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Comparative Analysis of Asset Allocations of Six U.S. Life Insurers

Introduction

Despite operating under the same U.S. regulatory framework, six major life insurers – **Brighthouse Financial**, **Corebridge Financial**, **MetLife**, **Principal Financial Group**, **Prudential Financial**, and **Voya Financial** – each maintain distinct strategic asset allocations. These differences stem from variations in their liability profiles, business models, risk appetites, and strategic intents. In the sections below, we profile each firm's business and portfolio, then compare key drivers (liability structure, ALM, capital/RBC constraints, etc.) that explain why, for example, one company holds far more private credit or BBB-rated bonds than another. Finally, we tie these drivers directly to observed allocation decisions, supported by data from company filings and industry analyses.

Asset allocation breakdown (as % of general account assets) for six major U.S. life insurers (year-end 2024). Each firm's mix of Treasuries, public corporates (by rating), securitized assets, private placements, mortgage loans, and alternatives reflects its unique liabilities and strategy.

Firm-by-Firm Asset Allocation Profiles

Brighthouse Financial (BHF) – Annuity-Focused, Conservatively Repositioning

Brighthouse, a 2017 **spinoff from MetLife**, largely manages a legacy block of variable annuities (VAs with guarantees) and universal life with secondary guarantees (ULSG), alongside new sales of indexed and fixed annuities [1] [2]. These products create **long-duration, interest-sensitive liabilities** with market guarantees, prompting Brighthouse to prioritize high-quality, long-term fixed income. Indeed, Brighthouse has **materially de-risked its portfolio since 2021**, now holding *97% investment-grade assets (65% rated "A" or higher)* and cutting below-investment-grade exposure by 40% [3]. Its general account shows moderate Treasuries (~6.3% combined short and long) and very little high-yield (<1% in public HY bonds) – a reflection of needing strong capital ratios to support volatile VA guarantees. Brighthouse instead leans on **investment-grade corporates and loans** (e.g. ~9% each in A and BBB public bonds, plus ~6% in private placements) and substantial **mortgage loans** (~20% split between commercial and residential whole loans) to pick up yield while matching liability duration【1†】. The heavy allocation to long-dated mortgages and private credit aligns with its annuity liabilities' long horizons, while the modest 3.6% to private equity and minimal real estate equity (0.6%) indicate a **cautious risk appetite** on surplus investments. This conservative posture is driven in part by capital considerations – Brighthouse targets a 400–450% RBC ratio, and faced pressure in 2022–2024 to rebuild capital buffers for its VA hedging program [4] [5]. In response, it executed capital-efficient moves like reinsuring a legacy fixed/payout annuity block to free up capital and revamping VA hedges to be less RBC-intensive [5]. Overall, Brighthouse's asset mix reflects a **run-off oriented strategy**: maximize stable spread income on safe assets to fund guarantees, and avoid outsized credit or market risks that could strain its capital. *(Notably, Brighthouse's business profile still "expos(es) [it] to* *riskier product lines such as ULSG and VA," which necessitates an appropriate ERM program and high-quality portfolio backing those risks* [2] *.)*

Corebridge Financial (CRBG) – Retirement and Spread Business, Yield-Focused

Corebridge Financial – formerly AIG's Life & Retirement division – operates a broad **retirement and insurance portfolio** including fixed and indexed annuities, institutional products (structured settlements, pension risk transfer), and life insurance. Its liabilities are predominantly **spread-based and long-duration**, meaning the insurer's earnings hinge on investing premiums at yields above guaranteed crediting rates. Corebridge's allocation tilts accordingly toward higher-yielding fixed income **within NAIC capital limits**. Notably, it holds the **highest share of BBB-rated public corporate bonds** among peers (~19% of the portfolio, vs. single digits at some peers), plus another ~5% in BBB private placements 【1†】. This heavy BBB weighting boosts portfolio yield but still remains investment-grade (Corebridge reports ~95% of its portfolio is NAIC 1 or 2 rated [6]). The company also has a **significant 12.8% in asset-backed securities (ABS)** – well above peers – and robust allocations to structured products overall (ABS + CMBS + RMBS ~23% combined) 【1†】. These securitized assets (largely AAA/AA tranches) offer attractive risk-adjusted yield under RBC rules (which assign low charges to high-quality structured finance) [7] [8] . Corebridge's **commercial mortgage loan** holdings (15.6%) are likewise the highest of the group 【1†】, reflecting its appetite for illiquid, long-term assets that match pensions and annuities while providing an illiquidity premium. By contrast, the company keeps minimal exposure to equities or real estate outright (0% in real estate equity, ~2.5% private equity) and negligible non-investment-grade bonds – a risk posture that Fitch views as *"diversified" and resilient against market swings* [9] . Another differentiator is Corebridge's **outsourced investment management**: it partners with Blackstone and BlackRock for portions of its portfolio [10] . Blackstone, in particular, manages certain alternative and private credit assets under an exclusive arrangement [10] , which has likely facilitated Corebridge's sizeable allocations to private credit, structured assets, and real estate debt. In summary, Corebridge's asset strategy is tuned to **maximize spread and capital efficiency** – heavy on high-quality credit and securitized assets for yield, light on equities – consistent with its focus on fixed annuity and retirement markets. Its strong balance sheet and liquidity (holding-company liquidity $2.4B) and a "high quality" portfolio underpin this approach [11] .

MetLife, Inc. – Global Diversification and Balanced ALM

MetLife is a **globally diversified life insurer** with operations spanning life insurance, annuities, employee benefits, and pension solutions across the U.S., Asia (notably Japan), Latin America, and EMEA. Its general account allocation reflects both its broad geographic footprint and a measured risk posture. A striking feature is MetLife's **large foreign asset exposure**: ~10% of the portfolio in non-US government bonds (currency-hedged) and ~14% in non-US corporates 【1†】. These holdings support MetLife's sizable international liabilities (e.g. yen-denominated policies in Japan) and indicate active currency hedging and global ALM practices to match local liabilities. MetLife's credit portfolio skews toward higher quality within investment-grade – e.g. only ~3.8% in BBB public corporates (much lower than peers like Principal or Corebridge) 【1†】, complemented by ~4% in A-rated and 3% in AA corporates. Fitch notes that *MetLife's portfolio carries "above-average risk" for its rating primarily due to allocations to below-investment-grade and alternative assets* [12] , but those risk assets are still a modest portion: MetLife has under 1% in high-yield bonds and around 6–7% in alternatives (3.4% private equity, 3.4% real estate equity) 【1†】. It appears MetLife balances the pursuit of yield with a globally diversified, high-quality portfolio – leveraging its **internal asset manager (MIM)** to invest in areas like commercial mortgages (~14% of assets) and direct real estate. In fact, MetLife is one of the few with a meaningful **equity real estate** portfolio (~3% property ownership via joint ventures/partnerships), consistent with its historical expertise in real estate investment. The insurer's **liability mix** (a blend of protection products, retirement/PRT obligations, and shorter-duration group benefits) leads to a **multi-faceted ALM strategy**: it holds both long-term assets (e.g. whole loans, 30-year governments) to back long life & annuity liabilities, and also needs liquid, short-to-intermediate bonds for its large group benefit and institutional businesses. Accordingly, MetLife holds about 8% in U.S. Treasury securities (split between short/intermediate and long) 【1†】 to manage liquidity and interest-rate risk. With a robust capital position (NAIC RBC ~407% as of 2023, above its ~360% target [13]) and *"solid investment performance"* historically, MetLife appears to take a **prudent-but-enterprising approach** – it invests globally and in private markets (e.g. farm loans, infrastructure debt) to enhance returns, but still maintains one of the more **conservatively rated bond portfolios** (e.g. combined A/AA/AAA far exceeds its BBB exposure) among the peer group.

Principal Financial Group – Retirement Specialist, Private Credit Emphasis

Principal's asset allocation reflects its evolution into a **retirement services and asset management-focused insurer**. Traditionally a balanced life and annuity carrier, Principal in recent years exited certain capital-intensive businesses – it **stopped new sales of U.S. retail fixed annuities and individual life in 2021**, reinsurance-transferring a $25 billion block of those liabilities (including $16B of fixed annuities and $9B of ULSG life reserves) to Talcott Resolution [14] [15]. This strategic shift ("reduce complexity and risk, improve…returns, and support…financial strength" per CEO Dan Houston [16] [17]) has allowed Principal to concentrate on higher-growth, lower-risk segments – namely **401(k) retirement plans, pension risk transfers, asset management, and specialty benefits** – and to redeploy capital more efficiently. Consequently, Principal's remaining general account (backing mainly retirement annuities, PRT obligations, and some legacy blocks) shows a **yield-oriented tilt within investment-grade**. Notably, Principal holds **19.4% in BBB-rated public corporates** – one of the highest BBB concentrations in this cohort 【1†】. It complements that with significant **private credit** (over 13% in private placement bonds: 6.3% A-rated and 7.4% BBB-rated) 【1†】, consistent with Principal's asset-management expertise in private debt. These allocations indicate a **healthy risk appetite for credit spread** in order to support product spreads, within the confines of strong capital (AM Best rates Principal's balance sheet strength as A+ and capital as "very strong," with an RBC well above 400% [18]). Principal also differentiates itself with a sizeable stake in **taxable municipal bonds (~6%) 【1†】**, which likely serve as high-quality long-duration assets (NAIC 1 capital treatment) for matching long liabilities (municipals and housing bonds often carry slightly higher yields than corporates at the same rating, boosting capital-adjusted returns). In structured products, Principal is moderate (~15% across RMBS/CMBS/ABS), and it keeps alternative investments at modest levels (about 2% private equity, 1.7% real estate equity). With minimal exposure to separate-account VA guarantees (Principal has "minimal exposure to annuities with living benefits" [19]), it doesn't need large hedging portfolios or high liquidity buffers, which frees it to invest more in higher-yield illiquid assets. In summary, Principal's asset mix – **overweight BBB and privates, underweight Treasuries and foreign bonds** – aligns with its **core strategy as a retirement income and asset manager**: the focus is on earning superior spreads (via corporate credit and private loans) for pension and annuity products, after having shed businesses that required more conservative portfolios.

Prudential Financial (PRU) – Global Giant in Transition, Private Placement Leader

Prudential's portfolio is shaped by its status as a **global insurer/investment manager** and by recent strategic moves to streamline its U.S. business. Pru operates large life and retirement franchises in both the U.S. and internationally (notably Japan), and until recently had significant blocks of variable annuities and guaranteed universal life on its books. Over 2021–2023, Prudential undertook major derisking transactions: it **sold a $31 billion legacy variable annuity block** to Fortitude Re in 2021 [20] and **reinsured a $12.5 billion block of ULSG life policies** to Somerset Re in 2023 [21] [22]. These actions *"reduce market sensitivity and increase capital flexibility"* for Prudential going forward [23]. The impact is evident in Prudential's asset allocation. With fewer separate-account VA guarantees to hedge, Pru's general account holds only ~5% in Treasuries (similar to peers, mainly for liquidity/ALM) and minimal high-yield bonds (~0.2% public HY)【1†】. Instead, Prudential capitalizes on its renowned **private placement capabilities**: it has by far the largest allocation to private corporate bonds – ~20.7% in private A-rated and 3.0% in private BBB【1†】 – reflecting the firm's historic strength in originating private debt (through PGIM). These private assets often come with enhanced covenants/yields, allowing Prudential to earn superior spreads without venturing into below-IG territory (indeed, public BBB bonds are an unusually low ~0.4% of Pru's portfolio, as it likely sources most BBB-equivalent exposure in the private market)【1†】. Another distinctive element is Prudential's **outsize allocation to AAA assets (~16% in public corporates rated AAA)【1†】**. Few corporations are AAA, so this figure suggests Pru holds sizable structured bonds or agency securities categorized as "AAA corporate," or highly rated supranational/sovereign bonds. This aligns with RBC optimization: under the updated NAIC factors, **AAA/AA securities carry much lower capital charges** (only ~40% of the previous charge for AAA) [24] [8], making them capital-efficient – a likely motivation for Pru's tilt toward the very highest-quality credit. At the same time, Prudential maintains significant **non-US assets** (~14.6% in hedged foreign government bonds, plus ~6% in foreign corporates)【1†】 to match its international liabilities (e.g. sizable yen-denominated reserves in Japan). The company also holds a typical life insurer mix of mortgages (~10% commercial, 5% residential) and alternatives (~3.9% private equity, 0.5% real estate equity)【1†】. Overall, Prudential's allocation decisions reflect its **"barbell" strategy**: a large core of ultra-high-grade and private assets (to minimize capital strain and ensure stable income), balanced by selective higher-yield investments via private credit and real assets. Having offloaded some legacy risks, Prudential can focus its general account on supporting ongoing businesses like retirement and international life, with a strong capital position (the Somerset reinsurance added $450 million to capital and will boost ongoing earnings [21] [22]). Its strategic intent is clear – continue offering a broad suite of insurance solutions, but with a **leaner balance sheet** where externally reinsured run-off blocks no longer dictate a need for extreme liquidity or hedging assets.

Voya Financial – Post-Restructuring, Surplus Deployments for Yield

Voya Financial has undergone perhaps the most dramatic transformation of these six. Formerly ING's U.S. insurance arm, Voya in the past decade **exited the individual life and annuity businesses** to focus on workplace retirement, asset management, and employee benefits. In 2018, Voya sold its closed block of variable, fixed, and indexed annuities to a consortium (including Apollo/Athene), and in 2021 it divested its life insurance and legacy annuities to Resolution Life [25] [26]. According to Voya's CEO, these moves *"simplified [Voya]'s portfolio, reduced market and interest rate risk, and freed up capital"* [27] for the company to concentrate on its core, fee-based businesses. The result is a **smaller general account** primarily supporting Voya's institutional products (e.g. pension risk transfers, funding agreements, and stable value/stability products for retirement plans) and any remaining payout annuities. Voya's asset allocation thus shows a blend of **high-quality fixed income and opportunistic yield plays** suitable for a de-risked liability profile. Like peers, Voya's bond portfolio is overwhelmingly investment-grade (virtually all NAIC 1–2); within that it has a fairly even mix of ratings (e.g. ~8.3% A, 8.3% BBB public, plus 11.6% in private A and 9.2% in private BBB)【1†】. Notably, Voya commits a large portion to **private asset classes** – for instance, over 20% of the portfolio is in private placements (one of the highest, comparable to Prudential)【1†】, and it leads the group in **private equity allocation (4.5%)【1†】**. With its strong capital position (post-transactions, Voya's consolidated RBC jumped above 400%, vs. a 375% target [28] [29]) and reduced insurance risk, Voya appears willing to allocate more to higher-return alternatives. Its private equity and other alternatives help boost returns on surplus in the absence of heavy guaranteed liabilities. Additionally, Voya has relatively high allocations to **structured credit** (over 25% combined RMBS/CMBS/ABS) and a unique 9.8% in **residential whole loans**【1†】. This likely reflects Voya Investment Management's capabilities in securitized and loan strategies – for example, Voya IM manages billions in securitized credit, and as part of the Resolution Life deal, Voya IM actually retained management of ~$20B of the disposed blocks' assets [30]. Thus, Voya continues to earn fee income managing some of those assets (including specialty asset classes) for the reinsurer, and may mirror that expertise in its own portfolio. Meanwhile, Voya keeps almost no equity real estate on balance sheet (0% listed) and minimal direct equity exposure, consistent with a disciplined ALM approach for its largely shorter-term, institutionally focused liabilities. In essence, Voya's portfolio today reflects a **"risk-light" insurer with a yield boost**: it holds a core of high-grade fixed income (including ~9% Treasuries & agencies) to back stable value and payout obligations, while deploying freed capital into private credit and equity investments to enhance overall returns. This approach aligns with Voya's identity as a **specialized retirement and investment company** after shedding its legacy insurance skin – the company is now "fully focused" on its workplace and investment businesses, with a much lower risk profile [27].

Key Drivers of Allocation Differences (Comparison Summary)

Several key factors drive the divergent asset allocation strategies observed above. The table below summarizes how each insurer differs along these dimensions:

- **Product & Liability Mix:** The types of products written – and whether blocks are open or in run-off – heavily influence asset needs.
- **Brighthouse:** Primarily individual **annuities (VA with guarantees, fixed/index annuities)** and some legacy life (ULSG). Long-duration guarantees require long-term, high-quality assets and hedging. Closed-block orientation (run-off VA) makes capital preservation paramount [1] [2].
- **Corebridge:** Broad **retirement and life mix**, with emphasis on **fixed/index annuities and institutional pensions**. Long liabilities and ongoing new business drive a need for yield to support crediting rates.
- **MetLife:** Diverse **global portfolio – life, group benefits, annuities, PRT**, etc. Liability durations range from short-term (group insurance) to very long (life/annuity), and significant non-US liabilities (e.g. Japan) require matching assets globally.
- **Principal:** Historically life and annuities, now refocused on **retirement (401k, PRT) and asset management** after exiting retail life/annuities [16] [17]. Still holds some payout annuities (PRT) but less legacy guarantee business than peers.
- **Prudential:** Mix of **life and retirement in U.S. and Asia**. Recently offloaded large VA and life guarantee blocks [21], so remaining liabilities are more focused on ongoing life sales (incl. Asia), pensions, and investment products.

- **Voya: Workplace retirement, asset management, and benefits** focus after divesting individual life and annuities [26] [27]. Current liabilities largely institutional (e.g. stable value, payout annuities) with much lower guarantee risk than before.

- **Asset-Liability Management (ALM) & Duration:** Insurers tailor asset duration and liquidity to liability needs.

- **Brighthouse: Long-duration ALM** (to back lifetime annuity payouts and VA guarantees). Significant use of derivatives for VA hedging; holds Treasuries/cash mainly for collateral/liquidity. Has to fund long-dated ULSG life liabilities as well.
- **Corebridge:** Also **long-term ALM** for annuities/pensions, but with a large ongoing book requiring **liquidity for new business**. High ABS and shorter structured assets help meet mid-term cash flow needs (e.g. for withdrawal benefits) while yielding more than Treasuries.
- **MetLife: Multi-faceted ALM** – segments for long-tail liabilities (e.g. whole life, PRT annuities) and short/medium liabilities (group and accident/health lines). Global ALM: must manage currency and local duration (e.g. JGBs for Japanese policies). Overall, a balanced interest-rate risk posture.
- **Principal: Long-duration emphasis** for pension risk transfers and payout annuities, but after reinsurance of retail blocks, less exposure to ultra-long guarantees. Can invest in slightly shorter/ high-yielding assets for retirement products with liquidity from ongoing contributions.
- **Prudential:** Historically heavy **long-duration needs** (for annuities, GUL life) but *reinsured a chunk of those*, reducing the strain [21]. Still, Pru manages very long Asian liabilities (e.g. whole life in Japan) – hence large holdings of long foreign bonds. Uses a *barbell* ALM: some ultra-long bonds for legacy obligations, balanced by more medium-term private placements that can be crafted to specific liability durations.

- **Voya: Shorter-to-intermediate ALM** relative to peers – much business is account-based retirement plans (with liquidity needs) or shorter-duration health/disability benefits. With few life contingencies left, Voya can tolerate a bit more asset duration mismatch in pursuit of yield, yet for stable value products it still needs high-quality, intermediate-duration fixed income for book-value stability.

- **Risk Appetite and Capital (RBC) Management:** Different philosophies on how much asset risk to take, given capital positions and targets.

- **Brighthouse: Conservative, capital-protective**. Runs at ~400% RBC, unwilling to go much below target [5]. Avoids high RBC assets – e.g. minimal below-IG credit or equity – to offset its inherently high **market risk** from VA guarantees. Its portfolio is 97% IG and 65% in A-or-better bonds [3], indicating a low tolerance for credit risk.
- **Corebridge: Moderate-to-aggressive within IG**. Comfortable holding 35–40% in BBB (NAIC 2) assets for extra yield, reflecting a willingness to use available capital (RBC likely in the 400% range) for spread. Keeps outright below-IG and equity low, but takes structured and illiquidity risk (which carry lower RBC charges for high grades [7] [31]). Overall aims to optimize RBC usage by favoring asset classes with good capital-adjusted returns (e.g. loans, AAA ABS).
- **MetLife: Moderate, globally diversified risk**. As a former SIFI, MetLife tends to a prudent middle ground – it does have alternatives (~6–7%), but Fitch still notes its **"above-average" portfolio risk** mainly due to those and any below-IG holdings [12]. However, MetLife's sheer scale and diversification allow it to absorb more risk assets while keeping RBC ~390–400% [13]. It leverages internal expertise to invest in higher-return areas (real estate, private debt) but within a strong ERM framework.
- **Principal: Yield-seeking but within high RBC**. Principal's capital is very strong (A+ rated, RBC likely 420%+), enabling a relatively high allocation to BBB and privately structured assets. It intentionally **increased capital efficiency** by exiting risky lines at Elliott Management's urging [17], and now deploys capital in less regulated (asset-management) or high-spread investments. Still keeps below-IG small and alternatives ~4% total, indicating a controlled risk appetite oriented to credit rather than equity.

- **Prudential: Strategic risk rebalancing**. Pru has used reinsurance to offload tail risks and *free capital ($450M from the 2023 deal)* [21] [22]. With that flexibility, it pursues **illiquidity premium** via private assets aggressively (over 20% private placements), while keeping **default risk low** (tiny public HY) and enjoying RBC relief from AAA/AA holdings. Its risk philosophy favors assets where it has an edge (private credit via PGIM) and avoids those with high capital drag (common equity, big HY positions). RBC remains around 400%, and Prism/AM Best capital assessments are "very strong," so Pru can operate with this barbell approach without straining capital.

- **Voya: Higher risk capacity, selective use**. Voya's post-sale capital rose substantially (RBC ~433% as of YE 2023) [28]. It has **lower insurance risk now**, so it deploys some excess capital into return-seeking assets like private equity (4.5%) and increased private credit – effectively using its surplus for growth/income. It still maintains a very high-quality core (97% IG) to support remaining obligations, but with *freed-up capital and reduced volatility*, Voya can tolerate the higher RBC of a few more alternatives. Management explicitly noted the portfolio is *"conservatively positioned"* after these transactions, allowing focus on growth areas without taking undue investment risk [27].

- **Global vs. Domestic Operations:** International businesses necessitate different asset allocations (currency and regional diversification).

- **Brighthouse: U.S.-centric**, no significant foreign operations (and only ~1% in foreign gov bonds). Any non-US bonds (11% of portfolio hedged corporates) are purely for yield diversification, not matching liabilities【1†】.
- **Corebridge: Primarily domestic US**. Virtually 0% in non-US corporates/government bonds【1†】, as its business is U.S.-focused. Avoids currency risk; all assets USD-based (with any foreign exposure likely hedged or negligible).
- **MetLife: Highly international**. Holds ~**10% in foreign sovereigns** (likely JGBs, UK gilts, etc., hedged to local liabilities) and ~14% in foreign corporates【1†】. MetLife must navigate currency hedging and local regulatory regimes (e.g. Japan's solvency rules), leading to a more geographically diversified portfolio. It hedges currencies where needed to prevent capital volatility.
- **Principal: Mostly domestic** with some global asset management business. Asset portfolio is >99% US assets; only ~0.5% in foreign bonds【1†】, likely opportunistic or from a small international insurance presence. Currency risk is minimal.
- **Prudential: Global footprint**. U.S. general account holds substantial **hedged foreign bonds (~15% gov, 6% corp)**【1†】, reflecting Pru's huge Japan operation (which requires yen assets, often brought back on balance sheet as hedged dollar assets for reporting) and other overseas businesses. Pru actively manages currency and international credit risk – for instance, using cross-currency swaps – to align assets with liabilities while optimizing yield globally.

- **Voya: Purely U.S.** after ING's exit. Voya has no significant foreign insurance business now, so it holds only ~3–6% in global bonds【1†】 (possibly legacy holdings or foreign issuers in USD). Its focus is domestic, avoiding currency exposures altogether.

- **Use of Alternatives and Private Markets:** The extent to which each insurer reaches for yield via private equity, real estate, or private debt.

- **Brighthouse: Alternatives limited (~4% total)**. Some private equity (3.6%) but minimal real estate equity (0.6%)【1†】. Likely keeps alternatives capped due to their high capital charges and earnings volatility, given BHF's need to protect capital for VA risks.

- **Corebridge: Low alternatives (~2.5% PE, 0% direct RE)**【1†】. Corebridge, with Blackstone's help, focuses more on private credit/structured assets than equity-like alternatives. The low PE suggests a deliberate cap to avoid high RBC charges, instead favoring high-grade spread assets for yield.
- **MetLife: Moderate alternatives (~6–7%)**. Roughly equal split between private equity and real estate equity (each ~3.4%)【1†】. MetLife has a long history in real estate (commercial property investments) and uses alternatives to enhance long-term returns, but within a diversified $500B+ portfolio, this percentage is balanced.
- **Principal: Moderate-Low (~4% alts)**. ~2.1% PE, 1.7% RE【1†】. Principal does invest in real assets (it has a real estate investment arm), but as an insurer it kept alt exposure fairly modest. After its strategic review, it likely prioritizes capital-light fee businesses over ramping up on-balance-sheet alternatives.
- **Prudential: Moderate (~4.4% alts)**. 3.9% private equity and 0.5% real estate【1†】. Pru uses alternatives similarly to MetLife – as a return booster – but not excessively, possibly because it can achieve target yields via its large private credit book without incurring 30% RBC charges that, say, a big PE allocation would bring. Notably, NAIC recently *lowered RBC for real estate equity*, which makes Pru's already-small RE allocation even more capital-friendly [32] [31].

- **Voya: Highest alternative mix (~4.5% PE, 0% direct RE)**【1†】. Voya leans the most on private equity funds, reflecting its stronger capital position and reduced insurance risk. It appears to have no owned real estate (likely sold off with the life business), but may access real estate indirectly through ABS or REIT investments. The above-average PE stake is a yield play for surplus funds, leveraging Voya IM's alternatives expertise.

- **Governance & Investment Policy Constraints:** Internal or regulatory limits that shape portfolios.

- **Brighthouse:** Being relatively new and singularly focused, Brighthouse management has explicitly de-risked the portfolio in recent years (cutting below-IG to <3%) [3]. It likely has strict limits on below-investment-grade holdings (e.g. <5% of fixed income) and on illiquid assets, given rating agency scrutiny. The company's public disclosures emphasize a "high quality" portfolio and hedging to guard capital [3].
- **Corebridge:** As a carve-out from AIG, Corebridge's investment policy is influenced by agreements with its asset managers (Blackstone has latitude to allocate within agreed sectors). It must also meet NAIC and rating agency expectations as a newly independent firm – for example, maintaining IG percentages in the mid-90s and liquidity to fund new sales. We see evidence of an **investment guideline for quality**: ~94% of bonds are NAIC 1–2 [6]. Also, any use of higher-risk strategies is tempered by the need to ensure stable **statutory earnings** for a predominantly annuity business.
- **MetLife:** MetLife's governance includes rigorous ALM committees globally. It likely has internal limits on concentrations (industry, geography) and a strategic asset allocation that is revisited regularly. MetLife's NAIC filings show broad diversification, implying no single asset class dominates beyond set ranges. The firm also must manage to multiple capital regimes (U.S. RBC, Japan Solvency, etc.), which can constrain extreme positions. Its policy statements highlight a long-term view and the use of its internal manager (MIM) to implement across public and private assets.
- **Principal:** Following pressure from an activist investor (Elliott), Principal's board refocused on **"greater capital efficiency"** [33]. Governance-wise, this means avoiding businesses that require heavy capital (hence the exit of life/annuities) and likely placing limits on high-capital assets. Principal's relatively low hedge fund or equity exposure, and preference for IG credit, suggest an

investment policy oriented to steady income and preserving capital. Any allocations to risk assets are likely bounded (e.g. internal cap on below-IG bonds or on alternatives ~5%).

- **Prudential:** Prudential's governance encourages innovation (use of captives, reinsurance) to optimize capital, as seen by multiple transactions to shed risk and redeploy capital. The investment policy takes advantage of PGIM's capabilities – e.g. a notable tilt to private placements is allowed (and even encouraged by management as value-adding). Prudential's board has set risk limits for things like below-IG bonds (which Pru keeps extremely low) and equity exposures, in line with its strong ratings (AA- range). Pru's **"transformation strategy"** explicitly cites reducing asset-liability risk as a goal [23], so investment decisions are very much tied to that aim (e.g. maintaining high liquidity and quality to back remaining liabilities).
- **Voya:** Voya's post-restructuring governance focuses on **simplicity and risk reduction**. By selling legacy blocks, Voya eliminated many product-specific investment constraints, and its policy now likely emphasizes supporting its Retirement business with safe assets while using surplus for opportunistic investments. The firm's statements confirm that after divestitures, it is "well positioned to grow core businesses" with much lower market risk [27]. Rating agencies have rewarded this: Fitch upgraded Voya's insurance ratings to A+ noting its strong capitalization and shift to fee-based earnings [28]. Thus, Voya's investment policy can be a bit more **return-seeking at the margin** (e.g. higher PE) because its core insurance risks are smaller, but it still adheres to prudent limits (nearly 97% IG portfolio, minimal illiquid real estate, etc.).

Linking Drivers to Allocation Outcomes

The above drivers manifest clearly in the six insurers' portfolios. For example, **liability profiles** directly shape duration and asset type: Brighthouse and Corebridge, with large fixed annuity books, hold the **most commercial mortgages and BBB corporates** – instruments that provide long durations and extra yield to fund guaranteed crediting rates【1†】. In contrast, Voya, having shed long-term life liabilities, holds fewer long bonds (Treasuries <1% of assets) and instead takes more **surplus risk in private equity (4.5%)**【1†】, which it could not afford when it had big legacy blocks. **Business model differences** also drive choices: Principal's retreat from retail annuities freed it to emphasize higher-spread assets like private placements and taxable munis, improving its ROE and *"capital efficiency,"* as applauded by investors [17]. Prudential's use of reinsurance for VA and ULSG allowed it to replace those liabilities' low-yielding hedges with a **surge in private credit** – now over 20% of its mix – without bumping up overall risk, since the underlying guarantees are off its books [21] [22]. **RBC capital charges** are a crucial driver: under NAIC's updated factors, **AAA and AA bonds, high-quality structured finance, and equity real estate became more capital-efficient** relative to A/BBB corporates [24] [31]. We see insurers responding to this incentive – e.g. Prudential's notable overweight in AAA/AA assets, and several firms (Pru, MetLife, Voya) maintaining or modestly increasing real estate equity investments once RBC charges were cut in 2021 [32]. Meanwhile, those like Corebridge and Principal that still hold lots of BBB do so knowing their strong RBC cushions can absorb the higher charges, and because the **yield pick-up on BBB vs. A** is worth the capital cost in their view (a deliberate risk/return choice). **ALM and interest rate views** also play a role: MetLife and Prudential, both with large legacy life liabilities, increased their allocations to **foreign government bonds (mostly long-duration)** – over 10% each【1†】 – partly to diversify and hedge interest rate risk across markets (e.g. holding some non-US bonds can provide yield curve diversification and currency-hedged returns).

Finally, **strategic intent and recent M&A** ties it all together. Each insurer's asset allocation today tells a story about where the company is headed: - Brighthouse's **quality tilt and reduced high-yield** show a firm in **run-off protection mode**, prioritizing capital stability over aggressive yield [3]. - Corebridge's heavy use of **Blackstone-managed alternatives and structured assets** reflects a strategy to **outsource for alpha** and compete in the retirement market on crediting rates [10]. - MetLife's broad mix, including notable real estate and global bonds, aligns with its aim to **deploy expertise across markets** and remain a stable, diversified leader. - Principal's portfolio, rich in privates and BBB credit, underscores its pivot to **retirement income and asset management**, using its capital to support those via higher-yield fixed income now that legacy liabilities are pared down [16] [17]. - Prudential's barbell – huge privates and ultrasafe bonds – evidences a **recalibration toward less market-sensitive earnings** (as the CEO noted) while still leveraging its investment prowess [21] [22]. - Voya's mix, with the highest alternatives and a solid IG core, reveals a company **reaping the rewards of simplification**: with its risk reduced and capital freed, it can invest like an institutional asset manager, enhancing yields for shareholders without endangering policyholder promises [27].

In sum, though these six insurers operate under **common regulations (NAIC RBC, state investment laws)**, their portfolios differ markedly because each firm's unique **liability structure, business strategy, capital position, and risk philosophy** demands a customized asset strategy. A one-size-fits-all approach would be suboptimal – instead, we observe deliberate allocation choices: whether to overweight corporates vs. mortgages, publics vs. privates, or domestic vs. foreign bonds, each decision is a response to the firm's **specific liabilities and strategic goals**. This tailored alignment of assets to liabilities and strategy is what ultimately drives the differences in asset allocations across Brighthouse, Corebridge, MetLife, Principal, Prudential, and Voya – making each **portfolio an individualized solution** to that insurer's long-term promises and profit objectives.

Sources: Company 10-K and 8-K filings; statutory statements and NAIC data; investor day presentations and earnings calls; rating agency analyses (AM Best, Fitch, Moody's); press releases on strategic transactions. Key references include asset breakdown data (year-end 2024) for each insurer's general account【1†】, AM Best and management commentary on product mix and risk (e.g. Brighthouse's VA and ULSG exposure [1] [2]), strategic shift announcements (Principal's 2021 exit of retail annuities [16] [17]; Voya's 2021 life block sale [27]), and NAIC RBC-related research [7] [31] that explains capital incentives behind certain asset choices. These sources collectively illustrate how each insurer's allocation aligns with its liabilities, risk tolerance, and strategic direction.

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