PRIVATE CAPITAL

Private Credit Quarterly Update

First Quarter 2023

Introduction

MetLife Investment Management's[1] Private Credit Group manages over $130 billion[2] in assets as of March 31, 2023 and brings over 100 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 standing in the infrastructure and corporate private placement markets we often fund an entire deal or become the cornerstone of the deal, which can lead to 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 70 seasoned industry specialists working together to develop customized portfolio solutions to help meet client needs.

Private Corporate Private Placement Market:[3]

Private Placement Market: 1Q 23 origination stands at ~$16 billion, a significant decline versus $24 billion for the same period last year. The slowdown was primarily attributable to interest rate volatility and uncertainty over a potential recession. The average deal size for the quarter was $146 million across 52 transactions. Volume was led by activity in North America which comprised 78% of total issuance. European volume was 19% and Australia continued to be light with 2% of total issuance followed by a deal out of Japan for 1% of the market issuance. USD led the currency issuance at 92% followed by 4% in EUR, 2% in GBP and <2% in YEN.

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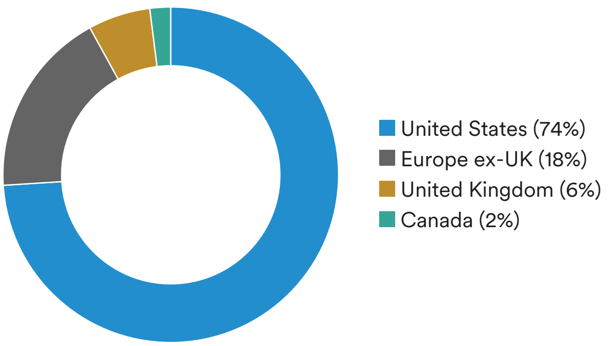
Spreads and Treasuries: The public markets had an active quarter. Credit markets generally tightened through the 1st quarter until the banking crisis created a widening of spreads while US treasury yields rallied. We are cautious that spreads could trend wider on heightened recession risk in 2H 23.

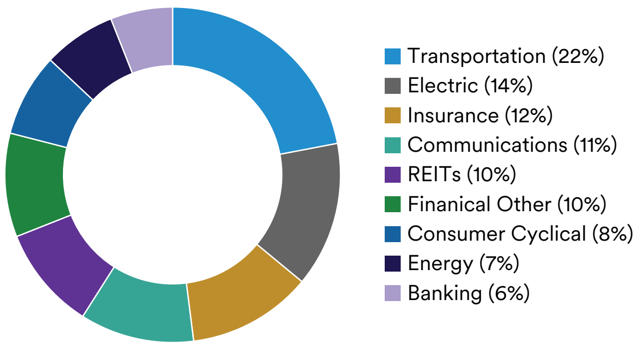
MIM Corporate Private Placement Activity: Origination was sharply lower for 1Q 23 at $0.9 billion versus $3.5 billion for the same period last year. MIM's transaction volume was muted due to market volatility. While the market focused more on higher quality, tighter spread deals, MIM portfolios had less interest. Although origination was lower, the transactions that MIM originated were at very attractive spread levels compared to previous quarters.

MIM's Outlook: We continue to prepare for a recession driven by sustained higher rates and potential rising unemployment. We see less probability of a "soft landing" as the heightened volatility in financial markets is likely to prompt excess caution. MIM anticipates an additional increase in the federal funds rate in May but that the 10-year UST rates will end 2023 near current levels at 3.50%. MIM continues to maintain a long-term perspective and strongly believes that disciplined underwriting coupled with strong structural protections will result in compelling opportunities for investors in this market. It should be noted that we believe issuers have continued to maintain steady margins, and leverage ratios have remained conservative. MIM will continue to maintain our sector specialist approach and relationships to uncover the broadest range of appropriate opportunities for our clients.

MIM 1Q 2023 Origination by Region*



MIM 1Q 2023 Origination by Sector*



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

Infrastructure Debt Market:[3]

Infrastructure Debt Market: FY22 capital markets activity was impacted by the rise in rates and widening spreads causing a decrease in overall issuance. Year to date, issuance was down 42% to $37.5 billion compared to $64.8 billion during the same period last year. While investors continue to assess and navigate market volatility, several large transactions closed within the transportation, energy, and telecom space. The broader infrastructure market including bank financing was generally flat year-over-year. The total market was at $1.07 trillion compared to $1.04 trillion last year. These transactions were spread across transport (25%), energy (20%) followed by renewables (20%), telecom (17%), power (9%), social infrastructure (4%), and other (4%). Activity was focused in EMEA (41%), US & Canada (33%), Asia Pacific (18%), and Latin America (9%).

Global Sector Highlights:

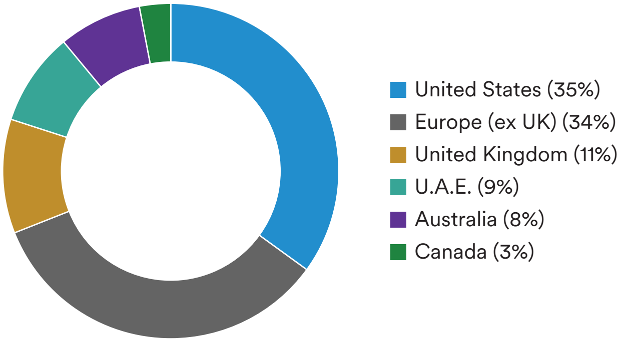
- **United States:** 1Q 23 market activity has been strong with activity in renewable, transportation, transmission and digital infrastructure transactions. The disruptions experienced in the banking sector could also create additional opportunities for institutional investors to support infrastructure financing needs. The Inflation Reduction Act, signed in August 2022, is further expected to spur activity in the energy transition sectors as implementation begins to ramp up. During the quarter, some public authorities that are engaged in infrastructure PPP procurements have slowed down transaction timelines in response to the market environment. The pipeline remains strong with a focus on traditional core infrastructure projects including renewable, power, transportation, energy, digital, water and social infrastructure.

- **EMEA:** 2023 has opened with solid deal flow. Issuers in UK and Europe had paused in Q4 2022 as they assessed the economic environment and postponed transactions until the new year. We have seen a number of deals launched in the first quarter including transportation, digital, and utilities. The deals are spread across the UK and Europe and the focus is on 7 to 12-year tenors. Long dated deals do not currently appear to be favored by issuers given the higher rate environment.
- **Latin America:** LatAm resumed activity in the second half of 2022 with several transactions in transportation, power and energy across several countries. Governments across the region continue to push for the expansion of renewable generation, particularly Chile, Peru, Colombia and Brazil. Public bond markets have been gradually reopening since the beginning of the year, providing better price references to the private markets. MIM is seeing higher deal activity compared to 2022, with an active pipeline in the toll road, renewables, generation, transmission and digital sectors.
- **Australia:** Market activity continues to expand in 2023. There were three new transactions year to date within rail and energy. We expect issuance to pick up through the rest of 2023, though expect total issuance to be timid as banks remain aggressive and can offer up to 12-year floating rate products.

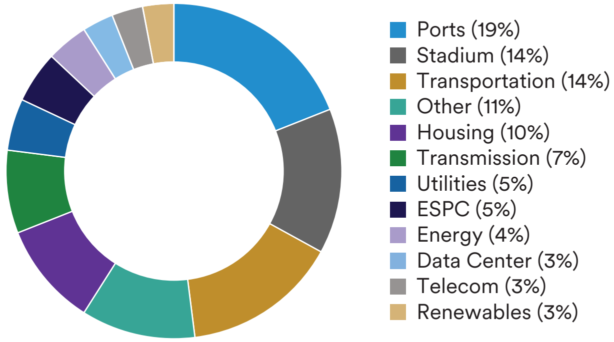
MIM Infrastructure Debt Activity: Origination was lower for 1Q 23 at $0.9 billion versus $1.5 billion for the same period last year. Although origination was lower, in our view, the transactions that MIM originated were at attractive spread levels compared to previous quarters.

MIM's FY 2023 Outlook: We expect FY23 to continue some of the macro challenges markets faced in FY22 with interest rates and spreads. We expect greenfield activity to remain busy and continue to access the markets. Refinancing activity could be pushed to later in the year. MIM expects a pipeline driven by opportunities focused on renewables, transportation, pipelines, public-private-partnerships, digital infrastructure, and energy transition assets.

MIM 1Q 2023 Origination by Region*



MIM 1Q 2023 Origination by Sector*



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

Private Structured Credit Market:[3]

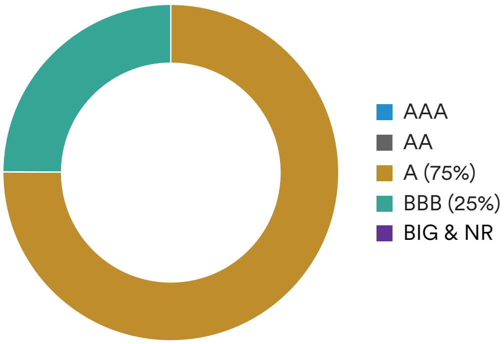
1Q 2023 in Review: At the start of the new year, investors received new capital allocations and spreads in esoteric ABS sectors compressed from the relatively wide levels seen at the end of last year resulting in private market spreads tightening in sympathy. Due to the private nature of our transactions and the time they take to structure and negotiate, we were able maintain attractive relative value with a healthy pick up to publics markets. We saw market volatility increase with the collapse of SVB but given the swift response by the Fed to provide liquidity, we saw no material impact to our alternatives financing portfolio.

Looking to 2Q 2023: As we enter 2Q 2023, public structured finance markets remain open given solid investor appetite. We expect spreads to move sideways to modestly tighter in both public and private markets. Our pipeline of new transactions should be active although slightly slower than earlier in the year with a mix of potential opportunities in the consumer, commercial and residential credit sectors.

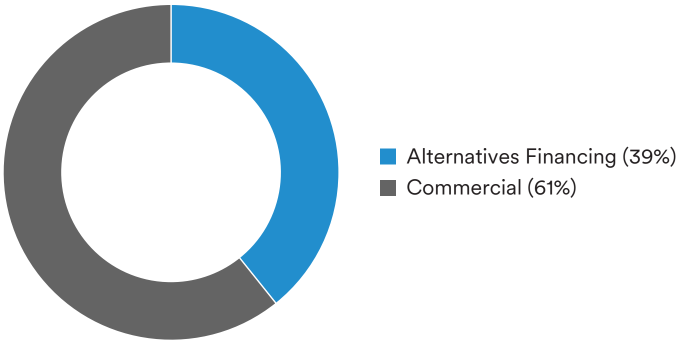
Performance across the portfolio remained stable during the quarter. Although within the consumer and in particular the subprime segment, delinquencies and defaults continue to rise as inflationary pressures and decreased savings have impacted consumers. We remain comfortable with our exposure at the transaction level given robust structural features in the form of both hard and soft credit enhancement. Our notes are protected by substantial overcollateralization, performance triggers and excess spread. We closely monitor deal performance on a monthly basis.

MIM Private Structured Credit Transaction Activity:* MIM started the year strong with $606 million of closed investments in the alternatives and commercial sectors.

MIM 2022 Origination by Rating*



MIM 2022 Origination by Sector*



* Based on total commitment size. Includes origination activity on behalf of the MetLife general account and unaffiliated investors.

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2 At estimated fair value as of 03/31/2023. Includes MetLife general account and separate account assets and unaffiliated/third party assets

3 Metlife Investment Management, Private Placement Monitor

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