

**Item 1—Cover Page**

**Opus Investment Management, Inc.**

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**Form ADV Part 2A: Firm Brochure**

**March 1, 2015**

This Brochure provides information about the qualifications and business practices of **Opus Investment Management, Inc.** If you have any questions about the contents of this Brochure, please contact us at 508-855-3008 and/or [dwayman@opusinvestment.com](mailto:dwayman@opusinvestment.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about **Opus Investment Management, Inc.** also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Opus Investment Management, Inc.** is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

## **Item 2—Material Changes**

This Brochure dated March 1, 2015 represents the annual update to the Brochure dated March 1, 2014. Differences include an increase in assets under management as noted in Item 4E.

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#### **Item 4—Advisory Business**

**A.** Opus began as the asset management division of the former State Mutual Life Assurance Company of America (“State Mutual”), incorporated in 1844 in Worcester, Massachusetts. Opus was incorporated in 1985, doing business first as SMA Financial Corp and then Allmerica Asset Management, reflecting corporate parentage. In 2003, our name was changed to Opus. Opus is a wholly-owned subsidiary of The Hanover Insurance Group, Inc. (THG) (“The Hanover”) (previously Allmerica Financial Corporation), which began trading on the New York Stock Exchange as a public company after completing the demutualization of State Mutual in 1995.

Our mandate is to provide investment management services to a range of institutional investors on a separate account basis, with a particular focus on investors in the insurance industry. Opus manages money for unaffiliated firms as well as members of The Hanover family of companies.

**B.** Opus generally offers discretionary investment advisory services on fixed income products to institutional investors including insurance companies, self-insurance groups, and other financial institutions. For some of our clients that wish to have equity market exposure, we also offer advice related to mutual funds and exchange traded funds. We provide advice on individual equity securities and alternative investments only to our affiliates.

**C.** We tailor our investment services to a degree for each client. The individual client investment guidelines, as well as any regulatory investment restrictions or limitations, are considered when implementing the investment strategy for a particular client. Each client, through its investment guidelines, imposes restrictions related to eligible asset classes, duration, diversification and other items.

**D.** Opus does not participate in wrap fee programs.

**E.** As of December 31, 2015, Opus manages \$9,042,523,946 on a discretionary basis and \$0 on a non-discretionary basis.

## **Item 5—Fees and Compensation**

A. Opus is paid for its investment advisory services through a fixed asset management fee. The standard fee scales for strategy specific clients and for insurance clients investing in a mix of strategies is shown below.

### **SEPARATE ACCOUNT MANAGEMENT**

#### **Capital Preservation & Income**

0.20% per annum on the first \$25 million

0.15% per annum on the next \$75 million

0.10% per annum thereafter

#### **TIPS**

0.15% per annum on the first \$50 million

0.10% per annum thereafter

#### **Short Broad Market**

0.25% per annum on the first \$25 million

0.20% per annum on the next \$50 million

0.15% per annum thereafter

#### **Intermediate Broad Market**

0.25% per annum on the first \$25 million

0.20% per annum on the next \$50 million

0.15% per annum thereafter

#### **Investment Grade Core**

0.25% per annum on the first \$25 million

0.20% per annum on the next 50 million

0.15% per annum thereafter

### **High Yield**

0.40% per annum on the first \$50 million

0.35% per annum on the next \$50 million

0.25% per annum thereafter

### **Insurance Accounts**

0.35% per annum on the first \$10 million

0.25% per annum on the next \$15 million

0.20% per annum on the next \$25 million

0.15% per annum thereafter

The asset management fee includes investment management services, amortized cost accounting services, client reporting and client meetings. Coordinating custody and Schedule D reporting are each separately available for 0.05% per annum on the first \$25 million, 0.04% per annum on the next \$25 million and 0.03% per annum thereafter. All fees are subject to negotiation. Schedule D reporting includes providing Schedule D reports and files, and other related investment schedules and disclosures that are filed by the insurance company with the National Association of Insurance Commissioners (NAIC) and/or the individual states, as required.

**B.** Each client's investment advisory agreement describes how fees are charged by **Opus**. **Opus** will typically bill its fees on a quarterly basis, in arrears. Asset management fees are prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter are charged a pro-rated fee. At termination of an account any earned, unpaid fees will be due and payable.

**C.** Clients pay for charges imposed by custodians, brokers and other third parties such as brokerage commissions, transaction fees, and other related costs and expenses, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees and have other expenses of the type described above, which are disclosed in a fund's prospectus and are paid indirectly by a client.

These charges, fees and commissions are in addition to **Opus'** asset management fee, and **Opus** shall not receive any portion of these commissions, fees, and costs except for those additional services provided for in the advisory agreement.

Item 12 further describes the factors that Opus considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

D. Opus typically bills its clients the asset management fee quarterly in arrears.

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

Opus does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Gains in the value of a client's account do, however, result in a larger base of assets that Opus' fees are charged on. Likewise, losses result in a lower asset base for purposes of fee calculations.

### **Item 7—Types of Clients**

Opus will provide investment advisory services to insurance companies, self-insured groups, foundations, endowments, municipalities, trust programs and other U.S. and international institutions.

Opus requires a minimum account size and minimum annual fee for each separate account, as further described below:

#### **Capital Preservation & Income**

Minimum account size—\$5 million

Minimum annual fee—\$15,000

#### **TIPS**

Minimum account size—\$5 million

Minimum annual fee—\$11,250

#### **Short Broad Market**

Minimum account size—\$5 million

Minimum annual fee—\$18,750

**Intermediate Broad Market**

Minimum account size—\$5 million

Minimum annual fee—\$18,750

**Investment Grade Core**

Minimum account size—\$5 million

Minimum annual fee—\$18,750

**High Yield**

Minimum account size—\$50 million

Minimum annual fee—\$200,000

**Insurance Accounts**

Minimum account size—\$10 million

Minimum annual fee—\$35,000

All fees and minimum account sizes are subject to negotiation.



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

Opus' fixed income investment strategy includes investing in a variety of instruments such as US Treasury and Agency bonds; corporate debt; state and political sub-division obligations; residential and commercial mortgage-backed securities; and other asset-backed securities. On a limited basis for clients that seek exposure to the equity market we recommend mutual funds and exchange traded funds, primarily indexed rather than actively managed.

Our methods of analysis include:

\*Fundamental credit analysis, including an in-depth evaluation of each issuer in terms of the nature of the business and its history, the nature of the industry, the historical and expected financial results (income statement, balance sheet, funds statement) and related ratio analysis, financing plans, quality and depth of management.

\*Security analysis, including prepayment options, affirmative and negative covenants and an evaluation of the securities and their terms.

\*Quantitative, technical, vector and structural analysis.

The principal sources of information typically include: Annual and interim financial reports, SEC or NAIC filings, prospectuses and offering circulars prepared by issuers or their agents; information published in newspapers, periodicals and in commentaries from investment bankers, engineers and financial advisors; ratings and reviews of securities from services such as Fitch, Moody's, Standard & Poor's; and many other sources such as commercial mortgage information providers, appraisal studies, feasibility studies, real property market analyses and materials provided by mortgage bankers.

A number of risks are present in our investment strategies, including:

\*Credit Risk (Default): An account could lose money if the issuer or guarantor of a security (including a security purchased with securities lending collateral), or the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as unable or unwilling, to make timely principal and/or interest payments, or to otherwise honor its obligations. The downgrade of the credit of a security held by the account may decrease its value. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

\*High Yield Risk. Accounts that invest in high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") may be subject to greater levels

of credit and liquidity risk than accounts that do not invest in such securities. These securities are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce an account's ability to sell these securities (liquidity risk). If the issuer of a security is in default with respect to interest or principal payments, an account may lose its entire investment. Because of the risks involved in investing in high yield securities, an investment in an account that invests in such securities should be considered speculative.

**\*Inflation-Indexed Security Risk.** Inflation-indexed debt securities are subject to the effects of changes in market interest rates caused by factors other than inflation (real interest rates). In general, the value of an inflation-indexed security, including Treasury inflation-protected securities ("TIPS"), tends to decrease when real interest rates increase and can increase when real interest rates decrease. Thus generally, during periods of rising inflation, the value of inflation-indexed securities will tend to increase and during periods of deflation, their value will tend to decrease. Interest payments on inflation-indexed securities are unpredictable and will fluctuate as the principal and interest are adjusted for inflation. There can be no assurance that the inflation index used (*i.e.*, the Consumer Price Index ("CPI")) will accurately measure the real rate of inflation in the prices of goods and services. Increases in the principal value of TIPS due to inflation are considered taxable ordinary income for the amount of the increase in the calendar year. Any increase in the principal amount of an inflation-indexed debt security will be considered taxable ordinary income, even though the account will not receive the principal until maturity. Additionally, a CPI swap can potentially lose value if the realized rate of inflation over the life of the swap is less than the fixed market implied inflation rate (fixed breakeven rate) that the investor agrees to pay at the initiation of the swap. With municipal inflation-indexed securities, the inflation adjustment is integrated into the coupon payment, which is federally tax exempt (and may be state tax exempt). For municipal inflation indexed securities, there is no adjustment to the principal value. Because municipal inflation-indexed securities are a small component of the municipal bond market, they may be less liquid than conventional municipal bonds.

**\*Interest Rate Risk:** Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by an account is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. The values of equity and other non-fixed income securities may also decline due to fluctuations in interest rates.

\*Issuer Risk: The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets.

\*Liquidity Risk: Liquidity risk exists when particular investments are difficult to purchase or sell. An account's investments in illiquid securities may reduce the returns of the account because it may be unable to sell the illiquid securities at an advantageous time or price. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. In such cases, an account, due to potential limitations on investments in illiquid securities and the difficulty in purchasing and selling such securities or instruments, may be unable to achieve its desired level of exposure to a certain sector. To the extent that an account's principal investment strategies involve foreign (non-U.S.) securities, derivatives or securities with substantial market and/or credit risk, the account will tend to have the greatest exposure to liquidity risk.

\*Management Risk: Each actively managed account is subject to management risk. Opus and each individual portfolio manager will apply investment techniques and risk analyses in making investment decisions for actively managed accounts, but there can be no guarantee that these decisions will produce the desired results. Additionally, legislative, regulatory, or tax restrictions, policies or developments may affect the investment techniques available to Opus and each individual portfolio manager in connection with managing such accounts and may also adversely affect the ability of the accounts to achieve their investment objectives.

\*Market Risk: The market price of securities owned by an account may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. The value of a security may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Equity securities generally have greater price volatility than fixed income securities.

\*Mortgage-Related and Other Asset-Backed Risk: Mortgage-related and other asset-backed securities often involve risks that are different from or more acute than risks associated

with other types of debt instruments. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, if an account holds mortgage related securities, it may exhibit additional volatility. This is known as extension risk. In addition, adjustable and fixed rate mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of an account because the account may have to reinvest that money at the lower prevailing interest rates. An account's investments in other asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the assets and the servicing of those assets.

While we strive to develop views or opinions on future cash flows across a range of investment types, the future is uncertain and we cannot predict outcomes with a strong degree of precision.

Clients should be prepared to bear the risk of loss that may result from adverse developments across the range of investment types.

### **Item 9—Disciplinary Information**

Opus has no reportable disciplinary history.

## Item 10—Other Financial Industry Activities and Affiliations

Opus derives a large amount of its revenue from its advisory relationships with its affiliates, which are property and casualty insurance companies and related businesses. The largest affiliates are Hanover Insurance Company, Citizens Insurance Company of America and Chaucer Syndicates Limited. This relationship creates a potential for conflict with unaffiliated clients in terms of competing for management's time as well as investments. Opus addresses this potential conflict by assigning portfolio managers and client administrators to particular clients that they are responsible for. Additionally, Opus has a procedure to handle the allocation of investments that might be appropriate for multiple clients. That procedure calls for the sharing of investments on a pro-rata basis if Opus cannot purchase sufficient quantity of the investment to satisfy the desired amount of each affected client. A portfolio manager may depart from a strictly pro rata allocation: (1) to avoid creating odd lot positions in any account; (2) to allocate a smaller portion to those accounts for which the purchased security would be a peripheral investment and a larger portion to those accounts for which the security would be a core investment; and (3) to the extent that the purchased security is especially appropriate for accounts with certain investment goals or risk tolerances.

The factors Opus considers in determining whether an investment is appropriate for multiple client accounts may include:

- Each client's investment objectives and investment focus;
- Each client's liquidity and reserves;
- Each client's diversification;
- Lender covenants and other limitations;
- Amount of capital available for investment by each client as well as each client's projected future capacity for investment;
- Each client's targeted rate of return;
- Composition of each client's portfolio
- The availability of other suitable investments for each client;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;

- Tax implications;
- Legal, contractual or regulatory constraints; and

Any other relevant limitations imposed by or conditions set forth in the applicable client investment guidelines.

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

Opus has adopted a Code of Ethics for all supervised persons of Opus describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes sections relating to (i) the confidentiality of client information, (ii) a prohibition on insider trading, (iii) restrictions on the acceptance of gifts and the reporting of gifts and business entertainment items, and (iv) personal securities trading procedures, among other things. All supervised persons at Opus must acknowledge the terms of the Code of Ethics at least annually.

Opus anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Opus has management authority to effect the purchase or sale of securities in which Opus, its affiliates and/or clients, directly or indirectly, have a position of interest. In doing so, Opus' employees are required to follow Opus' Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Opus may trade for their own accounts in securities which are purchased for Opus' clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Opus will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Opus' clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored under the Code of Ethics to monitor and address these conflicts of interest between Opus and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Opus' obligation to achieve best execution. In such circumstances, the client accounts will share commission costs equally and receive securities at a total average price. Opus will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of

the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

Opus' clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Donald P. Wayman at [dwayman@opusinvestment.com](mailto:dwayman@opusinvestment.com) or 508-855-3008.

It is Opus' policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Opus will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

For further detail regarding circumstances in which Opus or a related person (a) recommends to clients, or buys or sells for client accounts, securities in which Opus or a related person has a material financial interest, (b) invests in the same securities that Opus or a related person recommends to clients, or (c) recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that Opus or a related person buys or sells the same securities for Opus's own (or the related person's own) account, as well as related conflicts of interest, please see Item 10 above.

Opus' Code of Ethics, as referenced above, includes provisions dealing with employees' personal securities transactions. Opus' employee personal trading procedures are summarized below as excerpted from the Opus Code of Ethics. The summary is preceded by defined terms for clarification:

**"Access Person"** means:

- (1) any director or officer of the adviser or any other person who reports directly or indirectly to the adviser's president (unless exempted in writing by the president),
- (2) Any supervised person of the adviser:

- (a) who has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or
  - (b) who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic.
- (3) every other person or independent contractor of the adviser designated as an access person by the review officer.

**"Adviser"** means Opus Investment Management, Inc.

**"Fund"** means any investment company registered under the 1940 Act or any series of a registered investment company for which the adviser acts as investment adviser or subadviser.

**"Investment Person"** means:

- (1) Any employee or other personnel of the adviser (or of any company in a control relationship to the adviser) who, in connection with his or her regular functions or duties, makes or participates in making recommendations regarding the purchase or sale of reportable securities by a fund or other client and
- (2) Any natural person who controls the adviser and who obtains information concerning recommendations regarding the purchase or sale of reportable securities by any fund or other client.

**"Restricted Security"** means (1) any fixed income security that is a reportable security and (2) any equity security that is listed from time to time on the "Restricted List" issued by the adviser.

**"Review Officer"** means any officer or employee of the adviser designated to receive and review reports of purchases and sales by access persons. The term "alternative review officer" means any officer or employee of the adviser designated to receive and review reports of purchases and sales by the review officer, and who acts in the manner prescribed in this code for the review officer.



## **Prohibited Activities.**

- (A) *General Prohibitions.* No access person of the adviser, in connection with the purchase or sale, directly or indirectly, by that access person of a reportable security held or to be acquired by a fund or other client may:
  - (1) employ any device, scheme or artifice to defraud a fund or other client;
  - (2) make to the fund or other client any untrue statement of a material fact or omit to state to a fund or other client a material fact necessary in order to make the statement made, in light of the circumstances under which it was made, not misleading;
  - (3) engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon a fund or other client; or
  - (4) engage in any manipulative practice with respect to a fund or other client.
- (B) *Improper Use of Information.* No access person may use his or her knowledge about the securities transactions or holdings of a fund or other client in trading for any account that is directly or indirectly beneficially owned, controlled or influenced by, or any fiduciary account of, the access person. Any investment ideas developed by an investment person must be made available to the funds and other clients before the investment person may engage in personal transactions based on these ideas.
- (C) *Front-Running.* No investment person may engage in front-running an order or recommendation for a fund or other client, regardless of who is handling or generated the order or recommendation. Front-running means purchasing or selling the same or underlying securities or derivatives based on these securities ahead of and based on knowledge of client securities transactions that are likely to affect the value of these securities.
- (D) *Personal Trading While Client Trades are Pending.* No access person may, in trading for any account that is directly or indirectly beneficially owned, controlled or influenced by, or any fiduciary account of, that access person, purchase or sell any restricted security that:
  - (1) Is being purchased or sold on behalf of a fund or other client. (This means that an order has been entered but not executed for the fund or other client);

- (2) Has been purchased or sold on behalf of a fund or other client within the previous 15 days; or
- (3) Currently is being considered for purchase or sale on behalf of any fund or other client, even though no order has been placed, unless the transaction is exempt under section IV below.

These prohibitions will continue until the portfolio manager completes the purchase or sale or decides not to engage in the transaction.

- (E) *Prohibited Transactions for Fiduciary Accounts.* No access person may purchase or sell any restricted security for a fiduciary account if the access person knows or should know that the purchase or sale may adversely affect the interest of a fund or other client. Transactions for a fiduciary account that may adversely affect a fund or other client include:
  - (1) Purchases that put upward pressure on the price of a restricted security being purchased or considered for purchase or
  - (2) Sales that put downward pressure on the price of a restricted security being sold or considered for sale.
- (F) *Short Sales.* No access person may sell short a restricted security held in any fund or client account managed by the adviser.
- (G) *Transactions with Clients.* No access person may directly or indirectly sell to or purchase from a fund or other client any security, other than shares issued by the funds.
- (H) *Brokerage Commissions.* No access person may negotiate or accept a lower commission rate on personal transactions than is negotiated for any fund or other client.
- (I) *Short Term Trading.* Employees engaging in short term trading in restricted securities will be required to disgorge any profits from short term trading. Short terms trading means a purchase followed by a sale or a sale followed by a purchase of the same or equivalent restricted securities within a period of 30 days or less. Multiple sales and purchases within a 30 day period will be matched in the way that produces the largest disgorgement amount. Notwithstanding the foregoing, the cashless exercise of stock options is not considered to be short term trading.

- (J) *Communicating Non-Public Client Information.* No access person may, directly or indirectly, communicate to anyone who is not an access person any material non-public information about a fund, any other client or any issuer of a security owned by the fund or client. This restriction does not apply to communications necessary to effect securities transactions on behalf of a fund or other client.
- (K) *Receipt of Gifts from Business Contacts.* No access person may solicit any gift or gratuity from any person or, without the prior written approval of the adviser's president, accept any gift or personal benefit valued at more than \$100 annually, from any single person or entity that does business with or on behalf of a fund or other client. This includes the receipt of "special favors" from a stock promoter, such as the opportunity to participate in a limited offering or initial public offering as an inducement to purchase other securities for fund or client accounts. An access person may:
- (1) Accept gifts and promotional items of a *de minimis* value (as determined by the review officer). De minimis value currently means not more than \$100.
  - (2) Accept customary business lunches, dinners and entertainment at which both the access person and the giver are present.
  - (3) Attend investment and/or professional group seminars or functions sponsored by organizations if attendance has been approved in advance by the access person's immediate supervisor.
- (L) *Service on Unrelated Company Boards.* No access person may serve on the board of directors of any publicly traded or privately held company, absent prior written authorization and determination by the adviser's president that the board service would be consistent with the interests of the funds and other clients. An investment person who serves on a company's board may not participate in the decision to purchase and sell securities of that company for a fund or other client.
- (M) *Disclosing Interests in Issuers.* No investment person may recommend any securities transaction for a fund or other client without having previously disclosed any interest in these securities or the issuer to the adviser.

### Preclearance Procedure.

- (A) Before effecting transactions in restricted securities (with the exception of a Reportable Fund) for an account that is beneficially owned by an access person, the access person must receive written approval from the review officer. In addition, access persons must receive written approval from the review officer before they directly or indirectly acquire beneficial ownership in any security in an initial public offering or limited offering. The review officer will preclear his or her personal securities transactions with the alternative review officer. Each request for preclearance must be submitted to the review officer on Form II attached to this code or in such other form that is acceptable to the review officer or alternative review officer. Oral approvals of personal securities transactions will not be effective and should not be relied on.
- (B) Any approval by the review officer is valid only for three business days, including the day on which the approval is granted. No access person may place any "good until cancelled" or "limit" order that does not expire within the period for which preclearance is granted. If an access person is unable to effect the transaction during this period, the access person must resubmit a completed Form II and reobtain approval from the review officer before effecting the transaction.
- (C) The review officer will base his or her decision whether to approve a personal securities transaction for an access person after considering the specific restrictions contained in and the spirit of this code, including whether the security at issue is being purchased, sold or considered for the account of a fund or other client. The review officer is not required to give any explanation for refusing to approve a securities transaction.

### Reporting Requirements.

Every access person must submit to the review officer the following reports as to (1) all reportable securities and brokerage accounts in which the access person has, or by reason of a transaction, acquires beneficial ownership and (2) all fiduciary accounts.

- (A) Initial Holdings Reports.
- (B) Quarterly Transaction Reports.
- (C) Annual Holdings Reports.

## Initial and Annual Certification of Compliance.

Each access person, within ten (10) days after becoming an access person, and annually thereafter, must certify that the access person:

- (1) Has received, read and understands this code of ethics, including any amendments thereto, and recognizes that the access person is subject to the code;
- (2) Will comply and has complied with all the requirements of this code of ethics; and
- (3) Has disclosed or reported all holdings of reportable securities and all accounts required to be disclosed or reported pursuant to the requirements of this code of ethics.

## **Item 12—Brokerage Practices**

Opus' exercise of discretionary authority to conduct portfolio transactions in publicly traded securities generally conforms to the following practices:

1. Opus places portfolio transactions with broker-dealers it selects and, if applicable, negotiates commissions. Broker-dealers may receive brokerage commissions on portfolio transactions of Opus' clients. Opus may from time to time also execute client's portfolio transactions with such broker-dealers acting as principals, in which case, no brokerage commissions are payable, but other transaction costs, including mark-ups and mark-downs, are incurred. Opus has not dealt, nor does it intend to deal, exclusively with any particular broker-dealer or group of broker-dealers. It is Opus' policy to seek the best execution, which means obtaining for a client account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. In evaluating the execution services of a broker-dealer, including the overall reasonableness of brokerage commissions, consideration is given to other objective factors including (i) the firm's general execution and operational capabilities; (ii) willingness and ability to commit capital during all types of market conditions and with all types of securities; (iii) ability to provide investment ideas; (iv) research provided; and (v) its reliability and financial condition.

2. Opus receives no soft dollar benefits for placing client trades with any particular broker-dealer. Opus pays for third party research from various sources with hard dollars. Opus receives unsolicited research from some broker-dealers, but that research is not predicated on any particular volume of business.
3. Opus permits, and one client has so requested, that certain brokers be included when we are soliciting bids, subject to most favorable execution of client transactions.

### **Item 13—Review of Accounts**

Accounts which are advised by Opus are reviewed at least weekly in terms of the credit conditions of fixed income issues owned, the status of fixed income markets, the outlook for the general economy, and alternative investment opportunities. Personnel performing the review function are professional investment portfolio managers and analysts either with extensive training and experience or with direct reporting responsibility to senior, experienced personnel. These include Vice Presidents, Assistant Vice Presidents and Assistant Treasurers.

Frequency of reports varies with accounts. At a minimum, comprehensive written reports are furnished at least quarterly and include market commentary, holdings and transactions.

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

Opus has marketing arrangements with two entities. One is compensated for prior client referrals only. The compensation is a percentage of client revenue.

A second arrangement is with a third party marketer of Opus and other managers. The marketer would receive a percentage of client revenue.

Opus adheres to the requirements of SEC rule 206(4)-3 with respect to the marketing arrangements described above.

## **Item 15—Custody**

Clients should receive statements at least quarterly from the broker dealer, bank or other qualified custodian that holds and maintains their investment assets. Opus urges clients to carefully review such statements and compare the official custodial records to the account statements that Opus provides.

## **Item 16—Investment Discretion**

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

When selecting securities and determining amounts, Opus observes the investment policies, limitations and restrictions of the clients for which it advises. Some clients may place restrictions on the sale of certain securities, including those held on deposit with the client's regulator.

Investment guidelines and restrictions must be provided to Opus in writing and are usually included as part of the investment advisory agreement, which grants Opus discretionary authority to buy and sell securities on behalf of the client.

## **Item 17—Voting Client Securities**

Opus acts as discretionary investment adviser for various clients. The conditions that govern Opus' authority to vote proxies on behalf of its clients are contained in its investment advisory contract. The advisory contract generally states that Opus will not vote proxies on behalf of its clients. Accordingly, Opus will only vote proxies for a client if Opus specifically agrees to do so in its advisory agreement with the client. Opus will, however, under its advisory contract provide advice as to how a client should vote its proxies as the client may reasonably request. For those clients that have hired their own custodian, that custodian will forward any proxies or solicitations directly to the client. For those clients where Opus has arranged custody, Opus will forward any proxies or solicitation it receives from the custodian. Clients may direct any questions regarding proxies or solicitations to Donald P. Wayman at 508-855-3008 or [dwayman@opusinvestment.com](mailto:dwayman@opusinvestment.com).

To the extent Opus has agreed in writing with a client to vote or recommend how to vote proxies for such client's account, Opus will comply with its responsibilities and the requirements of Rule 206(4)-6 under the Advisers Act.

While the Chief Compliance Officer is ultimately responsible for ensuring that all proxies required to be voted, are voted on behalf of those clients for which Opus has agreed to provide such service, a Proxy Voting Committee has been created whose job it is to oversee any decisions relating to proxy voting, proxy voting guidelines, conflicts of interest, recordkeeping and disclosure raised by the Chief Compliance Officer.

The Proxy Voting Committee (the "Committee", consisting of the Chief Compliance Officer, the Head of Research and the Head of Portfolio Management and Trading) after considering the proxy voting requirements pertaining to Opus, the fact that Opus will only assume proxy voting in a very limited number of situations and the fact that proxies received and needing to be voted should be limited to money market mutual funds, has adopted a policy wherein Opus' guiding principles are to favor proposals that tend to maximize shareholder value and are not influenced by conflicts of interest. These principles reflect Opus' belief that sound corporate governance will create a framework within which an entity can be managed in the interests of its shareholders.

Opus will fulfill its duty of care in voting client proxies by reviewing the merits of all proposals and voting for proposals which it believes increase shareholder value. Opus will, if it feels it appropriate, consult with a client prior to voting a proxy.

### **Conflicts**

Conflicts of interest will be identified, monitored and resolved by joint effort of the Proxy Committee and the Chief Compliance Officer. A review of potential conflicts may include the completion of a conflict questionnaire by Opus' key employees. The Proxy Committee will review any questionnaires. Disclosure attested to by the investment team members and senior officers will identify any conflict with companies owned on a quarterly basis. These procedures diminish the likelihood of material conflicts of interest.

### **Disclosures**

The actual proxy voting record is available to Opus' clients for whom Opus provides proxy voting services upon written request. Within 3 days of receipt of the request, Opus will, by first class mail, honor the request.

Opus will provide a copy of the Proxy Voting Policies and Procedures to all of its clients for which Opus provides proxy voting services and who request such a copy.



Should there be a material change to the Proxy Voting Policy and Procedures, the change will be highlighted and Opus will provide upon request to any client for whom they provide proxy voting services with the amended Proxy Voting Policy and Procedures.

#### **Item 18—Financial Information**

Opus has no reportable financial information.

#### **Item 19—Requirements for State-Registered Advisers**

Opus is a SEC-registered investment adviser and, therefore, is not state-registered.