



July 17, 2015

This brochure ("Brochure") provides information about the qualifications and business practices of 40|86 Advisors, Inc. and its affiliate, CreekSource LLC.

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 40|86 Advisors, Inc. and CreekSource LLC also is available on the SEC's website at; www.adviserinfo.sec.gov

If you have any questions about the contents of this Brochure, please contact Karl W. Kindig, Chief Compliance Officer at (317) 817-6708 or Karl.Kindig@4086.com

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Item 2 – Material Changes

This section discusses only material changes since the last annual update of this Brochure.

Item 4 has been updated to reflect the formation of CreekSource LLC (“CreekSource”), which is a relying adviser to 40|86 Advisors, Inc. (“40|86” and, together with CreekSource, the “Advisers”).

Item 3 – Table of Contents

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Item 4 - Advisory Business

40|86 is a wholly-owned subsidiary of CNO Financial Group, Inc. 40|86 was founded in 1981 and provides fixed income portfolio management services primarily to affiliated insurance companies, as well as entities that are structured as issuers of collateralized bond obligations or collateralized loan obligations ("CLOs"). 40|86 was registered as an investment adviser in 1982. 40|86 specializes in providing fully integrated fixed income portfolio management services. 40|86's clients' assets are primarily invested in multiple classes of fixed income securities and investments, including residential mortgage-backed securities, commercial mortgage-backed securities, consumer asset-backed securities, bank loans, investment grade corporate bonds, credit tenant loans, high yield corporate bonds, commercial mortgage loans and U.S. Treasury securities and other government securities.

Generally, 40|86 has full discretion to make purchase and sales for a client's account without requiring 40|86 to obtain consent or approval prior to each transaction, to select the type and amount of securities that 40|86 buys or sells for the account, the dealer 40|86 uses to effect such transactions and the mark-ups/mark-downs 40|86 pays for client transactions. However, each client may specifically impose certain restrictions or investment parameters for its account. For example, a client may specify minimum quality standards and/or restrict or prohibit transactions in securities of a specific issuer.

The CLO issuers for which 40|86 serves as collateral manager (the "40|86 CLO Issuers") are as follows: Cedar Creek CLO, Ltd., a Cayman Islands exempted company; Eagle Creek CLO, Ltd., a Cayman Islands exempted company; Mill Creek CLO, Ltd., a Cayman Islands exempted company; Silver Creek CLO, Ltd., a Cayman Islands exempted company; and Sugar Creek CLO, Ltd., a Cayman Islands exempted company.

CreekSource, a Delaware multi-series limited liability company, was formed in December 2014 to serve as collateral manager to Clear Creek CLO, Ltd., a Cayman Islands exempted company ("Clear Creek") and thereafter other CLO issuers. CreekSource is wholly-owned by affiliates of CNO Financial Group, Inc. 40|86 serves as sub-adviser to CreekSource in connection with the management of Clear Creek and may serve in such capacity with respect to future CLO issuers.

Each of Clear Creek and the 40|86 CLO Issuers is exempt from registration as an investment company pursuant to Section 3(c)(7) of the Investment Company Act of 1940, as amended.

Pursuant to an SEC No-Action Letter (American Bar Association, Business Law Section, pub. avail. Jan. 18, 2012), you are receiving this Part 2A of Form ADV from 40|86 for itself (as "filing adviser") and on behalf of CreekSource (as a "relying adviser").

As of December 31, 2014 the Advisers managed over \$25 billion in client assets on a discretionary basis.

Item 5 - Fees and Compensation

As discussed above, 40|86 provides investment advisory services to separate account clients and also serves as collateral manager or sub-advisor to a number of CLO issuers. CreekSource serves as collateral manager to Clear Creek.

With respect to its separate account clients, 40|86's basic investment advisory fee is calculated on a percentage of the current market value of assets under management. The standard investment management fee schedule for 40|86 separate accounts is as follows:

Assets under Management	Annual Rate % Fee
First \$25,000,000	.35
Next \$25,000,000	.25
Next \$50,000,000	.20
Next \$50,000,000	.15
Above \$150,000,000	Negotiable

Fees may vary based on services rendered. 40|86 may negotiate reduced fees for certain classes of clients, such as charitable institutions. 40|86 does not currently have any such reduced fee arrangements in place.

Unless otherwise negotiated, 40|86 advisory fees are billed to separate account clients and payable quarterly, in advance, based on the valuation of the account at the end of the prior quarter. If an account is terminated during a quarter, the fee payable for the terminated account will be computed on a *pro rata* basis for the period during which the account was active, and client will receive a refund for any overpayment.

In addition, in connection with 40|86's services as collateral manager for several CLO issuers, 40|86 may receive, in addition to a management fee, an incentive fee after noteholders have received a specified internal rate of return and to the extent that funds are available for such purpose in accordance with the specified priority of payments. Such incentive fee may be equal to a percentage of the interest and principal proceeds available after certain higher-priority payments have been made. CreekSource may also receive such an incentive fee from

Clear Creek. The Advisers do not currently have other types of performance fee arrangements in place. However, each Adviser may enter into a performance fee arrangements in the future.

Fee arrangements with respect to each of Clear Creek and the 40|86 CLO Issuers are set forth in detail in each CLO issuer's offering circular.

The Advisers' fees are exclusive of dealer mark-ups/mark-downs, custodial fees, transaction fees and other related costs and expenses. These charges and fees are typically imposed by the dealer or custodian through which the client account transactions are executed. The Advisers do not share in any portion of these dealer mark-ups/mark-downs, fees and costs. Please refer to "Item 12 - Brokerage Practices" for a description of the factors we consider in selecting or recommending dealers for client transactions and determining the reasonableness of their compensation.

Item 6 Performance-Based Fees and Side by Side Management

The Advisers may receive a performance or incentive fee for their respective services. Specifically, in connection with the Advisers' services as collateral manager for several issuers of CLOs, the Advisers may receive an incentive fee after noteholders have received a specified internal rate of return and to the extent that funds are available for such purpose in accordance with the specified priority of payments. The incentive fee maybe equal to a percentage of the interest and principal proceeds available after certain higher-priority payments have been made. The Advisers do not currently have other types of performance fee arrangements in place. However, each Adviser may enter into performance fee arrangements in the future.

Performance-based fees may create an incentive for an Adviser to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, each Adviser strives to ensure that investments are suitable for each client and in compliance with applicable investment guidelines and objectives without regard to the potential for performance-based fees.

Although CreekSource does not currently advise clients other than Clear Creek, each Adviser may advise clients for which the Adviser charges performance-based fees at the same time that the Adviser advises similar clients that are not charged performance-based fees. This is known as "side-by-side management," which may create possible conflicts of interest. These clients may have similar investment guidelines and objectives. Side-by-side management might provide an incentive for an Adviser to favor accounts for which it receives a performance-based fee. For example, an Adviser may have an incentive to allocate limited investment opportunities to clients that are charged performance-based fees over clients that are charged asset-based fees only. To address this possible conflict of interest, the Advisers have instituted policies and procedures that require the Advisers to allocate investment opportunities (if they are suitable) on a fair and equitable basis among our clients over time.

In addition, as discussed above, 40|86 currently manages a number of separate account clients and CLO issuers, and CreekSource manages Clear Creek. In the future, each Adviser expects to manage investments for other clients and accounts, including separate accounts and entities similar to the CLO issuers, that invest in assets that are the same as, or substantially similar to, the collateral obligations in which the CLO issuers invest, some of which clients and

accounts may also have the same or similar objectives as other clients and accounts. Thus, each Adviser, at the same or approximately the same time, may buy or sell for such clients, as applicable, assets it also buys or sells for another client. In that case, the applicable Adviser will seek to allocate such purchases and sales to such clients and accounts (including CLO issuers) on a basis that the Adviser considers equitable in light of the prevailing circumstances, to the extent that the Adviser believes such investments would be appropriate for such clients and accounts to purchase. Factors to be considered may include, without limitation, the cash available to invest, the investment objectives, strategies, restrictions and guidelines of the clients and/or accounts in question, anticipated liquidity needs, anticipated future investment opportunities, the size of the investment opportunity and whether the investment opportunity is of sufficient size to impact returns, contractual obligations to third parties, with respect to CLO issuers, eligibility or other portfolio composition or trading requirements under the applicable trust indenture, and other equitable factors. Each client or account will bear its share of any costs associated with such purchases and sales on an equitable basis. Each Adviser may also purchase loans and debt securities for other clients that are senior to, or have interests adverse to, those the Adviser chooses to buy or sell for another client. In addition, CreekSource may purchase investments for its own account.

Item 7 - Type of Client

40|86 serves as an investment adviser principally to insurance company clients that are affiliated with 40|86 through CNO Financial Group, Inc. In addition, 40|86 serves as collateral manager to the 40|86 CLO Issuers and as sub-advisor to Clear Creek. As discussed above, CreekSource also serves as collateral manager to Clear Creek. Each client's portfolio is managed on a discretionary basis according to the client's investment objectives and guidelines.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

The Advisers provide fixed income portfolio management services in accordance with each client's investment strategies and objectives. The Advisers specialize in providing fully integrated fixed income portfolio management services. 40|86's clients' assets are primarily invested in multiple classes of fixed income securities and investments, including residential mortgage-backed securities, commercial mortgage-backed securities, consumer asset-backed securities, bank loans, investment grade corporate bonds, credit tenant loans, high yield corporate bonds, commercial mortgage loans and U.S. Treasury securities and other government securities. Clear Creek and the 40|86 CLO Issuers are primarily invested in bank loans.

The Advisers utilize a team approach to portfolio management. The portfolio management team consists of portfolio managers, portfolio analysts, research analysts and traders. The portfolio manager has decision-making authority over investment decisions and retains ultimate responsibility for portfolio construction, security selection and trading decisions. The portfolio manager is supported by a team of portfolio analysts who assist with the daily management and analytics performed on each client's account. The portfolio manager works with the research analysts and traders to identify under/overvalued securities, credit issues, and opportunities in the market. Together, the team combines the specialized areas of expertise of its members.

The Advisers build each portfolio from the bottom-up by selecting undervalued securities through proprietary, independent research. This style is based on an investment philosophy that security selection produces favorable risk-adjusted returns. The Advisers place an emphasis on relative value, looking for opportunities where the market price of a security does not appropriately reflect its intrinsic value. The objective is to invest in those securities that the Advisers believe are undervalued and then sell them when they become fully valued in the market.

Securities research is the cornerstone of the Advisers' investment process. The Advisers have eight full-time dedicated analysts providing independent, fundamental research. The Advisers' credit research analysts are industry specialists covering specific industries and specific issues. An individual analyst serves each sector of the corporate bond market (retail, utilities, airlines, etc.). Likewise, a dedicated analyst covers taxable municipal bonds. While the Advisers receive external research, they do not depend primarily upon those sources to generate investment ideas. The Advisers conduct independent, grass roots research as part of the diligence process by directly accessing company management.

In addition, for structured securities, quantitative analysts use a number of analytic tools, including state-of-the-art cash flow models, to perform detailed, accurate and standardized securities analysis. The research analysts bring their ideas and research to daily meetings and directly to the portfolio manager.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. The Advisers do not represent or guarantee that their services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. The Advisers do not offer any guarantees or promises that clients' financial goals and objectives will be met. Past performance is in no way an indication of future performance. Each of the following material risks apply to retaining the Advisers to provide investment advice to clients:

- *Debt and Other Income Securities.* Income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise. Market risk relates to the changes in the risk or perceived risk of an issuer, country or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. A client could lose money if the issuer of a fixed income security is unable to pay interest or repay principal when due. Credit risk applies to most fixed income securities. The values of income securities may also be affected by changes in the credit rating or financial condition of the issuing entities.

- *Residential Mortgage-Backed Securities.* These securities may be issued by U.S. government agencies and government-sponsored entities, such as Ginnie Mae, Fannie Mae and Freddie Mac, and by private entities. The payment of interest and principal on mortgage-backed obligations issued by U.S. government agencies may be guaranteed by the full faith and credit of the U.S. government, or may be guaranteed by the issuer. However, these guarantees do not apply to the market prices and yields of these securities, which vary with changes in interest rates.

Mortgage-backed securities issued by private entities are structured similarly to those issued by U.S. government agencies. However, these securities and the underlying mortgages are not guaranteed by any government agencies. These securities generally are structured with one or more types of credit enhancements such as insurance or letters of credit issued by private companies. Prepayments can alter the effective maturity of these instruments. In addition, delinquencies, losses or defaults by borrowers can adversely affect the prices and volatility of these securities. Such delinquencies and losses can be exacerbated by declining or flattening housing and property values. This, along with other outside pressures, such as bankruptcies and financial difficulties experienced by mortgage loan originators, decreased investor demand for mortgage loans and mortgage-related securities and increased investor demand for yield, can adversely affect the value and liquidity of mortgage-backed securities.

- *Commercial Mortgage-Backed Securities.* These securities may have a lower prepayment uncertainty than other mortgage-related securities because commercial mortgage loans generally prohibit or impose penalties on prepayments of principal. In addition, commercial mortgage-related securities often are structured with some form of credit enhancement to protect against potential losses on the underlying mortgage loans. Many of the risks of investing in commercial mortgage-backed securities reflect the risks of investing in the real estate securing the underlying mortgage loans, including the effects of local and other economic conditions on real estate markets, the ability of tenants to make rental payments and the ability of a property to attract and retain tenants. Commercial mortgage-backed securities may be less liquid or exhibit greater price volatility than other types of mortgage or asset-backed securities.
- *Asset-Backed Securities.* These securities are backed by other assets such as credit card, automobile or consumer loan receivables, retail installment loans or participations in pools of leases. Credit support for these securities may be based on the underlying assets and/or provided through credit enhancements by a third party. The values of these securities are sensitive to changes in the credit quality of the underlying collateral, the credit strength of the credit enhancement, changes in interest rates and at times the financial condition of the issuer. Some asset-backed securities also may receive prepayments that can change their effective maturities.

- *Loan Participations.* Loan participations (sometimes called bank loans) are interests in amounts owed by a corporate, governmental or other borrower to a lender or consortium of lenders. Purchasers of participation interests do not have any direct contractual relationship with the borrower and may be subject to delays, expenses and risks that are greater than those that would be involved if the purchaser could enforce its rights directly against the borrower. In addition, the purchaser may be regarded as a creditor of the intermediate participant (rather than of the borrower), so that the purchaser may also be subject to the risk that the intermediate participant could become insolvent. The financial condition of the borrower will determine an investor's ability to receive payments of principal and interest and other amounts in connection with a loan.
- *Restricted or Illiquid Securities.* Restricted securities may only be sold pursuant to an exemption from registration under the Securities Act of 1933, as amended, or in a registered public offering. Where registration is required, the holder of a registered security may be obligated to pay all or part of the registration expense and a considerable period may elapse between the time it decides to seek registration and the time it may be permitted to sell a security under an effective registration statement. Difficulty in selling such securities may result in a loss to the client or cause it to incur additional administrative costs.

In addition, CLO issuers are subject to the following structural risks:

- *CLO Structure: Limited Liquidity and Recourse.* An investor's investment in a CLO issuer is subject to the structure and terms of each CLO issuer. Investors should have no expectation of a secondary market in notes issued by a CLO issuer, or that markets will provide investors with liquidity. The notes issued by a CLO issuer are limited recourse obligations; investors must rely on available collections from the collateral pledged by a CLO issuer, as issuer, pursuant to the indenture and will have no other source of payment.
- *Subordination.* Payments on the senior-most class(es) of the CLO issuer's securities are subordinate to the payment of certain fees and expenses payable by the CLO issuers to other parties pursuant to the indenture. Payments of principal and interest on any junior class of securities are subordinated under the priority of payments to payments on any senior class of securities. To the extent any losses are suffered by any securities, those losses will be borne by each class of securities in order of subordination. Accordingly, the most subordinated classes of securities may not be paid in full and may be subject to 100% loss. In addition, the most subordinated class(es) of interests in CLO issuer's securities represent highly leveraged investments and will be most affected by any changes of market value of the collateral, including, but not limited to, defaults, prepayments and other risks associated with the collateral.
- *Remedies.* If an event of default occurs under a CLO indenture, the controlling class (generally the most senior class of notes then outstanding) will generally be entitled to determine the remedies to be exercised under the indenture. The

interests of the controlling class of a CLO issuer may be adverse to those of the subordinated classes, and in pursuing this interest the controlling class will have no obligation to consider any possible effect on other interests. In addition, the junior-most class of securities is not generally entitled to exercise remedies under the indenture, nor is the trustee generally obligated to act on behalf of the holders of these securities.

- *Sale of Collateral upon Default on the Securities.* If an event of default occurs under a CLO indenture, there can be no assurance that the proceeds of any sale of collateral will be sufficient to pay in full transaction expenses and principal and interest on the securities.

For a more complete discussion of the analysis and investment strategies used in formulating investment advice or managing assets and the investment risks for Clear Creek and the 40|86 CLO Issuers, investors should review the applicable offering circular.

Item 9 - Disciplinary Information

Neither Adviser nor any of their respective management persons have been involved in any legal or disciplinary events required to be disclosed in this Item #9.

Item 10 - Other Financial Industry Activities and Affiliations

40|86 is a direct wholly-owned subsidiary of CNO Financial Group Inc., a financial services holding company that owns several life insurance companies. CreekSource is wholly-owned by affiliates of CNO Financial Group, Inc. 40|86 provides, and CreekSource may provide in the future, investment and servicing functions to CNO Financial Group Inc. and its affiliates, as well as to non-affiliated clients pursuant to investment advisory contracts. Because the Advisers may be simultaneously acting for both affiliated and non-affiliated clients, the Advisers may be recommending to non-affiliated clients that they buy or sell securities in which an affiliated client has invested or will invest. It is the Advisers' policy that, to the extent practicable, all clients with similar investment objectives and guidelines are treated fairly and equitably in the allocation of investment opportunities and in the allocation of securities trades. As described in Item 6, the formula for such allocations will differ depending on the facts and circumstances involved in each allocation.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Advisers' employees may own various marketable securities and hold investments in a variety of enterprises. As a result, they may at times own securities that are also owned by, or recommended to, Adviser clients. The Advisers have policies in place to avoid conflicts of interest when personnel engage in personal securities transactions. The Advisers maintain a Code of Ethics and have adopted certain procedures that are designed to detect and prevent such conflicts of interest. In addition to several trading restrictions, the Advisers' employees are required to report, on a quarterly basis, their personal securities transactions and these reports are monitored by the Advisers' legal and compliance department. In addition, each access person must submit an Annual Certification of Compliance Form. The Advisers' Code of Ethics

is available upon request. Should you desire to receive this document, please contact the Advisers' Chief Compliance Officer, Karl W. Kindig at 317-817-6708 or by e-mail at karl.kindig@4086.com

Each Adviser may also serve as collateral manager for issuers of collateralized debt obligations ("CDOs") and may also, from time to time, recommend investments in such CDOs to its clients. Where a client would invest in a CDO, the applicable Adviser would receive a fee from the CDO for acting as collateral manager and an advisory fee from the client based on the client's assets under management, including the amount of client assets invested in the CDO. Clients investing in such a CDO would be given a disclosure document setting forth the Adviser's fee and other arrangements with respect to managing the CDO assets.

Item 12 - Brokerage Practices

For affiliated clients only, the Advisers may receive research services directly or indirectly from brokers or dealers in return for the execution by such firms of trades in securities on a principal basis.

The Advisers seek to obtain the best execution of securities transactions under the circumstances of the particular transaction. The Advisers monitor and evaluate the performance and execution capabilities of the brokerage firms who transact orders.

Aggregation of Orders: Trade orders on behalf of one client may be aggregated with orders on behalf of other clients. An Adviser will not aggregate orders unless aggregation is consistent with that Adviser's duty to seek best execution and the terms of the Adviser's investment advisory contract. Each client that participates in an aggregated order will participate at the average price for all of an Adviser's transactions in that security on a given business day, with transaction costs shared pro-rata based upon each client's participation in the transaction. The Advisers do not allocate trades or aggregate orders in such a way that affiliated or performance-fee based portfolios will receive preferential treatment over discretionary, non-affiliated client portfolios.

The Advisers have the responsibility for executing trades for each client's portfolio and for negotiating the terms thereof. It is the Advisers' policy to seek to obtain the best quality of execution available, giving attention to net price (including mark-ups/mark-downs where applicable), execution capability (including the adequacy of a firm's capital position), and the other services related to the execution. The relative priority given to these factors will depend on all of the circumstances regarding a specific trade.

Item 13 - Review of Accounts

Review and Accounts: The Advisers have a Compliance Committee that meets weekly to review and discuss any compliance issues that may have arisen in the previous week of trading. The Compliance Committee includes: the President, Chief Compliance Officer ("CCO"), a Compliance Officer, the Chief Information's Officer and the SVP, Portfolio Manager. The Advisers' compliance program is designed to ensure that the Advisers' investment management activities operate in accordance with the Advisers' policies and the provisions of

federal and state laws and regulations, which are applicable to an investment adviser registered under the Investment Advisers Act of 1940, as amended.

In addition, the portfolio managers monitor performance and portfolio risk for each client on an ongoing basis. Factors that are monitored by the portfolio manager include, but are not limited to:

- significant market corrections,
- substantial changes in the value of a client's portfolio,
- year-end tax planning, and/or
- security-specific events.

The Advisers have designated the CCO, who has primary responsibility for administration of the compliance program.

Item 14 - Client Referrals and Other Compensation

The Advisers do not compensate any persons for client referrals nor do the Advisers receive any additional compensation beyond that described in this Brochure.

Item 15 - Custody

The Advisers do not maintain custody or possession of client assets.

Item 16 - Investment Discretion

Generally, each Adviser is granted full discretion to make purchases and sales for a clients account in accordance with each client's investment objectives and guidelines and, with respect to Clear Creek and the 40|86 CLO Issuers, in accordance with the applicable collateral management agreement. Clients may specify certain limitations or restrictions, such as certain minimum quality standards or other investment constraints applicable to securities purchases.

Item 17 - Voting Client Securities

The Advisers have adopted policies and procedures to ensure that they vote client proxies in the clients' best interest. An Advisers only votes proxies related to securities held by portfolio management clients who provided that Adviser with specific, written authority to do so. The client generally provides such written authority via the investment advisory agreement or, with respect to Clear Creek and the 40|86 CLO Issuers, the applicable collateral management agreement. The Advisers base the final voting decisions on a pre-established set of policy and guidelines. This process is designed to ensure that proxies voted are in the best economic interest of the Advisers' clients and insulates as much as possible, voting decisions from conflicts of interest.

Clients may request a copy of the Advisers' proxy voting policies and procedure or a report of how an Adviser voted proxies for their respective accounts. The Advisers will provide

a report showing how proxies were voted for all accounts held at the clients' broker/custodian. The Advisers vote proxies on an aggregated basis.

Item 18 - Financial Information

The Advisers are required in this item to provide you with any information about the Advisers' financial condition that is reasonably likely to impair each Adviser's ability to meet its contractual commitments to clients. There is no such information, as the Advisers have ample capital and resources to meet all of their obligations.