

# CONNING, INC.

## Form ADV Part 2A

March 5, 2014

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[www.conning.com](http://www.conning.com)

This Brochure provides information about the qualifications and business practices of Conning, Inc. ("Conning"). If you have any questions about the contents of this Brochure, please contact us at 860-299-2000 or at [robert.pearce@conning.com](mailto:robert.pearce@conning.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Conning is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information to determine whether to hire or retain an Adviser.

Additional information about Conning is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

We will provide you with a new Brochure at any time, without charge. Our Brochure may be requested by contacting our Chief Compliance Officer at 860-299-2151 or [robert.pearce@conning.com](mailto:robert.pearce@conning.com).

Additional information about **Conning, Inc.** is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4 – Advisory Business**

Conning is a registered investment adviser with the Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940. Conning began conducting its SEC-registered investment advisory business in 1983. Conning is a wholly owned subsidiary of Conning & Company. Conning & Company is 100% owned by Conning Holdings Corporation, which is a portfolio company owned and managed by Aquiline Capital Partners, LLC. (“Aquiline”).

Conning specializes in managing fixed income investments on behalf of institutional and insurance company clients. Conning offers a range of actively managed multi-sector strategies. As of December 31, 2013, Conning’s assets under management totaled approximately \$73 billion, the majority of which are managed on a discretionary basis.

Conning provides investment services for diversified third party clients. Conning’s client base includes various insurance companies and pension plans.

### **Institutional Accounts**

Conning primarily provides fixed income investment management services to institutional clients. Conning only manages the assets which are the subject of its management agreement and does not consider the client’s other assets and other obligations. Conning receives authority to supervise and direct the investment of the assets on a discretionary or non-discretionary basis in accordance with the clients’ written objectives and limitations as outlined in each individual client’s Investment Management Agreement. Clients may impose restrictions or limitations on investing in specific securities or specific types of securities.

Conning’s High Dividend Equity (“HDE”) Strategy invests in a portfolio of large cap equities with similar characteristics: strong financial profiles, healthy dividend yields and a history of maintaining or raising the dividend payout. The portfolio is 100% invested and does not actively rotate between equity segments, sectors or regions. The HDE Strategy is designed to participate in the performance of rising equity markets and outperform in down markets, while providing a steady income component to total return in all markets.

Conning offers an internally managed indexed equity approach strategy which utilizes advanced computer-based portfolio management and trading systems. The advantages of this approach include low transactions costs, low fees relative to active management and the opportunity for tax management. Our indexed equity process optimizes the risk/reward trade-off. This passive approach provides broad exposure to the market, a high level of confidence in achieving market performance and the certainty of low costs.

Conning's Master Limited Partnership ("MLP") Strategy puts an emphasis on MLPs with attractive yields and stable to improving cash flow. We focus on larger capitalization MLPs with moderate leverage. There is a strong preference for MLPs which benefit from fee-based revenues not vulnerable to commodity price volatility. Preference is given to MLPs involved in transportation, storage and processing but not exploration and production. Portfolio turnover is limited to maximize after-tax returns.

### **Other Related Investment Management Services**

An outside sub-adviser is utilized when offering investment advice with respect to convertible bonds.

### **Publications of Periodicals**

Conning publishes research of general scope concerning the insurance industry. Clients occasionally request specific information or research formatted or arranged to suit their needs about industries or issues Conning has researched. To supply that information, we negotiate a fee with the client to fit the situation in relation to the amount of work required.

### **Consulting Services**

Conning will provide advice on the insurance industry in general, not on specific securities. These services include investment advisory asset allocation, asset liability management, strategic research on a consulting basis, and financial modeling software licensing. These services may be offered as stand-alone or included in our full service product. Conning does not offer manager search or performance evaluation services.

## **Item 5 – Fees and Compensation**

The client's Investment Management Agreement specifies the fees charged by Conning. All fees are subject to negotiation. Other charges, fees and commissions are in addition to Conning's management fee. Conning's fees do not include brokerage commissions, transaction fees, and other related costs and expenses which shall be paid by the client. Conning does not receive any portion of these additional fees. For minimum account sizes, please refer to Item 7.

Institutional and Insurance Company Investment Management clients may incur other charges including charges imposed by custodians.

### **Institutional Accounts**

All investment management fees charged by Conning are negotiated and specified in a client's Investment Management Agreement. These fees are generally billed directly to the client on a quarterly basis. Fees are payable quarterly or monthly in arrears upon receipt of an invoice based on the fair market value of the asset as of the close of business on the last day of the billing cycle. Conning does not deduct management

fees from a client's account. Management fees are prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of contributions and withdrawals made in the ordinary course of business, such as fees and expenses). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

The fees charged for separately managed accounts are subject to negotiation and are based on the fair market value of the assets depending on the size of the account and strategy selected.

Fixed Income Services and Fees:

Annual fees are based on fee schedules the components of which are generally within the range of 10 basis points to 50 basis points for institutional clients. Conning may seek a minimum dollar fee or a minimum mandate size.

Specialty Asset Services and Fees:

Conning manages portfolios of specialty assets (e.g., high dividend yield, indexed equities, working capital finance notes, master limited partnerships, etc.). Annual fee schedules are negotiated on an account-by-account basis, based upon the type and scope of services provided, whether managed actively or passively, and the size of mandate. Fees are billed on a pro-rated basis monthly, quarterly, or semi-annually in arrears. Fee schedules are generally within the range of 10 basis points to 75 basis points annually for institutional clients. Conning may seek a minimum dollar fee or a minimum mandate size.

Incentive-Based Fees:

For certain types of clients and mandates, annual fees may be calculated based on the income and capital appreciation of the account. Such an incentive-based fee will not be calculated on less than a quarterly basis. Fees are generally a negotiated combination of fixed-income services fees and incentive fees and are billed quarterly or semi-annually in arrears.

Accounts of this type are accepted only if all conditions of Rule 205-3 of the Investment Advisors Act of 1940 are met. Incentive-based fees will only be offered to clients who have a least \$750,000 of assets under management or who have a minimum net worth of \$1,500,000 (\$500,000 of assets under management and net worth of \$1,000,000).

**Publication of Periodicals Fees**

Publications are sold individually as well as by annual subscription. Fees are billed prior to fulfillment. All subscriptions may be cancelled by the client upon request. On a rare occasion that a subscription is cancelled, pro-rata refunds may be given.

**Consulting Services Fees**

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Custom strategic research is produced on a negotiated contracted fee basis. Fees for these projects are negotiated on an individual basis and payable either in installments or upon completion of the project. Conning does not offer manager search or performance evaluation services.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

As we disclosed in Item 5 of this Brochure, Conning accepts performance-based fees from clients. Such a performance-based fee is calculated based on a share of capital gains on or capital appreciation of the assets of the client.

Clients should be aware that performance-based fee arrangements may create an incentive to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Furthermore, as we also have clients who do not pay performance-based fees, we may have an incentive to favor accounts that do pay such fees because the compensation we receive from these clients is more directly tied to the performance of their accounts.

Conning addresses such conflicts by ensuring that all clients receive fair and equitable transactions by bunching trades when applicable. One way this is monitored is by the performance of a daily trade recap review conducted by the Compliance Department. Our risk management area also performs an independent trade review on a daily basis to identify potential price differences between client transactions.

### **Item 7 – Types of Clients**

As stated in Item 4, Conning provides primarily fixed income investment services for institutional diversified third party clients. Our client base includes various insurance companies and pension plans.

Regardless of client type, Conning may seek a minimum dollar fee or a minimum mandate size.

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

#### **FIXED INCOME:**

Conning's fixed income investment approach is founded on the following:

- ◆ Firm-wide sector views provide top down influence on portfolio construction
- ◆ Issue selection driven by "fundamentals first" philosophy
- ◆ Strategy implementation combines portfolio needs/constraints with sector views and selection opportunities

Investing in securities involves risk of loss that clients should be prepared to bear.

**Investment Process:** Conning's investment process is built on a long-standing and disciplined philosophy, a team-based investment approach and a “portfolio manager” service model. Our staff brings a wealth of experience in both the investment and insurance areas. Through our customized approach, our clients benefit from our focus on optimizing performance, managing risk and meeting client needs.

**Philosophy:** We understand that our clients’ portfolios have a purpose beyond the immediate challenge of producing investment returns. These portfolios also exist to support the businesses of our insurance clients. They provide cash flow for claims and benefits along with income for contract guarantees. They stand behind our client’s surplus and financial strength. Conning’s investment philosophy centers around four beliefs. These beliefs imply four corresponding principles that are at the center of our investment approach.

Belief - Portfolio Management Principle

- Asset allocation provides greater opportunity to add value than interest rate anticipation - Emphasize asset allocation, sector rotation and security selection
- The income component of bond returns is critical in the long run - Emphasize spread and income in portfolio holdings
- Consistently predicting the future levels of interest rates is difficult - Control interest rate risk by prudent duration management
- Excessive concentrations of risk are imprudent - Manage overall portfolio risk through asset diversification

**Portfolio Construction:** Using a team approach, we design and implement portfolio construction through a disciplined allocation of resources focused on three areas of portfolio value: fundamental, relative and structural.

Fundamental Value

Since any investment, particularly a fixed income security, represents a series of cash flows owed to the portfolio, we look for assurance that those cash flows are sustainable, both in amount and timing. Our credit and structured products analysts make such judgments and capsule their opinions in their official recommendations.

Relative Value

Relative value determination falls to the trading desk, where traders apply their knowledge of trading histories, inter-market spreads, dealer inventories, and end-user portfolios to find and execute the best price.



### Structural Value

Portfolio managers are responsible for portfolio structure and ultimately determine how to construct and when to execute. This decision is based on the “best fit” for our client’s portfolio.

### Factors that drive this decision include:

- The existing and desired duration exposure, yield curve positioning, credit posture and liquidity requirements
- Concentrations of risk by sector and sub-sector, cash flow and volatility exposures and relevant accounting effects

**Tactical Asset Allocation:** Every month, Conning produces an investment outlook that serves as the top-down influence on portfolio construction. Asset class teams – including portfolio managers, analysts and traders – meet and formulate recommendations pertaining to duration, yield curve position and sector allocations. Then, our entire investment team reviews these recommendations. Following open discussion and debate, the investment team determines the official investment policy for the current month. Conning’s portfolio managers use this policy to drive asset class and sector allocations, as well as duration and yield curve positioning. We provide these conclusions to our clients in our monthly “Capital Markets Outlook.”

### EQUITY:

**Philosophy:** Our HDE Strategy focuses on bottom-up company fundamentals. Conning’s analysis of companies focuses on the financial strength of the company and its ability to generate cash flow from operations across the economic cycle to support current and future dividends. Sector concentration limits and equal weighting of all companies in the portfolio ensure a portfolio that is diversified by issuer and sector yet focused on names with similar financial profile characteristics. Conning utilizes an intersection approach of both quantitative screening and qualitative bottom up analysis. Companies must pass through multiple screens, identifying companies with an attractive dividend yield, a history of maintaining or raising the dividend, and a financial profile supportive of the future continuation of dividend payments.

**Investment Process:** Portfolio construction is a 3-stage process.

1. Quantitative Screening – S&P 500 is starting universe. All names are run through multiple screens. Roughly 70-100 companies pass.
2. Qualitative Review – All survivors have fundamental bottoms up review by Conning’s credit research team. 60-80 names pass.
3. Comparative Review – Remaining names are reviewed against each other to identify weakest names in the group, and 10% are eliminated from the model portfolio.

**Philosophy:** For our Indexed Equity Strategy, we create optimal portfolios based on portfolio size, surplus sensitivity, client risk tolerance, cash flow expectations and optimal lot size. We use a mix of vendor market data and proprietary systems combined with optimization models to construct, monitor and adjust portfolios. Our portfolios are designed to exhibit optimal tracking variance with predictability and consistency. We monitor portfolio tracking in real-time and rebalance the portfolio when a tracking error violates specified tolerance parameters. Preferences with respect to market sector and style can be built into our passive approach.

**Investment Process:** Our Indexed Equity Process optimizes the risk/reward trade-off. This passive approach provides broad exposure to the market, a high level of confidence in achieving market performance and the certainty of low costs. During the investment process, we incorporate an allocation to equities as part of our overall Asset Liability Modeling. Various equity weightings are modeled to determine their impact on both risk and return relative to the overall portfolio and to the specific risk tolerance of our clients.

**Philosophy:** Conning's Master Limited Partnership (MLP) Strategy has an emphasis on MLPs with attractive yields and stable to improving cash flow and those MLPs involved in pipeline transportation, gathering and processing, and storage and terminalling. There is a strong preference for MLPs with significant fee-based revenues to limit commodity price volatility with a focus on larger capitalization MLPs. Issuers must meet Conning's requirements for strong management, steady and consistent cash flow, investment grade debt ratings, and those not overly exposed to commodity price volatility. The Strategy limits portfolio turnover to maximize after-tax returns.

**Investment Process:** There are the several steps to Conning's MLP investment process: Quantitative screens of broad MLP universe to identify companies meeting parameters; criteria reviewed include leverage metrics, cash flow trends, equity market capitalization, current yield, valuations, earnings stability and price volatility; qualitative analysis eliminates issues with higher risk profiles; issues that do not meet Conning's requirements for strong management, steady and consistent cash flow, investment grade debt ratings, or those overly exposed to commodity price volatility, are eliminated; ongoing monitoring of MLP portfolio constituents; Conning conducts continuous reviews of potential portfolio constituents; changes in underlying business fundamentals can lead to a conviction sale; the target universe is reviewed quarterly for the addition of new names and the elimination of names no longer meeting parameters

## **Risk Management**

**Credit Risk:** The risk that the issuer of a security will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such

payments will cause the price of the security to decline. Debt securities rated below investment-grade are especially susceptible to this risk.

**Sector Risk:** The value of securities focused in a particular industry or market sector will be highly sensitive to financial, economic, political and other developments affecting that industry or market sector, and conditions that negatively impact that industry or market sector will have a greater impact as compared to an account that does not have its holdings similarly concentrated.

**Interest Rate Risk:** The value of fixed income securities usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the value of existing instruments, and rising interest rates generally decrease the value of existing instruments. Changes in value usually will not affect the amount of interest income, but will affect the value of shares. Interest rate risk is generally greater for investments with longer maturities.

Certain fixed income securities pay interest at variable or floating rates. Variable rate securities reset at specified intervals, while floating rate securities reset whenever there is a change in a specified index rate. The market prices of these securities may fluctuate significantly when interest rates change.

**Structured Risk:** These types of securities share many of the same risks. The impairment of the value of collateral or other assets underlying a mortgage-backed or asset-backed security, such as that resulting from non-payment of loans, may result in a reduction in the value of such security and losses. Early payoffs in the loans underlying such securities may result in receiving less income than originally anticipated. Securities with longer maturities tend to fluctuate in value more widely in response to changes in interest rates than shorter-term securities.

**Foreign Investing Risk:** Investing in securities of non-U.S. companies involves special risks and considerations not typically associated with investing in U.S. companies, and the values of non-U.S. securities may be more volatile than those of U.S. securities. The values of non-U.S. securities are subject to economic and political developments in countries and regions, or where the securities are traded. Values may also be affected by restrictions on receiving the investment proceeds from a non-U.S. country.

- **Emerging Market Risk.** The risks of foreign investments are generally greater in countries whose markets are still developing than they are in more developed markets. Emerging market countries typically have economic and political systems that are less fully developed, and can be expected to be less stable than those of more developed countries. Investments in emerging markets may be considered speculative.

**Liquidity Risk:** Certain debt securities may be substantially less liquid than many other securities.

### **Derivatives**

Conning may periodically buy or sell forwards or futures as long as they are consistent with the client investment guidelines.

## **Item 9 – Disciplinary Information**

Conning and its management personnel do not have any disciplinary information to report.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### **Industry Affiliations & Activities**

Conning is a portfolio company of the funds managed by Aquiline Capital Partners, LLC. ("Aquiline"). Aquiline is a private equity firm with a history of investing in financial services enterprises in industries such as property and casualty insurance, specialty financing, asset management, life insurance, and transaction processing. Aquiline also is a company formed to create and package limited partnerships (or similar pooled investment vehicles hereinafter referred to as "entities") for investment purposes. Conning or one or more of our related persons also act as general partner or manager of these entities. A list of these affiliated entities is specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.B. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

Conning is an affiliate of Goodwin Capital Advisers, Inc., a registered investment adviser with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940. Certain individuals will assume dual responsibilities within both Conning and Goodwin in relation to portfolio management, trading, and other services. All individuals must adhere to our Code of Ethics which is outlined in Item 11.

Conning provides investment management and advisory services for Cathay Life Insurance Co., Ltd., an affiliate of Cathay Financial Holdings Co., Ltd. Cathay Financial is a minority percent owner of Conning.

Conning provides investment accounting and reporting services to both investment advisory and non-advisory clients and has a separate department of employees that dedicate 100% of their time to this function. Conning may also license proprietary software to clients in connection with its investment advisory services. Finally, Conning may offer general business advice that does not fall within the definition of investment advice to some clients.

Conflict of interest within these interrelationships could include using the same vendor for different services.

### **Broker-Dealers**

Conning has an affiliated broker-dealer, Conning Investment Products, Inc. ("CIP"). Conning does not use this entity for client security transactions; however, CIP may offer affiliated or non-affiliated private placement funds to current Conning clients.

Certain management personnel of Conning are separately licensed as registered representatives of CIP.

Conning has another affiliated broker-dealer, CRT Capital Group, LLC. ("CRT"), which is under common control with its indirect owner Aquiline Capital Partners, LLC. From time to time, Conning may place non-ERISA trades with CRT provided that best execution for the client is obtained.

Conflict of interest within these interrelationships could include using the same vendor for different services.

### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

Conning has a Code of Ethics for all of the firm describing its standard of business conduct and responsibility to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Conning must accept the terms of the Code of Ethics on an annual basis, or sooner if amended.

The Code of Ethics prohibits employees from buying or selling a security (with certain exemptions) held in their personal account within three business days after a client account trades the same security. In addition, employees are required to hold a security for no less than 30 days after purchase.

Conning's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the Chief Compliance Officer.

For more information on our Brokerage Practices, please refer to Item 12.

### **Item 12 – Brokerage Practices**

In the absence of specific written instructions in a client's investment management agreement, Conning has discretion in selecting brokers for client transactions.

Conning seeks best execution at the best price available for each trade. Conning also takes into consideration several factors, such as:

- the broker's ability to execute the trade;
- the size of the trade;
- characteristics of the security;
- the quality and reliability of brokerage services; and
- the overall direct net economic results to the account.

Conning may also consider the availability of the broker to stand ready to execute possibly difficult transactions in the future, and the financial strength and stability of the broker.

Conning currently does not participate in soft dollar arrangements.

Conning does not receive client referrals from any broker.

Conning aggregates orders, when possible in accordance with client guidelines, for the purchase or sale of the same security for all participating accounts. When an order is filled in its entirety, each participating account receives their full allocation at the agreed upon trade execution price. When an order is partially filled, each participating account receives a pro rata allocation, at the agreed upon trade execution price, subject to certain exceptions including de minimis orders. Transaction costs are shared on a pro rata basis for all participating accounts.

SEC Rule 206(3)-2 of the Investment Advisers Act of 1940 allows an investment adviser, under certain circumstances, to engage in inter-account transactions. If one client of an investment adviser is looking to sell a security in its portfolio and another client of the same investment adviser is looking to purchase that security, this rule permits the investment adviser to do a cross trade between the two accounts. The buy/sale must be at fair market value and with no commissions. Conning will only engage in these cross trades when advantageous to both clients and with prior approval from the Chief Compliance Officer. Cross transactions will not be conducted through an affiliated broker-dealer.

Conning may accept direction from clients regarding which brokers to use. Currently, all client directed brokerage is subject to most favorable execution and best execution.

Conning's Best Execution Committee consists of members from investment management, trading, financial and compliance. The Committee meets quarterly to set, guide and review brokerage allocation and practices. New brokers are reviewed and approved by the Chief Risk Officer and the Compliance Department.

Conning may direct the purchase of securities on behalf of clients, in secondary market transactions, in public offerings directly from an underwriter or in privately negotiated transactions with an issuer. Securities purchased in public offerings may be resold shortly after acquisition in the immediate aftermarket to take advantage of price appreciation from the public offering price or for other reasons. Short-term trading of securities acquired in public offerings, or otherwise, may result in higher portfolio turnover.

If consistent with a client's investment objectives, investment restrictions, and risk tolerance, Conning may purchase securities sold in underwritten new issues, ("deal securities") for client accounts. Deal securities are allocated among participating accounts in a fair and equitable manner so as not to unfairly discriminate in favor of certain clients or types of accounts. When a portfolio manager receives a reduced allocation of deal securities, the portfolio manager will allocate the reduced allocation among accounts in accordance with the allocation percentages set forth in the initial allocation instructions for the deal securities, except where this would result in de minimis allocation to any client account.

Conning prices all equity and fixed income securities at least once a month on the last business day of the month, and pricing is performed for most securities on a daily basis. The primary source of pricing for all asset classes (excluding derivative security types such as options, futures and foreign currency contracts) is Reuters, a third party vendor, or other sources as necessary. Conning verifies that all prices are uploaded correctly and reviews for the reasonableness of security prices. Conning generates and utilizes a report which identifies securities that were not priced as well as details the percentage change in the price of each security from one month to the next. When pricing is not available from any of these sources and sufficient information is available from Bloomberg or other documentable data sources to model the security, Conning uses the last known price to determine the Option Adjusted Spread (OAS), known as the OAS analysis method. Finally, when no information is available, Conning uses the prior month price adjusted based on a comparable duration U.S. Treasury security. When these analytic methods cannot be used and no information is available, Conning uses the prior month price adjusted for US Treasury yields as a last resort. Buy and sell transactions are also monitored to identify any deviation from the previous Conning-priced valuations. Conning reviews these and makes corrections at the next month end. Additionally, the supervisory team responsible for best execution quality standards meets quarterly and reviews transactions against all Conning-priced valuations; variances of 5% or more must be explained and documented.

Conning may give advice, or take action, with respect to any one client account which may differ from the advice given, or action taken, with respect to another client account. However, Conning, to the extent practical and over a period of time, allocates investment opportunities to each account on a fair and equitable basis relative to other similarly-situated client accounts based on client guidelines and cash availability.

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As in any business, mistakes may happen despite the good intentions of employees and the controls in place. Conning will correct trading errors in a timely manner with no financial loss to clients.

### **Item 13 – Review of Accounts**

On a continuous basis, Conning's portfolio managers conduct a review of their investment management clients' portfolios to monitor performance and to ensure compliance with client investment guidelines and restrictions. A separate independent Risk Management Group monitors portfolio compliance, pricing, performance, credit risk, and other risk factors daily (transaction review, pre-trade compliance), weekly (credit review), and monthly (pricing, post-trade compliance reports, performance vs. benchmark).

Conning will provide all clients written reports on a quarterly basis. Reports include market commentary, account performance, portfolio related characteristics, appraisal and transactions. Conning will provide reports on a more frequent basis if requested.

### **Item 14 – Client Referrals and Other Compensation**

Conning has entered into an arrangement to refer clients to a third-party who engages in the business of originating and servicing commercial mortgage loans ("CML") and who is paid an on-going fee for any such referrals.

Conning currently has no solicitor arrangements; however, Conning may compensate employees with a fee for referring accounts to the firm.

### **Item 15 – Custody**

Conning does not have custody of client funds or securities. Clients should receive, at least quarterly, statements from the broker dealer, bank or other qualified custodian that holds and maintains the client's investment assets. Conning urges clients to carefully review those statements and compare official custodial records to the account statements that Conning provides to clients as noted in Item 13. Conning's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Conning's Hong Kong SFC-registered affiliate, Cathay Conning Asset Management Limited ("CCAM"), manages futures and equity options if they are acceptable in the



respective client's investment guidelines. Accordingly, margin accounts are set up by their clients under their own names.

CCAM has the discretion to send transfer instructions to the custodians or the margin brokers for fund transfer from their clients' custodian accounts to their own margin accounts (or vice versa) based on the power of attorney issued by their clients. Such power of attorney only authorizes CCAM to make fund transfer to the specified accounts owned by the same client.

#### **Item 16 – Investment Discretion**

Conning typically receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities bought or sold. In all cases, however, such discretion is exercised in a manner consistent with the stated investment objectives in the investment management agreement for the particular client account.

When selecting securities and determining amounts, Conning observes the investment policies, limitations and restrictions as outlined in the clients investment management agreement.

#### **Item 17 – Voting Client Securities**

Conning does vote proxies on behalf of clients who contract this service via their investment management agreement. Conning utilizes the services of an outside proxy voting firm in order to vote on the client's behalf. Votes are cast in accordance with pre-determined guidelines provided by Conning which are based upon the clients' best interests. Clients may obtain a copy of our complete proxy voting policies and procedures or how their proxies were voted by contacting us by telephone, email, or in writing.

As an investment adviser primarily to insurance companies, Conning's field of potential clients is a narrow one. As a result, the definitive situation where Conning's interest would be directly in conflict with that of a client when voting a proxy is where the issuer of the security is an insurance company, that is either a client or potential client of Conning. In that interest, it is conceivable that Conning may be tempted to vote a proxy in line with management's interest rather than shareholders' interest, in order to obtain favorable treatment from company decision makers who may wish to hire or retain Conning as an investment adviser.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact their portfolio manager.

Under no circumstances will Conning act on behalf of its clients in legal proceedings, including class actions or bankruptcies involving securities purchased or held in the client account, other than with respect to bankruptcies involving private placement securities where such services have been retained by a client. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

### **Item 18 – Financial Information**

Conning has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

### **Item 19 – Best Practices**

Conning has a disaster recovery and business continuity program in place to help the firm manage in the case of an emergency. This program is designed to provide the most critical portfolio-management, operations, and computer systems with a measure of protection against potential disasters.

# CONNING, INC.

## Form ADV Part 2B Brochure Supplement

March 5, 2014

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Hartford, CT 06103  
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### Linwood E. Bradford, CFA President & Chief Executive Officer

This Brochure Supplement provides information about Linwood Bradford that supplements the Conning, Inc. Brochure. You should have received a copy of that Brochure. Please contact us at us at 860-299-2151 or at [Robert.Pearce@conning.com](mailto:Robert.Pearce@conning.com) if you did not receive Conning's Brochure or if you have any questions about the contents of this supplement.

#### **Item 2- Educational Background and Business Experience**

Linwood Bradford (b. 1967) obtained his Master of Business Administration as a Baker Scholar from Harvard Business School in 1993 and his Bachelor of Science Degree in Chemistry from Worcester Polytechnic Institute in 1989 where he graduated with High Distinction. Mr. Bradford has been with Conning since February 2010 and is the President & Chief Executive Officer. Previously, Mr. Bradford was an Operating Partner for Advent International from January 2009 to February 2010; and a Managing Director for Putnam Investments where he worked from July 1996 to July 2008.

Mr. Bradford earned his chartered financial analyst (CFA) designation in 2011. In order to use the CFA designation a person must have: (1) Undergraduate degree and 4 years of professional experience involving investment decision making, or (2) 4 years qualified

work experience, (3) Complete a self-study program of 250 hours of study for each of the 3 levels and; (4) Take and pass the 3 course exams.

### **Item 3- Disciplinary Information**

Mr. Bradford does not have any disciplinary information to report.

### **Item 4- Other Business Activities**

Mr. Bradford is a registered representative of Conning Investment Products, Inc. ("CIP"), an affiliated broker-dealer. CIP may at times be utilized as a placement agent for alternative investments offered to Conning client's in whom a commission will be paid to CIP for services rendered.

### **Item 5- Additional Compensation**

Compensation paid may be in the form of commission or bonuses based on placement fees earned. While this individual endeavors at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations. All placement fees are disclosed to the client prior to investing.

### **Item 6 - Supervision**

Conning has a continuing responsibility to adhere to the Advisors Act, including the supervision of, and the responsibility for, portfolio managers and anyone acting on behalf of Conning to read, understand and attest to comply with the policies and procedures located within Conning's Compliance Policies and Procedures Manual.

Mr. Bradford is supervised by the Conning & Company Board of Directors.

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March 5, 2014

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Richard L. Sega, FSA  
Managing Director  
Chief Investment Officer

This Brochure Supplement provides information about Richard L. Sega that supplements the Conning, Inc. Brochure. You should have received a copy of that Brochure. Please contact us at us at 860-299-2151 or at [Robert.Pearce@conning.com](mailto:Robert.Pearce@conning.com) if you did not receive Conning's Brochure or if you have any questions about the contents of this supplement.

#### **Item 2- Educational Background and Business Experience**

Richard L. Sega (b. 1951) obtained his Master of Arts Degree in Statistics from Columbia University in 1974 and his Bachelor of Arts Degree in Mathematics from Fordham University in 1972. Mr. Sega is a Managing Director and CIO of Conning, Inc. since 2001 and President of Goodwin Capital Advisers, Inc. since 2011. Previously, Mr. Sega was President and CEO for Charter Oak Capital Management, Inc. from April 1996 to December 2000; Managing Director for Aeltus Capital Management from March 1992 to April 1996; and Vice President, Corporate Portfolio Manager for Phoenix Mutual Life Insurance Company from July 1985 to March 1992.

Mr. Sega earned his Fellow of the Society of Actuaries (FSA) designation in 1980. Actuaries earn professional designations based on the organization they belong to and their status in the professional exam system.

When an actuary has met certain professional educational standards by passing a series of exams, he or she achieves the designation of Associate. Actuaries who practice in life, health, finance, investments or pensions receive the Associate of the Society of Actuaries, or ASA, designation.

After achieving the Associate designation, the actuary can elect to continue to take exams to achieve the highest designation, Fellow. Fellow of the Society of Actuaries, or FSA, is the designation achieved by life, health, pension, finance, and investment actuaries.

### **Item 3- Disciplinary Information**

Mr. Sega does not have any disciplinary information to report.

### **Item 4- Other Business Activities**

Mr. Sega is the President of Goodwin Capital Advisers, Inc., an affiliated SEC registered investment adviser.

### **Item 5- Additional Compensation**

Mr. Sega does not have any additional compensation.

### **Item 6 - Supervision**

Conning has a continuing responsibility to adhere to the Advisors Act, including the supervision of, and the responsibility for, portfolio managers and anyone acting on behalf of Conning to read, understand and attest to comply with the policies and procedures located within Conning's Compliance Policies and Procedures Manual.

Mr. Sega is supervised by Linwood E. Bradford, President & CEO of Conning. Mr. Bradford can be reached at 860-299-2076.

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### David R. Miller, FSA Managing Director

This Brochure Supplement provides information about David R. Miller that supplements the Conning, Inc. Brochure. You should have received a copy of that Brochure. Please contact us at us at 860-299-2151 or at [Robert.pearce@conning.com](mailto:Robert.pearce@conning.com) if you did not receive Conning's Brochure or if you have any questions about the contents of this supplement.

#### **Item 2- Educational Background and Business Experience**

David R. Miller (b. 1948) obtained his Master of Business Administration Degree in Finance from The University of Hartford in 1983 and his Bachelor of Arts Degree in Mathematics & Economics from The University of Kansas in 1970. Mr. Miller has been a Managing Director of Conning, Inc. since 2006.

Mr. Miller earned his Fellow of the Society of Actuaries (FSA) designation in 1975. Actuaries earn professional designations based on the organization they belong to and their status in the professional exam system.

When an actuary has met certain professional educational standards by passing a series of exams, he or she achieves the designation of Associate. Actuaries who practice in life, health, finance, investments or pensions receive the Associate of the Society of Actuaries, or ASA, designation.

After achieving the Associate designation, the actuary can elect to continue to take exams to achieve the highest designation, Fellow. Fellow of the Society of Actuaries, or FSA, is the designation achieved by life, health, pension, finance, and investment actuaries.

### **Item 3- Disciplinary Information**

Mr. Miller does not have any disciplinary information to report.

### **Item 4- Other Business Activities**

Mr. Miller does not have any other business activities.

### **Item 5- Additional Compensation**

Mr. Miller does not have any additional compensation.

### **Item 6 - Supervision**

Conning has a continuing responsibility to adhere to the Advisors Act, including the supervision of, and the responsibility for, portfolio managers and anyone acting on behalf of Conning to read, understand and attest to comply with the policies and procedures located within Conning's Compliance Policies and Procedures Manual.

Mr. Miller is supervised by Richard Sega, CIO of Conning, Inc. Mr. Sega can be reached at 860-299-2250.



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Cynthia A. Beaulieu  
Managing Director

This Brochure Supplement provides information about Cynthia A. Beaulieu that supplements the Conning, Inc. Brochure. You should have received a copy of that Brochure. Please contact us at us at 860-299-2151 or at [Robert.Pearce@conning.com](mailto:Robert.Pearce@conning.com) if you did not receive Conning's Brochure or if you have any questions about the contents of this supplement.

#### **Item 2- Educational Background and Business Experience**

Cynthia A. Beaulieu (b. 1970) obtained her Bachelor of Science degree from LaSalle University in 1992. Ms. Beaulieu is a Managing Director of Conning, Inc. since 2011 and a Managing Director of Goodwin Capital Advisers, Inc. (previously known as Phoenix Investment Counsel) since 1994. Ms. Beaulieu held various jobs of increasing responsibility while at Phoenix. Previously, Ms. Beaulieu was a corporate trust analyst at Shawmut Bank.

### **Item 3- Disciplinary Information**

Ms. Beaulieu does not have any disciplinary information to report.

### **Item 4- Other Business Activities**

Ms. Beaulieu is a Managing Director and Senior Portfolio Manager of Goodwin Capital Advisers, Inc., an affiliated SEC registered investment adviser.

### **Item 5- Additional Compensation**

Ms. Beaulieu does not have any additional compensation.

### **Item 6 - Supervision**

Conning has a continuing responsibility to adhere to the Advisors Act, including the supervision of, and the responsibility for, portfolio managers and anyone acting on behalf of Conning to read, understand and attest to comply with the policies and procedures located within Conning's Compliance Policies and Procedures Manual.

Ms. Beaulieu is supervised by Richard L. Sega, CIO of Conning. Mr. Sega can be reached at 860-299-2250.

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### Lennart A. Carlson, CFA Managing Director

This Brochure Supplement provides information about Lennart Alan Carlson that supplements the Conning, Inc. Brochure. You should have received a copy of that Brochure. Please contact us at us at 860-299-2151 or at [Robert.Pearce@conning.com](mailto:Robert.Pearce@conning.com) if you did not receive Conning's Brochure or if you have any questions about the contents of this supplement.

#### **Item 2- Educational Background and Business Experience**

Lennart Carlson (b. 1957) obtained his Master of Business Administration Degree in Finance from Boston College in 1983 and a Bachelor of Science Degree in Horticulture from The University of Connecticut in 1979. Mr. Carlson has been with Conning since 2003 and is a Managing Director.

Mr. Carlson earned his chartered financial analyst (CFA) designation in 1990. In order to use the CFA designation a person must have: (1) Undergraduate degree and 4 years of professional experience involving investment decision making, or (2) 4 years qualified

work experience, (3) Complete a self-study program of 250 hours of study for each of the 3 levels and; (4) Take and pass the 3 course exams.

### **Item 3- Disciplinary Information**

Mr. Carlson does not have any disciplinary information to report.

### **Item 4- Other Business Activities**

Mr. Carlson does not have any other business activities.

### **Item 5- Additional Compensation**

Mr. Carlson does not have any additional compensation.

### **Item 6 - Supervision**

Conning has a continuing responsibility to adhere to the Advisors Act, including the supervision of, and the responsibility for, portfolio managers and anyone acting on behalf of Conning to read, understand and attest to comply with the policies and procedures located within Conning's Compliance Policies and Procedures Manual.

Mr. Carlson is supervised by Richard Sega, CIO of Conning. Mr. Sega may be reached at 860-299-2250.

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### Daniel Mainolfi, CFA Managing Director

This Brochure Supplement provides information about Daniel Mainolfi that supplements the Conning, Inc. Brochure. You should have received a copy of that Brochure. Please contact us at us at 860-299-2151 or at [Robert.Pearce@conning.com](mailto:Robert.Pearce@conning.com) if you did not receive Conning's Brochure or if you have any questions about the contents of this supplement.

#### **Item 2- Educational Background and Business Experience**

Daniel Mainolfi (b. 1963) obtained his Bachelor of Science Degree in Finance & Investments from Babson College in 1985. Mr. Mainolfi has been with Conning since 1992 and is a Managing Director.

Mr. Mainolfi earned his chartered financial analyst (CFA) designation in 1990. In order to use the CFA designation a person must have: (1) Undergraduate degree and 4 years of professional experience involving investment decision making, or (2) 4 years qualified work experience, (3) Complete a self-study program of 250 hours of study for each of the 3 levels and; (4) Take and pass the 3 course exams.

### **Item 3- Disciplinary Information**

Mr. Mainolfi does not have any disciplinary information to report.

### **Item 4- Other Business Activities**

Mr. Mainolfi does not have any other business activities.

### **Item 5- Additional Compensation**

Mr. Mainolfi does not have any additional compensation.

### **Item 6 - Supervision**

Conning has a continuing responsibility to adhere to the Advisors Act, including the supervision of, and the responsibility for, portfolio managers and anyone acting on behalf of Conning to read, understand and attest to comply with the policies and procedures located within Conning's Compliance Policies and Procedures Manual.

Mr. Mainolfi is supervised by Richard Sega, CIO of Conning. Mr. Sega may be reached at 860-299-2250.

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### Andrew Pace Managing Director

This Brochure Supplement provides information about Andrew Pace that supplements the Conning, Inc. Brochure. You should have received a copy of that Brochure. Please contact us at us at 860-299-2151 or at [Robert.Pearce@conning.com](mailto:Robert.Pearce@conning.com) if you did not receive Conning's Brochure or if you have any questions about the contents of this supplement.

#### **Item 2- Educational Background and Business Experience**

Andrew Pace (b. 1966) obtained his Master of Business Administration Degree in Finance from RPI in 1997 and a Bachelor of Arts Degree in Economics from The University of Connecticut in 1988. Mr. Pace has been with Conning since 1995 and is a Managing Director.

#### **Item 3- Disciplinary Information**

Mr. Pace does not have any disciplinary information to report.

#### **Item 4- Other Business Activities**

Mr. Pace does not have any other business activities.

#### **Item 5- Additional Compensation**

Mr. Pace does not have any additional compensation.

#### **Item 6 - Supervision**

Conning has a continuing responsibility to adhere to the Advisors Act, including the supervision of, and the responsibility for, portfolio managers and anyone acting on behalf of Conning to read, understand and attest to comply with the policies and procedures located within Conning's Compliance Policies and Procedures Manual.

Mr. Pace is supervised by Richard Sega, CIO of Conning. Mr. Sega may be reached at 860-299-2250.



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James P. Romano, CFA  
Managing Director  
Chief Risk Officer

This Brochure Supplement provides information about James Romano that supplements the Conning, Inc. Brochure. You should have received a copy of that Brochure. Please contact us at us at 860-299-2151 or at [Robert.Pearce@conning.com](mailto:Robert.Pearce@conning.com) if you did not receive Conning's Brochure or if you have any questions about the contents of this supplement.

#### **Item 2- Educational Background and Business Experience**

James Romano (b. 1963) obtained his Master of Science Degree from Rensselaer Polytechnic Institute in 1995, and his Bachelor of Science Degree in Computer Science from Central Connecticut State University in 1987. Mr. Romano has been with Conning since January 1997 and is a Managing Director and Chief Risk Officer.

Mr. Romano earned his chartered financial analyst (CFA) designation in 1993. In order to use the CFA designation a person must have: (1) Undergraduate degree and 4 years of professional experience involving investment decision making, or (2) 4 years qualified

work experience, (3) Complete a self-study program of 250 hours of study for each of the 3 levels and; (4) Take and pass the 3 course exams.

### **Item 3- Disciplinary Information**

Mr. Romano does not have any disciplinary information to report.

### **Item 4- Other Business Activities**

Mr. Romano does not have any other business activities.

### **Item 5- Additional Compensation**

Mr. Romano does not have any additional compensation.

### **Item 6 - Supervision**

Conning has a continuing responsibility to adhere to the Advisors Act, including the supervision of, and the responsibility for, portfolio managers and anyone acting on behalf of Conning to read, understand and attest to comply with the policies and procedures located within Conning's Compliance Policies and Procedures Manual.

Mr. Romano is supervised by Linwood E. Bradford, President & CEO of Conning. Mr. Bradford can be reached at 860-299-2076

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### Stephen Sonlin, CFA Managing Director Director of Advisory Services

This Brochure Supplement provides information about Stephen Sonlin that supplements the Conning, Inc. Brochure. You should have received a copy of that Brochure. Please contact us at us at 860-299-2151 or at [Robert.Pearce@conning.com](mailto:Robert.Pearce@conning.com) if you did not receive Conning's Brochure or if you have any questions about the contents of this supplement.

#### **Item 2- Educational Background and Business Experience**

Stephen Sonlin (b. 1959) obtained his Bachelor of Arts Degree in Mathematics from Temple University in 1981. Mr. Sonlin has been with Conning since January 2002 and is a Managing Director and Director of Advisory Services. Previously, Mr. Sonlin was a Senior Vice President for Swiss Re Asset Management (Americas), Inc. from June 1998

to December 2001; and a Vice President for Falcon Asset Management, Inc./USF&G Insurance Co from May 1995 to June 1998.

Mr. Sonlin earned his chartered financial analyst (CFA) designation in 1993. In order to use the CFA designation a person must have: (1) Undergraduate degree and 4 years of professional experience involving investment decision making, or (2) 4 years qualified work experience, (3) Complete a self-study program of 250 hours of study for each of the 3 levels and; (4) Take and pass the 3 course exams.

### **Item 3- Disciplinary Information**

Mr. Sonlin does not have any disciplinary information to report.

### **Item 4- Other Business Activities**

Mr. Sonlin does not have any other business activities.

### **Item 5- Additional Compensation**

Mr. Sonlin does not have any additional compensation.

### **Item 6 - Supervision**

Conning has a continuing responsibility to adhere to the Advisors Act, including the supervision of, and the responsibility for, portfolio managers and anyone acting on behalf of Conning to read, understand and attest to comply with the policies and procedures located within Conning's Compliance Policies and Procedures Manual.

Mr. Sonlin is supervised by Linwood E. Bradford, President & CEO of Conning. Mr. Bradford may be reached at 860-299-2076.

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March 5, 2014

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Paul J. Sellier, CPA  
Managing Director

This Brochure Supplement provides information about Paul Sellier that supplements the Conning, Inc. Brochure. You should have received a copy of that Brochure. Please contact us at us at 860-299-2151 or at [Robert.Pearce@conning.com](mailto:Robert.Pearce@conning.com) if you did not receive Conning's Brochure or if you have any questions about the contents of this supplement.

#### **Item 2- Educational Background and Business Experience**

Paul J. Sellier (b.1956) obtained Bachelor of Science Degrees in Accounting and Finance from Boston College in 1978. Mr. Sellier earned his CPA from the State of Connecticut in 1981 after passing the CPA examination and completing residency

requirements at Price Waterhouse. Mr. Sellier is a Managing Director at Conning, Inc. Mr. Sellier held various positions of increasing responsibility at Conning since 1987. Mr. Sellier's principal area of focus is Portfolio Management.

### **Item 3- Disciplinary Information**

Mr. Sellier does not have any disciplinary information to report.

### **Item 4- Other Business Activities**

Mr. Sellier does not have any other business activities.

### **Item 5- Additional Compensation**

Mr. Sellier does not have any additional compensation.

### **Item 6 - Supervision**

Conning has a continuing responsibility to adhere to the Advisors Act, including the supervision of, and the responsibility for, portfolio managers and anyone acting on behalf of Conning to read, understand and attest to comply with the policies and procedures located within Conning's Compliance Policies and Procedures Manual.

Mr. Sonlin is supervised by Lennart Carlson, Managing Director. Mr. Carlson may be reached at 860-299-2230.