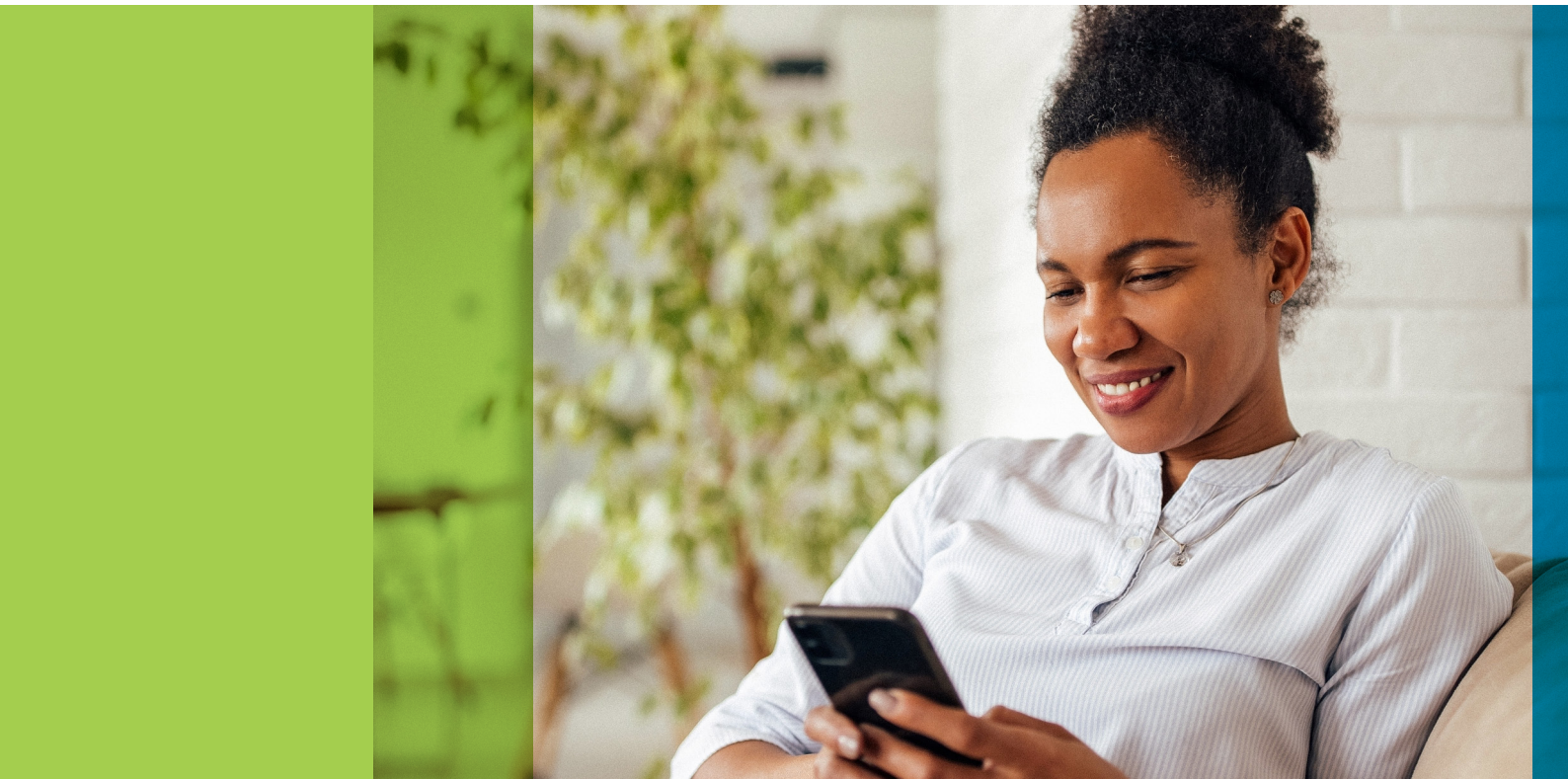


A guide to Metlife's Active Asset Allocation

This guide applies to Secure Income Option and Secure Capital Option guarantees provided by investments through Active Asset Allocation.

November 2025



1. A Guide to the Growth Asset via the MetLife BlackRock Global Growth Fund

MetLife offers two guaranteed solutions — the **Secure Income Option** and the **Secure Capital Option** – designed to help customers manage investment risks by providing income and capital guarantees.

Between September 2015 and July 2017, MetLife offered the **Secure Income Option** and the **Secure Capital Option** through its Active Asset Allocation strategy.

Active Asset Allocation is MetLife's approach to managing a customer's investment by switching between a Growth Asset and a Secure Asset, personalised to the individual, to help deliver their guaranteed benefits.

We've created three guides to help you understand how Active Asset Allocation works alongside the Growth and Secure Assets. These guides are titled as follows and are available from our website www.metlife.co.uk.

- Guide to Active Asset Allocation
- Guide to the Growth Asset
- Guide to the Secure Asset

This guide provides you with information about what Active Asset Allocation is and how it works.

2. What is Active Asset Allocation and how does it work?

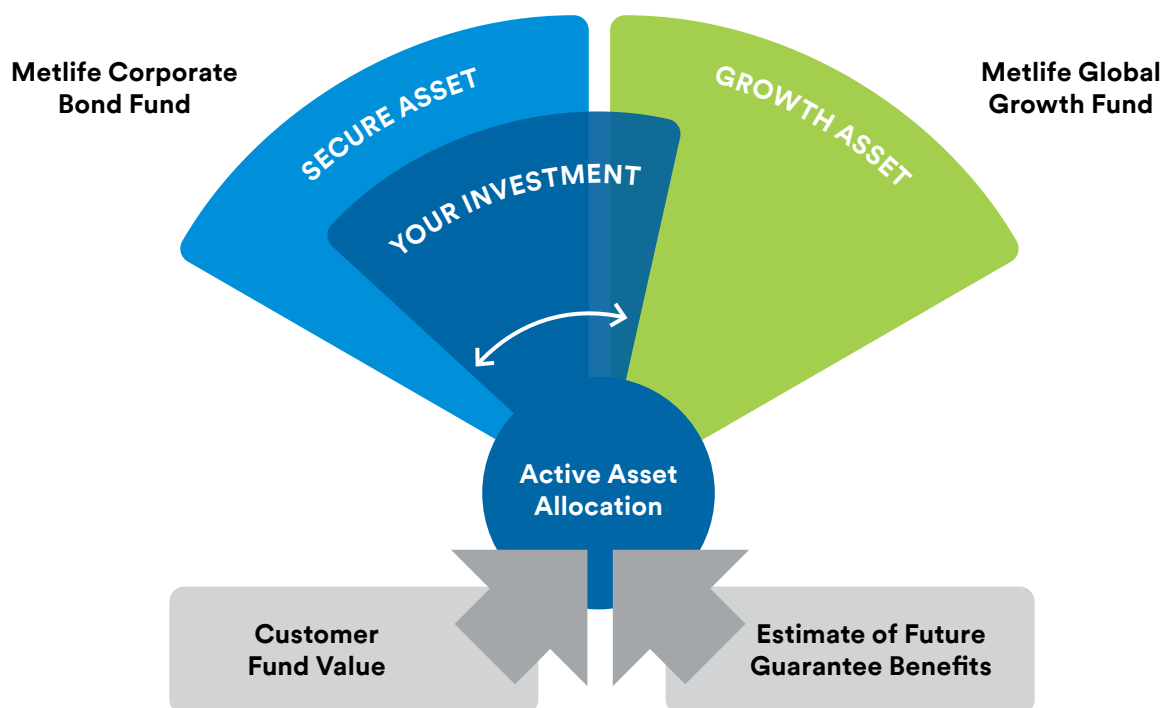
A personalised asset allocation process

MetLife provides guaranteed lifetime income (Secure Income Option) and capital guarantees (Secure Capital Option) through a daily process called Active Asset Allocation.

Active Asset Allocation reviews each investment daily and may rebalance between the Growth Asset and Secure Asset, within the maximum Growth Asset exposure selected by the customer.

The Growth Asset invests in stocks and shares through the MetLife BlackRock Global Growth Fund, and the Secure Asset can invest in up to four different MetLife Corporate Bond Funds.

As shown in the diagram below, the allocation between the Growth Asset and Secure Asset is broadly determined by the Customer Fund Value and MetLife's estimate of the cost of providing the Future Guarantee Benefits.



In general terms, the greater the distance between MetLife's estimate of Future Guaranteed Benefits and the Customer Fund Value, the greater the allocation to the Growth Asset. As the distance between the two values reduces, the investment will rebalance into the Secure Asset.

This means the asset allocation will be unique to each customer over time. If a customer has made multiple investments within their policy, each investment will follow its own distinct allocation path.

How do MetLife estimate the value of Future Guaranteed Benefits?

The value of the future guaranteed benefits depends on several factors, including the type of guarantee the customer holds:

- **Secure Capital Option:** The Secure Capital Value guaranteed at the end of the selected term or upon an earlier death claim
- **Secure Income Option:** MetLife's estimate of the future guaranteed income payments expected to be made

Other factors include MetLife's estimate of the expected returns on the investment in the Secure Asset, taking into account MetLife charges and broader market information such as long-term interest rates.

The impact of the economic environment and investment performance

The Customer's Fund Value and the estimated value of Future Guaranteed Benefits will be influenced by general market movements, which in turn will affect the allocation between the Growth Asset and Secure Asset.

Further details about the Growth Asset and Secure Asset can be found in the respective guides – 'Guide to the Growth Asset' and 'Guide to the Secure Asset' — available on the MetLife website at www.metlife.co.uk

GROWTH ASSET

A customer's investment in the Growth Asset will be in the MetLife BlackRock Global Growth Fund, which aims to:

- Provide an exposure to global equity markets
- Manage the effect of market fluctuations
- Provide the potential for growth, which can lead to an increase in guaranteed benefits

SECURE ASSET

A customer's investment in the Secure Asset will be in a range of MetLife Corporate Bond Funds, of differing duration:









- The funds have exposure to corporate bonds
- Fund performance is particularly sensitive to interest rate fluctuations, with longer-duration funds being more significantly affected

When markets perform well, a customer's Fund Value typically increases relative to their estimated Future Guaranteed Benefits. This allows Active Asset Allocation to raise the customer's exposure to the Growth Asset, subject to the maximum limit they have selected.

Conversely, when markets perform poorly, a customer's Fund Value may decrease relative to their estimated Future Guaranteed Benefits. In such cases, Active Asset Allocation will shift more of the customer's investment into the Secure Asset to help preserve value.

Exposure to the Growth Asset can decrease rapidly in response to severe market conditions – for example, when equities, corporate bonds, or long-term interest rates experience significant falls. Customers who opt for a higher maximum Growth Asset allocation are more likely to see their exposure reduced more quickly than those with lower limits. For instance, a customer with a 40% maximum Growth Asset allocation may experience a faster reduction than one with a 30% maximum.

The table below provides examples of how changes in the performance of equities and corporate bonds may influence a customer’s asset allocation.

Market Change	Impact on Growth Asset Allocation	Impact on Secure Asset Allocation
Poor Equity Performance		
Lower Interest Rates		
Good Equity Performance		
Higher Interest Rates		

Once a customer’s Fund Value is fully allocated to the Secure Asset, it is unlikely that Active Asset Allocation will reallocate funds back to the Growth Asset. This outcome is expected and aligns with the intended design of the Active Asset Allocation strategy.

Impact of estimated future returns

MetLife reviews the expected future value of the guarantee every day, with particular attention to long-term interest rates. Movements in these rates can affect both the customer’s Fund Value and the estimated value of their Future Guaranteed Benefits.

When long-term interest rates fall, the cost of providing guaranteed benefits increases. As a result, MetLife’s estimate of a customer’s Future Guaranteed Benefits typically rises, prompting Active Asset Allocation to shift more of the customer’s Fund Value into the Secure Asset. This reallocation may occur even though falling interest rates generally lead to an increase in the value of the customer’s Secure Asset investment.

When long-term interest rates rise, the cost of providing Future Guaranteed Benefits decreases. Consequently, MetLife’s estimate of a customer’s Future Guaranteed Benefits typically falls, which may lead Active Asset Allocation to shift more of the customer’s Fund Value into the Growth Asset. This reallocation can occur even though rising interest rates generally reduce the value of the customer’s Secure Asset investment.

3. How might Active Asset Allocation invest a customer's money over time?

Under both the Secure Income Option and the Secure Capital Option, Active Asset Allocation generally rebalances the customer's Fund Value progressively into the Secure Asset over time.

Once a customer's Fund Value is fully invested in the Secure Asset and no longer has equity exposure, it is unlikely that Active Asset Allocation will reallocate funds back to the Growth Asset. This outcome is expected and reflects the intended operation of the Active Asset Allocation strategy.

MetLife will notify customers the first time this happens, giving them the opportunity to review their investment choices and consider whether they remain appropriate for their needs.

Secure Income Option

The estimated value of the Future Guaranteed Benefits represents MetLife's projection of the guaranteed income payments expected to be made over the customer's lifetime, along with – to a lesser extent – any guaranteed death benefits payable upon the customer's death.

If a customer's Fund Value consistently performs well, exposure to the Growth Asset may be maintained throughout the lifetime of the policy. However, in most cases, Active Asset Allocation will gradually rebalance the Fund Value into the Secure Asset over time. The Secure Asset is constructed using a small number of funds with varying durations, designed to align with the timing of expected guarantee payments.

Secure Capital Option

The estimated value of the Future Guaranteed Benefit refers to the Secure Capital Value at the end of the selected term, or the guaranteed death benefit payable upon the customer's death.

As the Secure Capital Option approaches the end of its term, Active Asset Allocation will begin rebalancing the customer's Fund Value into the Secure Asset. This gradual shift helps stabilise the Fund Value, making it less likely to experience significant increases or decreases as it nears maturity.

4. Can a customer change their investment through Active Asset Allocation in the future?

Secure Income Option

Customers may elect to adjust their maximum Growth Asset exposure while retaining their existing guaranteed benefits.

For example, customers may choose to increase their maximum Growth Asset exposure — moving from a lower allocation (such as 25% or 30%) to a higher one (such as 35% or 40%). Conversely, they can also opt to reduce their exposure by switching from a higher maximum allocation to a lower alternative.

For customers increasing their maximum Growth Asset exposure, the change does not necessarily mean their asset allocation will rise to the new maximum percentage. This is especially important for customers with low or no current equity exposure, as the rebalancing may have little to no impact on their allocation. Importantly, this change does not affect the Guarantee Charge that applies.

Secure Capital Option

Customers invested in the Secure Capital Option are not able to change either their maximum Growth Asset exposure or the term of their guarantee.

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