

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 could have dealings with these investment consultants in their roles as discretionary managers or non-discretionary advisers to their clients. The Firm also could have independent business relationships with investment consultants, or other interactions with such consultants. In general, both the Firm and the investment consultant make 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 faces a conflict of interest where the Firm or an affiliated entity is performing valuations for the Firm's clients receives management fees (or, in certain cases, performance-based compensation) 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, can 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 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 could also recommend investments to or purchase securities for the account of one client (or supervised persons could purchase such securities) that differ from investments recommended or purchased for other clients, even though the investment objectives of these other clients are similar. Moreover, the Firm and its affiliates can 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 could reduce the value of other clients' investments.

In addition, MIM Index Strategies 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 could be viewed by other portfolio managers or other Firm business units. In addition, the Firm can 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 could 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**

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When appropriate and subject to applicable law, the desired target participation amounts for each order (including the MetLife Accounts' interests) are aggregated and placed as a single bid/order. In order to address the conflicts related to such orders, the Firm has implemented compliance policies and procedures, including allocation policies broken down by asset classes. These allocation policies are 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 accordance with applicable law. 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 client'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 based on the participating client's

desired order size. To the extent that purchases or sales cannot be pro-rated in this way, they may be allocated such that it can be shown that as a general matter each participating client over time has received its fair share of assets meeting its targeted objectives. Orders to sell investments that are not completely filled are also allocated pro rata based on each participating client's desired order size, but where such a sale cannot reasonably be shared on a pro rata basis, the allocation policy provides for allocations such that it can be shown that, as a general matter, each participating client over time has received its fair share of assets meeting its targeted objectives.

The application of these policies could result in MetLife Accounts receiving larger allocations of investments than other accounts who have placed smaller orders, and each of these policies is subject to certain exceptions and overrides. A copy of the Firm's applicable allocation policy is available upon request.

As MIM Index Strategies' investment programs and clients develop and change over time, a client could be subject to additional and different conflicts which the Firm will address consistent with its fiduciary obligations.

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

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"). The Firm holds its employees to a high standard of integrity and business practice and has an obligation to act in the best interest of its client. The Code establishes the principles, standards, roles and responsibilities for incorporating this commitment into the Firm's practices globally and sets forth personal trading requirements and restrictions. 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 misuse of material non-public information ("MNPI") by the Firm or any of its employees.
- Has implemented information barrier policies and procedures to limit the receipt of MNPI 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 MNPI 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.
- Has adopted policies and procedures reasonably designed to address potential conflicts of interest, including guidance relating to gifts and entertainment, political contributions, charitable contributions, and outside interests.

*Receipt of MNPI and Information Barriers.* In the ordinary course of business, the Firm may receive MNPI under varying circumstances. As a result, the Firm has established policies and procedures that are designed to control the receipt of MNPI and appropriately manage related trading issues. These policies and procedures include information barriers between the Firm's business units primarily investing in private asset sectors (collectively, "private asset classes") and the Firm's business units primarily investing in public asset sectors (collectively, "public asset classes"). The Firm relies upon these information barriers to ensure that the public asset classes are not exposed to the MNPI, protect the integrity of its investment process, comply with fiduciary duties and regulatory obligations, and mitigate potential conflicts. The Firm's information barriers include, where

appropriate, information system separation, physical separation of employees from different departments, and written policies and procedures.

As a result of information barriers in place between the Firm's public asset classes and private asset classes, the Firm's public asset classes will make investment decisions independently of the private asset classes. Notwithstanding the policies and procedures in place, conflicts of interest arise among and between the public asset classes and private asset classes of the Firm. In certain cases, the investment objectives and programs of the Firm's public asset classes or its clients are similar to, or overlap with, the investment strategies and objectives of the firm's private asset classes or its clients. The Firm's public asset classes could invest in the same securities or issuers in which a Firm's private asset classes is invested. In addition, the Firm's public asset classes and private asset classes could invest in a particular security or entity at substantially the same time. The information barrier could result in differences in price, terms and amount of leverage (if any), and associated transaction costs between investments. In addition, the Firm's public asset classes likely will not dispose of such an investment at the same price or time as the Firm's private asset classes. The Firm's private asset classes could also make investments or engage in other activities that express views inconsistent with those of the Firm's public asset classes, which could reduce the value of client investments managed by the Firm's public asset classes.

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

The Firm maintains Restricted Lists for issuers about which the Firm or its employees may possess MNPI (or securities issuer confidential information) as well as Watch Lists for issuers about which a select group of employees may have MNPI (or securities issuer confidential information), such as in connection with a confidential project or transaction. The Restricted Lists and Watch Lists are maintained by the Firm's Compliance department, which monitors firm level and personal investments against these lists. The Firm's Restricted Lists and Watch Lists are aligned to the Firm's information barriers, as described above.

*Personal Trading.* The Firm's Code governs the personal trading activities of our employees as well as their household members, dependents, and securities accounts over which they have discretionary control. Subject to certain limited exceptions, Access Persons (as defined in the Advisers Act and other applicable rules) are required by the Code to:

- Report securities holdings, including annual certifications
- Report securities transactions, including quarterly certifications
- Pre-clear personal securities transactions
- Maintain brokerage accounts only with certain approved brokers that report transaction information to the Firm's Compliance department

Access persons are subject to additional restrictions under the Code, including but not limited to, blackout periods and holding period requirements.

*Principal Transactions.* Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys

from or sells any security to any advisory client. These transactions present conflicts of interest because the adviser is transacting directly with client accounts. The Firm effects principal transactions with clients in accordance with Rule 206(3)-2 under the Advisers Act and in accordance with the Firm's policies and procedures on such transactions, which are reasonably designed to mitigate the conflicts of interest associated with such transactions.

*Cross-Transactions.* From time to time, the Firm will sell a security from a client account and purchase the same security in another client account through a so called "cross transaction" in accordance with the Firm's procedures if the Firm deems the transaction to be in the best interest of each participating client and is permitted by applicable client's investment management agreement, other constituent fund documents and regulatory requirements.

## Item 12: Brokerage Practices

*Brokerage Selection and Best Execution.* In selecting broker-dealers to execute transactions for clients' accounts, the Firm considers a variety of factors including, but not limited to: its financial strength, reputation, execution, pricing, research and service. The Firm 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. The Firm will seek competitive rates but will 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 would limit the ability to obtain best execution.

*Soft Dollars and Research Services.* Currently, the Firm 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 can be directed to certain broker-dealers who provide unsolicited proprietary research (research created or developed by the broker-dealer) which assist the Firm in its investment decision-making process. Such research generally will be used to service all of clients, but all research will not be applicable to each client. In addition to unsolicited research, certain broker-dealers 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 depends on the amount of brokerage transactions effected with the brokers. This creates a conflict of interest for the Firm because there is an incentive to cause clients to pay a higher commission than might otherwise be able to negotiate, and to recommend brokers that provide research and other benefits. 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.* The Firm does not permit clients to direct trades to a particular broker-dealer.

*Trade Aggregation and Allocation.* The Firm 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 can, 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 of interest associated 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.** The Firm 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, the Firm will not be liable for losses associated with such Trade Error. In the event of a Trade Error caused by a third party, MIM Index Strategies will look to that third party and take reasonable steps to attempt to cause that Third Party to take such measures so that the account is placed in the same position it would have been had the Trade Error not occurred. Clients will not be notified if an error in their account is avoided through cancellation, modification or reallocation. In limited circumstances, MIM’s interpretation or understanding of a client’s guideline may differ from the client’s intention, which could lead to the portfolio holding securities that the client did not intend to hold.

Consistent with the applicable standard of care, the Firm’s policies and procedures generally do not require perfect implementation of investment management decisions, trading, processing or other functions performed by the Firm. Therefore, not all mistakes will be considered compensable to the Client. Imperfections in the implementation of investment decisions, quantitative strategies, financial modeling, trade execution, cash movements, portfolio rebalancing, processing instructions or facilitation of securities settlement, imperfection in processing corporate actions, or imperfection in the generation of cash or holdings reports resulting in trade decisions may not constitute a breach of the applicable standard of care, depending on the facts and circumstances, and therefore not constitute compensable errors. In addition, in managing accounts, the Firm could establish non-public, formal, or informal internal targets, or other parameters that can be used to manage risk, manage sub-advisers or otherwise guide decision-making, and a failure to adhere to such internal parameters will not be considered an error.

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

MIM Index Strategies monitors portfolios on an ongoing basis, with portfolio reviews conducted by investment professionals within Index Strategies. Formal portfolio reviews are also conducted with clients upon request. At these reviews, Index Strategies investment professionals review current market conditions, market outlook, portfolio performance, and portfolio strategy; and supporting material is provided to the client.

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

The Firm pays unaffiliated solicitors a referral fee for client introductions in accordance with regulatory requirements. 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 regulatory requirements 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 prepares 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 pooled investment vehicles it manages to the funds' investors within the required timeframe for each such vehicle to comply with applicable custody rules.

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

For certain client accounts, 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 can limit the scope of the Firm's discretionary authority.

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

For certain 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 can 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, could 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 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 can 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) 437-0869.

### **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.