PRIVATE CAPITAL

Second Quarter 2021

Private Credit Quarterly Update

Introduction

MIM's Private Credit business originated $6.4 billion[1] in private placement debt and private structured credit for the first half of 2021, across 107 transactions. This includes $1.2 billion of investments originated on behalf of institutional clients. Our private credit debt portfolio grew to $102 billion in AUM as of June 30, 2021, which represents nearly 80% of private capital group AUM.

Corporate Private Placement Market

Private Placement Market[2]

Private corporate issuance through June 2021 totaled $36.0 billion, down from $38.4 billion through the first half year 2020. 2021 issuance was primarily driven by opportunistic refinancing opportunities as companies plan for an eventual emergence from the pandemic clouded economies. The average deal size for 2021 was $195 million across 185 issuers. This is compared to the 224 issuers in 2020 with an average deal size of $171 million.

During the second quarter, issuance came in at $17.9 billion, down from $23.8 billion during 2Q 2020. The reduction was driven by less traditional industrial origination with issuers generally having strong liquidity. Private issuance was led by

MetLife Investment Management

activity in North America with 59% of total issuance. European volume (primarily the UK) was 28%, Australia 9%, Asia 3% and Latin America < 1%. USD made up 75% of issuance with Euro at 12%, Sterling at 12% and AUD < 1%.

Ratings and Delayed Funding[3]

(NAIC-2) BBB-rated companies were the bulk of second quarter issuance at 72%, with (NAIC-1) A-rated names[5] were responsible for 28% of issuance. Delayed fundings continued to be utilized by issuers with 18% of issues having a delay. We expect this trend to continue as private issuers approach the market for refinancing opportunities with concerns of anticipated inflation and an eventual rise in interest rates.

Spreads and Treasuries

Private credit spreads, following public spreads, continue to tighten from the peaks seen at the height of the pandemic in 2020. Spread tightening was driven by increased vaccination rates and the gradual reopening of the economy. Private spreads have maintained a healthy public premium but have started to contract towards historic averages, particularly with more broadly marketed deals from agented banks.

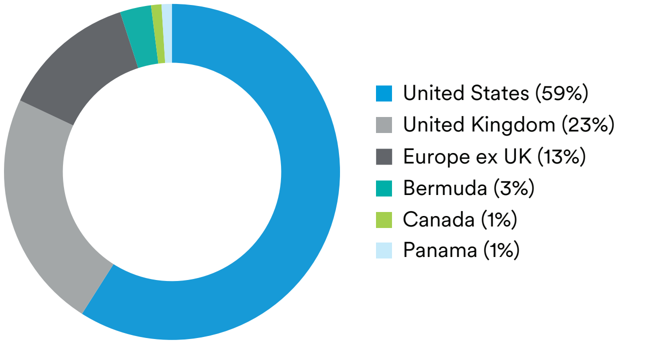
MIM Corporate Private Placements

MIM activity for Q2 2021 was $2.1 billion in origination bringing YTD origination to $4.0 billion, as MIM origination continues to benefit from both direct and club transactions leading to larger allocations. During the quarter, MIM transactions averaged 12.5 year weighted average life and an average UST equivalent of +160bps. MIM originated transactions were primarily issued out of the U.S. (59%) and the UK (23%). Origination was spread out across industries and subsectors, with Consumer Cyclical increased significantly to over 20% as market conditions have improved.

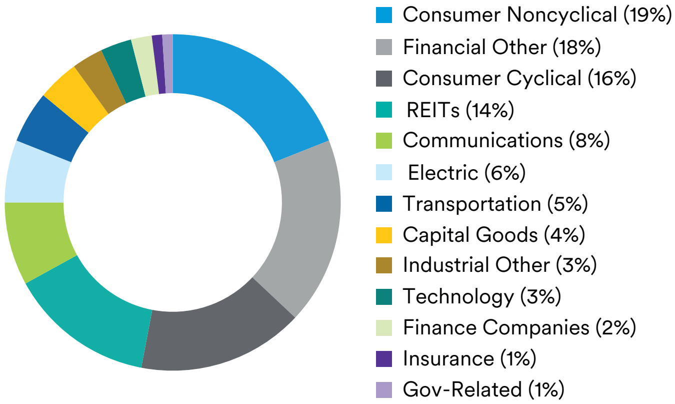
Looking to Second Half 2021

- With continued, albeit somewhat choppy, economic growth, MIM expects 2021 issuance to gain momentum through the year. MIM's U.S. GDP forecast calls for +5.5% growth YoY for the full year 2021 off a very low 2020 base.
- The market will remain competitive with strong investor demand for private opportunities.
- Deal structures will continue to see some minor weaknesses, but overall MIM expects the private market to remain more disciplined.
- MIM will continue to use our sector specialist approach to seek the broadest range of appropriate opportunities.

MIM Q2 2021 YTD Origination by Country of Risk*



MIM Q2 2021 YTD Origination by Sector*



Source: MIM, Private Placement Monitor
*Includes origination activity on behalf of the MetLife general account, separate account and unaffiliated investors.

Infrastructure Private Placement Market

Infrastructure Market[2,4]

Infrastructure Debt market: Global infrastructure activity for the first half of 2021 remained low compared to 2020. Governments remained highly focused on increasing vaccine rollouts as many countries gradually adjust and recover from the pandemic. Including bank financing, the global infrastructure market was 18% lower at $269 billion compared to $330 billion in the first half of 2020. Capital markets issuance was down 27% to $18 billion. While 2020 was also impacted by the pandemic, there were several large transactions that closed prior to the onset of the pandemic in the telecom, energy, and renewable sectors.

In the first half of 2021, energy related transactions (27% of total global infrastructure activity) slightly outpaced renewables (25%) followed by telecom (17%), transport (16%), power (9%), environment (3%), social infrastructure (3%) and other (1%). Activity was focused in EMEA (46%), U.S. & Canada (27%), Asia Pacific (17%), and Latin America (10%).

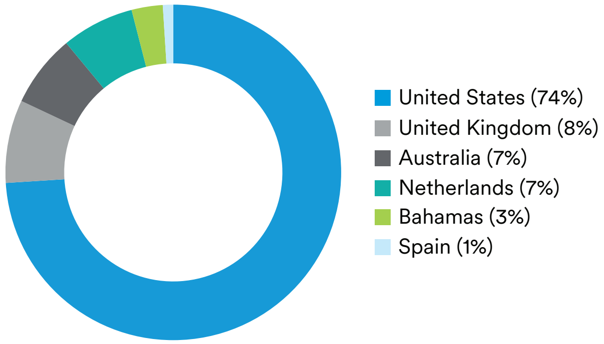
Q2 2021 Global Highlights

- **United States:** The Biden Administration and Congress continue to work towards a bipartisan infrastructure bill which will add over $500 billion of new spending on bridges, roads, railways, water, and broadband. Many federal, state, and local agencies remain committed to federal grants and public financing channels to finance new projects, however, given the uncertainty, overall activity remains low. Renewables, LNG, and midstream transactions led the activity in the United States.
- **EMEA:** With a recent stronger vaccine rollout, Europe is trending towards a path to recovery. Issuance was 36% higher in Q2 compared to Q1 driven by a number of large[4] M&A transactions in the Middle East. Telecom activity dominated the region with several large fiber optics and wireless deals closing in Western Europe.
- **Latin America:** Recovery in LatAm continues to be gradual as restrictions remain in place for many portions of the region. Brazil leads LatAm in energy and telecom transactions with a majority of these transactions financed within the local bank markets. Despite the pandemic and sovereign rating downgrades, Colombia rolled out its 4G and 5G infrastructure program with new investments in its toll roads.
- **Australia:** Infrastructure activity in Australia declined by 40% in 2021 compared to 2020.[4] State governments delayed large greenfield projects as they continue to focus on the pandemic. Social infrastructure led the region followed by energy and transportation.

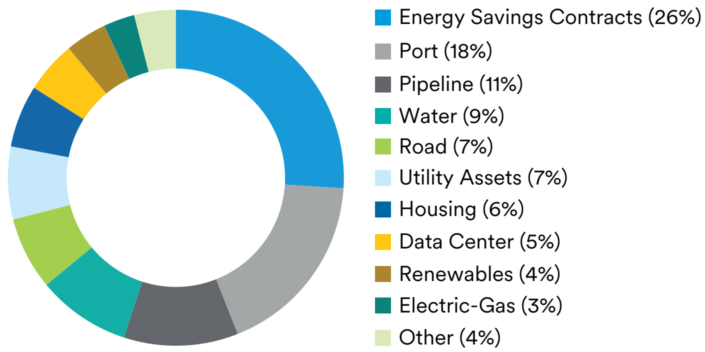
MIM Infrastructure Debt Activity

MIM's first half investment volume $1.5 billion across 24 transactions, slightly lower than $1.7 billion in the same period last year. The transactions averaged 15.1 year weighted average life. MIM has participated in several energy efficiency transactions for various municipalities and school districts with several more in the pipeline. MIM transactions by region and sector are illustrated further below.

MIM Q2 2021 YTD Origination by Country of Risk*



MIM Q2 2021 YTD Origination by Sector*



Source: MIM, InfraDeals, 2Q2021

*Includes origination activity on behalf of the MetLife general account, separate account and unaffiliated investors.

Looking to Second Half 2021

- We remain cautiously optimistic on the outlook as vaccines continue to rollout globally. We also continue to monitor new strains and outbreaks of the pandemic and their impacts on heavily affected sectors such as airports, stadiums, and student housing.
- MIM is developing its pipeline for the second half of 2021. Areas of opportunity include University utility management systems, digital infrastructure, renewables, and energy transition assets.

Private Structured Credit

Q2 in Review

Strong investor demand in both public and private markets resulted in spreads tightening during the quarter. As market competition continued, we remained focused on deal souring with over 85% of our production this quarter done on a bilateral basis. PSC partnered with our residential credit team to work directly with an issuer providing financing on a portfolio of legacy RMBS bonds. PSC also added on additional investments to an existing data center financing to add exposure to a sector that is likely to continue to exhibit strong fundamentals going forward. The portfolio continued its stable performance with no investments on our watchlist or downgrade watch.

Looking to Second Half 2021

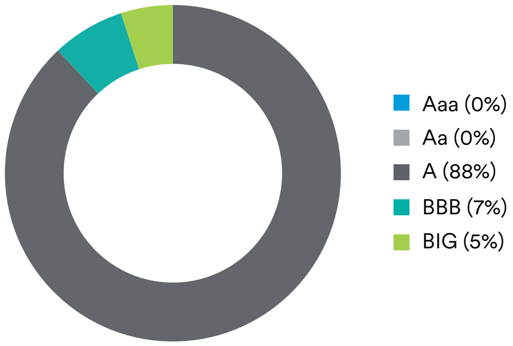
We believe the search for yield will likely keep spreads tight throughout the third quarter. The PSC team has a pipeline of Alternative Asset financing deals where we feel low LTVs financing structures may offer investors a less volatile and more capital efficient investment option for private equity exposures.

We believe strong economic growth expectations, declining unemployment and ongoing fiscal and monetary stimulus should continue to help support risk assets and portfolio performance. Risks to a strong second half outlook include inflation fears due to increased consumer demand and supply chain struggles as well as slowing vaccination rates and the growth of COVID variants that may result in new "lockdown" efforts in some areas.

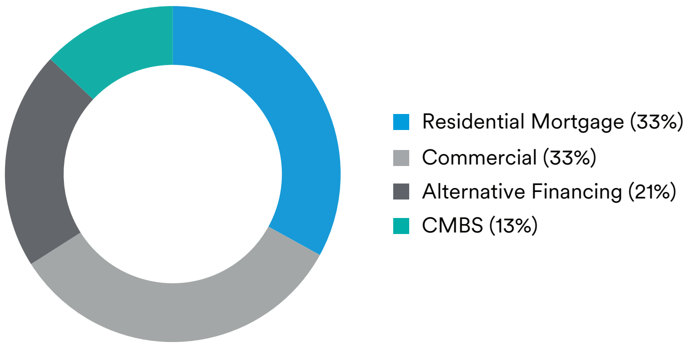
MIM Private Structured Credit Transaction Activity[1]

MIM YTD activity for 2Q 2021 was $848 million investments at a weighted average credit quality of A3 (NRSRO rating)[6] Investments included a mix of commercial, residential mortgages, alternatives financing and CMBS sectors.

MIM Q2 2021 YTD Origination by Rating *



MIM Q2 2021 YTD Origination by Sector*



Source: MIM

* Includes origination activity on behalf of the MetLife general account, separate account and unaffiliated investors.

Endnotes

1 Represents assets originated by MIM as of June 30, 2021 on behalf of MetLife general accounts and unaffiliated investors. There can be no assurances that such origination volume will be achieved in the future. Actual results may vary. Origination is defined as all commitments made during the period, some of which will be unfunded.
2 MetLife Investment Management, Private Placement Monitor.
3 Private Placement Monitor.
4 MetLife Investment Management, InfraDeals
5 NAIC-1 generally corresponds to deals rated the equivalent of A3 or higher. NAIC-2 generally corresponds to deals rated the equivalent of Baa1 to Baa3.
6 All of PSC assets are rated by either Moody's, S&P, Kroll or DBRS/Morningstar. We take the outside ratings convert to a Moody's scale and calculate a weighted average. A3 represents the equivalent outside rating based on a Moody's scale.

About MetLife Investment Management | Private Credit Group

MetLife Investment Management's[1] Global Private Credit Group manages over $102 billion in assets as of June 30, 2021[2] and brings over 90 years of investing in the asset class. We offer exceptional access to investment grade deals due to our significant scale, long-standing market relationships, and sector expertise. Given our leadership in the infrastructure and corporate private placement markets we often fund an entire deal or become the cornerstone of the deal, which provides unique and larger allocations for our clients. Our investment decisions are informed by a team-based risk culture with a time-tested approach to managing risk, combined with proprietary research and layered independent oversight. We have more than 50 seasoned industry specialists working together to develop customized portfolio solutions to help meet your needs.

We are institutional, but far from typical.

For more information, visit: investments.metlife.com/private-placement-debt

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2 At estimated fair value. Includes MetLife general account and separate account assets and unaffiliated/third party assets.

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