Risk Managed Global Multi-Asset Portfolio Guide

A Guide to Understanding the
Risk Managed Portfolios

ANNUITIES | VARIABLE

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Consistent Returns By Design

With a Brighthouse Financial variable annuity, investors may allocate all or a portion of their retirement assets to the risk managed portfolios.

These portfolios are specially designed to position for growth over the long term and seek to protect against extreme market swings. By helping defend against extreme volatility,[1] the portfolios may remain better preserved and make it easier to recover from losses. While that may mean giving up some short-term gains when markets are up, the strategies are designed to help mitigate loss in a down market.

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[1] Volatility is a measure of how much an investment's price changes over a specific period of time. Technically, it is defined as the standard deviation of an investment over time. Volatility is often used as a measure of risk; so the higher the volatility, the higher the risk and vice versa.

Investments With a Purpose

Although some investors aggressively pursue returns, for many, the key to successfully achieving retirement goals lies in securing a portion of their investments with a balance between growth and security.

For investors who are approaching or in retirement, it may be comforting for them to know they have a sound investment strategy anchoring their overall retirement plan. Risk managed strategies offer a balanced investment approach that may be a good foundation for a portion of investors' retirement assets.

Risk managed strategies may work well for investors:

- With a moderate risk tolerance.
- Who want opportunities for growth but may be sensitive to loss.
- With a tendency to be more conservative, as they have a low tolerance for risk, but who may be interested in a more moderate approach — one that integrates risk management.
- Who have a low risk tolerance but recognize the need for exposure to growth opportunities.
- With a short-term view of the markets or who are easily swayed by the emotions of investing, as they may benefit from staying invested with a strategy that may offer lower volatility.

Invest with a familiar foundation: Diversification

Building upon a traditional approach targeting the long-term risk and return goals of a moderate 60% equity and 40% fixed income portfolio, diversification expands to include exposure to global markets and opportunistic[2] assets. Integrating responsive risk management helps to lessen exposure to risk when markets are more volatile, helping to provide more consistent returns over time.

Diversified Portfolio
A moderate approach similar to a traditional 60/40 portfolio.

+

More Asset Classes
Expanded and deepened diversification that includes opportunistic assets, such as emerging markets, real estate and inflation assets.

+

Global Market Exposure
Exposure to asset classes across global markets.

+

Responsive Risk Management
Responsive risk management when markets become more volatile.

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[2] Opportunistic assets include emerging market equities and debt, high yield bonds, real estate, TIPs and commodities. Investing in opportunistic or alternative assets involves special risk and may not be suitable for all investors.

Responsive Risk Management — A Flexible Approach to Risk

Investors are willing to accept a certain amount of risk to get returns, but volatility in markets can sometimes throw more risk on the table than investors want. Why not have a flexible investment strategy designed to respond to extreme market conditions and keep investors at a risk level with which they are comfortable?

Investor Risk Tolerance

The portfolios have long-term risk and return objectives similar to a traditional 60% equity and 40% fixed income portfolio. When markets become more volatile, the portfolios responsively adjust their exposure to risk. This helps maintain the investors' moderate risk tolerance across market conditions.

What can investors expect?

- Long-term risk and return performance similar to a 60% equity and 40% fixed income portfolio, benchmarked to the Dow Jones Global Moderate Index (DJGMI).
- Average returns similar to a traditional moderate portfolio but with a more narrow range of returns. They may not capture all the gains in an up market compared to the benchmark, but they're designed to not capture losses in a down market.
- No artificial cap on gains or limit on losses; professional managers stay invested in the markets according to their investment strategies.
- More consistent returns over time, but not all the time; any portfolio may strongly outperform or underperform the DJGMI benchmark over the short term.

Did you know?

A moderate investor with a balanced portfolio of 60% equities and 40% fixed income may experience an average portfolio volatility of about 10%. During extreme market conditions such as in 2008, an investor with a balanced portfolio experienced portfolio volatility of nearly 45%. That is **350% more risk** than a moderate investor determined they wanted to take!

Risk Managed

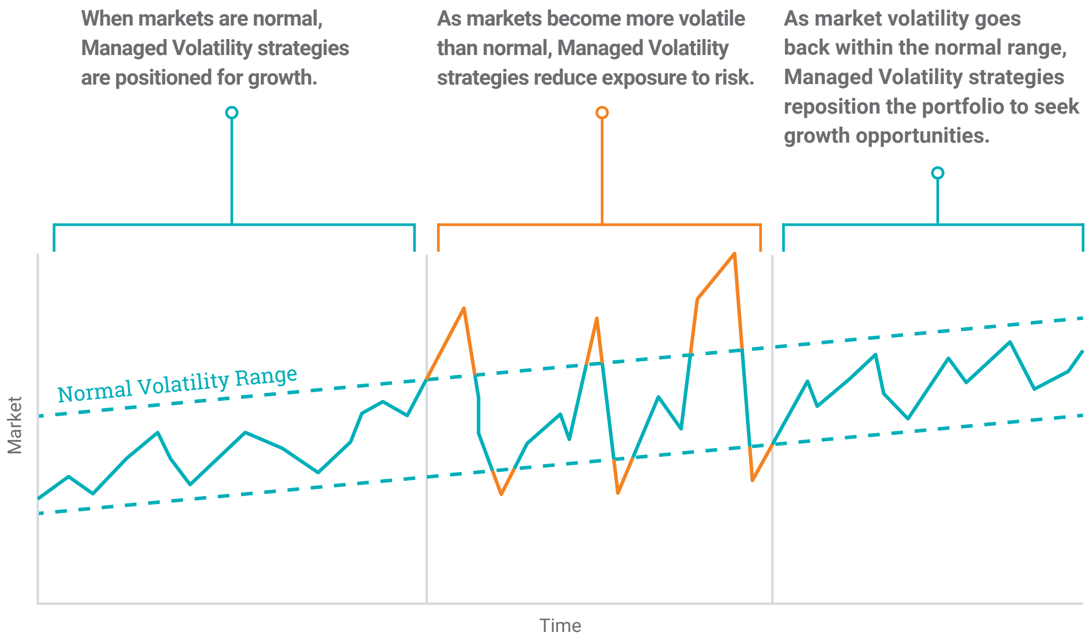
Understanding the Risk Management Styles.

There are three distinct risk management styles. Determining which risk management approach and which combination of portfolios to invest in involves understanding the basic risk styles.

The following pages include descriptions of the broad risk categories and a quick reference grid with the attributes and characteristics of each portfolio. For more detailed information about the portfolios, please reference the portfolio prospectuses.

Managed Volatility

Managed Volatility portfolios are similar in structure to a traditional moderate portfolio with approximately 60% equity and 40% fixed income. Portfolios using a Managed Volatility approach reduce the portfolios' exposure to equities or other risky assets when markets are volatile. This strategy helps manage potential portfolio losses.

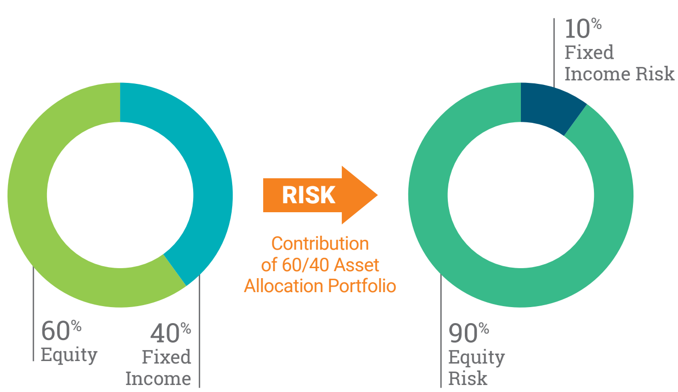


Balanced Risk

Balanced Risk portfolios are designed to provide more consistent performance across various market conditions and economic cycles. Portfolios using a balanced risk approach allocate portfolio assets based upon the riskiness of each asset class, with greater exposure to lower risk assets, such as bonds, and lower exposure to higher risk assets, such as equities and commodities.

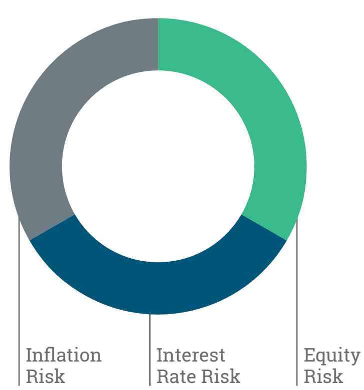
Traditional Moderate Portfolio

Looking at a traditional balanced portfolio of 60% equity and 40% fixed income from a risk perspective, the portfolio is not quite as balanced. Equities, which are generally more risky than fixed income, contribute approximately 90% of the risk to the portfolio.



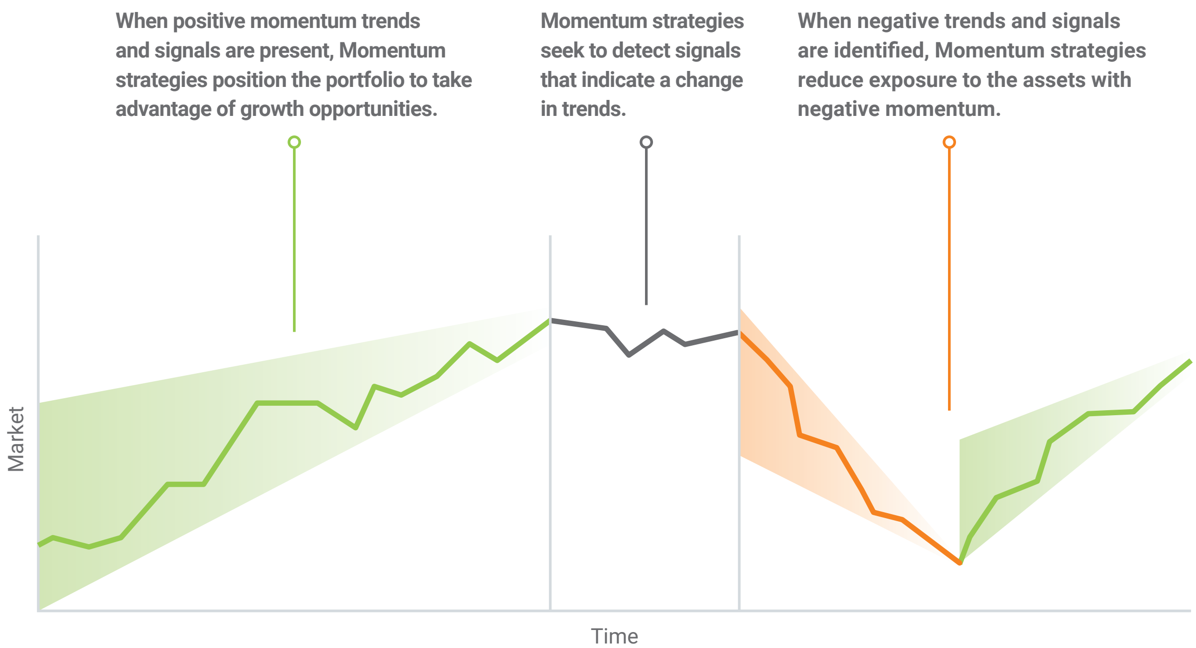
Balanced Risk Portfolio

Balanced Risk strategies seek to have more diverse exposures to risk so that the portfolio is not dominated by one particular risk or asset class.



Momentum

Momentum portfolios are similar to traditional moderate portfolios with approximately 60% equity and 40% fixed income. Portfolios using a Momentum approach manage portfolio risk by reducing exposure to downward trending assets and increasing exposure to assets when trends are positive.



If only there was an investment strategy that worked in every market!

For investors, it's good to remember there is no miracle investment. Every investment has times when it does very well and times when it struggles, and it usually pays off to stay the course through both. Here's what investors might generally expect from the portfolios in each of the risk management styles:

Managed Volatility

- Tend to do well in normal or low-risk market environments or in prolonged market downturns.
- May be challenged in zig-zag market conditions when rapid drops are followed by rapid market recoveries.

Balanced Risk

- Tend to do well in low-growth and inflationary times.
- May be challenged in periods of high growth and low inflation.

Momentum

- Tend to do well in markets that persistently trend up or down.
- May be challenged in volatile, sideways markets.

	Risk Management		Portfolio Characteristics			
	Volatility Strategy Implementation	Volatility Constraints	Investment Management Style	Asset Allocation Inputs	Asset Allocation Orientation	Asset Allocation Strategy
Managed Volatility						
AB Global Dynamic Allocation Portfolio[F, H, Z]	**Asset Class Level** Exposure to risky asset classes is reduced by shifting exposure to other less risky asset classes.	10% Cap on Equity Volatility Contribution	Passive Core	Blend	Tactical	Capital Allocation
BlackRock Global Tactical Strategies Portfolio[F, FF, Z]	**Portfolio Level** Increase in risk results in a proportionate reduction across asset classes, shifting to cash.	10% Annual Portfolio Volatility Target, 7-13% Range	Passive Core	Blend	Tactical	Capital Allocation
Brighthouse Balanced Plus Portfolio[FF, Z]	**Equity Level** Increase in equity risk results in a lower exposure to equities.	10% Annual Portfolio Volatility Target, 8-12% Range	Active Core	Blend	Strategic	Capital Allocation
MetLife Multi-Index Targeted Risk Portfolio[FF,Z]	**Equity Level** Increase in equity risk results in a lower exposure to equities.	10% Annual Equity Volatility Contribution Target, 8-12% Range	Passive Core	Blend	Strategic	Capital Allocation
Pyramis® Managed Risk Portfolio[F,FF,Z]	**Portfolio Level** Increase in risk results in a lower exposure to equities and/or other risky assets.	10% Annual Portfolio Volatility Target, 11.5% Cap	Active Core	Blend	Tactical	Capital Allocation
Schroders Global Multi-Asset Portfolio[F, Z]	**Equity Level** Increase in equity risk results in a lower exposure to equities.	10% Annual Portfolio Volatility Cap	Active Core	Blend	Tactical	Capital Allocation
Balanced Risk						
AQR Global Risk Balanced Portfolio[D, F, Z]	**Asset Class Level** Balance risk contribution of each asset class.	10% Annual Portfolio Volatility Target	Passive Core	Quantitative	Strategic	Risk Allocation
Invesco Balanced-Risk Allocation Portfolio[D, F, Z]	**Asset Class Level** Balance risk contribution of each asset class.	8% Annual Portfolio Volatility Target, 6-10% Range	Passive Core	Quantitative	Tactical	Risk Allocation
PanAgora Global Diversified Risk Portfolio[D, F, Z]	**Asset Class Level** Balance risk contribution of each asset class.	10% Annual Portfolio Volatility Target	Active Core	Quantitative	Tactical	Risk Allocation
Momentum						
Allianz Global Investors Dynamic Multi-Asset Plus Portfolio[D, F, Z]	**Asset Class Level** Exposure to assets with positive/negative momentum is increased/decreased.	Systematically Monitored	Active Core	Blend	Tactical	Capital Allocation
JPMorgan Global Active Allocation Portfolio[F, H, Z]	**Asset Class Level** Exposure to assets with negative momentum is reduced.	Systematically Monitored	Active Core	Blend	Tactical	Capital Allocation

Allocation Exposure

Long-Term Strategic Allocation	Allocation Range
Capital Allocation: Equities 55%; Fixed Income 40%; Opportunistic Assets* 5%	**Capital Exposure Range:** Equities 0-80%; Fixed Income 20-100%; Opportunistic Assets* 0-10%
Capital Allocation: Equities 54%; Fixed Income 35.5%; Opportunistic Assets* 6%; Cash 4.5%	**Capital Exposure Range:** Equities 39-69%; Fixed Income 25-55%; Opportunistic Assets* 0-11%
Capital Allocation: Equities 60%; Fixed Income 40%	**Capital Exposure Range:** Equities 10-70%; Fixed Income 40%
Capital Allocation: Equities 60%; Fixed Income 40%	**Capital Exposure Range:** Equities 10-70%; Fixed Income 40%
Capital Allocation: Equities 60%; Fixed Income 35%; Cash 5%	**Capital Exposure Range:** Equities 10-70%; Fixed Income 10-90%; Opportunistic Assets* 0-10%
Capital Allocation: Equities 60%; Fixed Income 40%	**Capital Exposure Range:** Equities 40-70%; Fixed Income 20-50%; Opportunistic Assets* 0-10%
Risk Allocation: Equity Risk 33.3%; Nominal Interest Rate Risk 33.3%; Inflation Risk 33.3%	**Risk Exposure Range:** Not Applicable
Risk Allocation: Equity Risk 33.3%; Nominal Interest Rate Risk 33.3%; Inflation Risk 33.3%	**Risk Exposure Range:** Equity Risk 16-50%; Nominal Interest Rate Risk 16-50%; Inflation Risk 16-50%
Risk Allocation: Equity Risk 40%; Nominal Interest Rate Risk 40%; Inflation Risk 20%	**Risk Exposure Range:** Equity Risk 25-55%; Nominal Interest Rate Risk 25-55%; Inflation Risk 5-35%
Capital Allocation: Equities 60%; Fixed Income 40%	**Capital Exposure Range:** Equities 10-70%; Fixed Income 20-90%; Opportunistic Assets* 0-10%
Capital Allocation: Equities 45%; Fixed Income 45%; Opportunistic Assets* 10%	**Capital Exposure Range:** Equities 0-80%; Fixed Income 20-80%; Opportunistic Assets* 0-10%

Grid Reference Guide

Risk Management Style

- **Managed Volatility:** Seeks to manage the portfolio volatility through flexible adjustments to the asset allocation mix based upon prevailing market conditions.
- **Balanced Risk:** Seeks to diversify a portfolio by balancing risk across broad asset classes.
- **Momentum:** Seeks to identify trends in the returns of asset classes and adjust the allocations to those asset classes accordingly.

Investment Management Style

- **Active Core:** Majority of investments held within the portfolio seek to outperform market returns.
- **Passive Core:** Majority of investments held within the portfolio seek to capture broad market returns.

Asset Allocation Inputs

- **Quantitative:** Mathematical, data-driven models are used as the primary inputs of investment decisions.
- **Qualitative:** Fundamental insights are used to formulate investment decisions.
- **Blend:** An approach that combines both quantitative and qualitative analysis.

Asset Allocation Orientation

- **Strategic:** Allocation orientation that seeks to maintain a target allocation over time and is periodically rebalanced back to the target.
- **Tactical:** Allocation orientation that allows for asset allocation adjustments to be made within a predetermined range around the strategic allocation, based upon investment analysis and market conditions.

Asset Allocation Strategy

- **Capital:** Allocates to assets based upon dollar exposure.
- **Risk:** Allocates to assets based upon risk exposure.

* Includes emerging market equities and debt, high yield bonds, real estate, TIPS and commodities.

Purpose of the Risk Managed Strategies

- Seek to protect investors from the inherent downside of investing.
- Built for the long term. Staying focused on long-term risk-adjusted performance will help investors overcome a short-term perspective that may detract from achieving financial goals.
- Position for growth over the long term while seeking to mitigate extreme outcomes.
- Manage exposure to risky markets and seek to provide a more consistent level of risk and returns over time.

Designed for Today's Markets

[D] This portfolio invests in a limited number of issuers. Poor performance of a single issuer will generally have a more adverse impact on the return of the portfolio than on a portfolio that invests across a greater number of issuers.

[F] Invests in securities of foreign companies and governments, which involves risks not typically associated with U.S. investments, including changes in currency exchange rates; economic, political and social conditions in foreign countries; and governmental regulations and accounting standards different from those in the U.S.

[FF] The portfolio is a "fund-of-funds" portfolio. Because of this two-tier structure, the portfolio bears its own investment management fee and expenses, which includes the cost of the asset allocation services it provides, as well as its pro rata share of the management fee and expenses of each underlying portfolio. Without these asset allocation services, the contract owner's expenses would be lower.

[H] Invests in high yield or "junk" bonds, which are issued by companies that pose a greater risk of not paying the interest, dividends or principal their bonds have promised to pay. Such bonds are especially subject to adverse changes in interest rates or other general market conditions, or to downturns in the issuers' companies or industries.

[Z] May invest in derivatives to obtain investment exposure, enhance return or protect the portfolio's assets from unfavorable shifts in the value or rate of underlying investments. Because of their complex nature, some derivatives may not perform as intended, can significantly increase the portfolio's exposure to the existing risks of the underlying investments and may be illiquid and difficult to value. As a result, the portfolio may not realize the anticipated benefits from a derivative it holds or it may realize losses. Derivative transactions may create investment leverage, which may increase the volatility and may require liquidation of securities when it may not be advantageous to do so.

Certain broker/dealers do not make the risk managed portfolios available when you apply for a Brighthouse Financial variable annuity contract. If you would like to invest in a risk managed portfolio, you may do so after the variable annuity contract has been issued. See prospectus for details.

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Investment Performance Is not Guaranteed.

Variable annuity products are offered by prospectus only. Prospectuses for variable products issued by a Brighthouse Financial insurance company, and for the investment portfolios offered thereunder, are available from your financial professional. The contract prospectus contains information about the contract's features, risks, charges and expenses. Investors should consider the investment objectives, risks, charges and expenses of the investment company carefully before investing. The investment objectives, risks and policies of the investment options, as well as other information about the investment options, are described in their respective prospectuses. Please read the prospectuses and consider this information carefully before investing. Product availability and features may vary by state. Please refer to the contract prospectus for more complete details regarding the living and death benefits.

Variable annuities are long-term investments designed for retirement purposes. Brighthouse Financial variable life insurance and annuity products have limitations, exclusions, charges, and termination provisions and terms for keeping them in force. There is no guarantee that any of the variable investment options in this product will meet their stated goals or objectives. The account or cash value is subject to market fluctuations and investment risk so that, when withdrawn, it may be worth more or less than its original value. All contract and rider guarantees, including optional benefits and any fixed account crediting rates or annuity payout rates, are backed by the claims-paying ability and financial strength of the issuing insurance company. Please contact your financial professional for complete details.

Withdrawals of taxable amounts are subject to ordinary income tax and, if made before age 59½, may be subject to a 10% federal income tax penalty. Distributions of taxable amounts from a non-qualified annuity may also be subject to the 3.8% Unearned Income Medicare Contribution tax that is generally imposed on interest, dividends, and annuity income if your modified adjusted gross income exceeds the applicable threshold amount. Withdrawals will reduce the living and death benefits and account value. Withdrawals may be subject to withdrawal charges.

Any discussion of taxes is for general informational purposes only, does not purport to be complete or cover every situation, and should not be construed as legal, tax or accounting advice. Clients should confer with their qualified legal, tax and accounting advisors as appropriate.

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