

Cigna Investments, Inc.

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PART 2A of Form ADV BROCHURE

This brochure provides information about the qualifications and business practices of Cigna Investments, Inc. If you have any questions about the contents of this brochure, contact us at 860-226-1626. 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 Cigna Investments, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Cigna Investments, Inc. is a registered investment adviser (CRD Number 105811 and SEC File Number 801-18094). Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2: Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate.

This is Cigna Investments, Inc. initial filing of Part 2A of Form ADV.

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Item 4: Advisory Business

Description of Firm

Cigna Investments, Inc. ("CII") is an indirect, wholly-owned subsidiary of Cigna Corporation ("Cigna"), a publicly traded global health services company. CII provides investment advisory services to institutional portfolios comprised of affiliated insurance companies, their respective general and separate accounts, other affiliated companies, Cigna's pension plans and the Cigna Foundation.

CII became registered as an investment adviser with the Securities and Exchange Commission, effective December 14, 1982. We are based in Bloomfield, CT and organized as a corporation under the laws of the state of Delaware. CII is owned by Cigna Investment Group, Inc., an entity that is owned by Cigna Holdings, Inc., an entity that is in turn owned by Cigna.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, "CII," "we," "our," and "us" refer to Cigna Investments, Inc. and "you," "your," and "client" refer to you as either a client or prospective client.

Portfolio Management Services

CII offers discretionary and non-discretionary portfolio management services. Our investment advice is tailored to meet client needs and investment objectives.

We offer advice on public bonds, private placement securities, commercial mortgages, real estate equity, mezzanine debt, private equity, equity securities, warrants, commercial paper, certificates of deposit, municipal securities, mutual fund shares, United States government securities, options contracts on securities, futures contracts on intangibles, money market funds, derivatives, structured notes, exchange traded funds and hedge funds. These assets may be acquired directly or through pooled investment vehicles.

As of December 31, 2016, CII managed approximately \$34 billion in client assets on a discretionary basis and approximately \$3 billion on a non-discretionary basis. CII has 145 clients.

In a discretionary portfolio management arrangement, CII has the authority and responsibility to formulate investment strategies on your behalf. Discretionary authorization allows us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining prior approval. We also have discretion over the broker to be used for securities transactions and over commission rates to be paid. Discretionary authority is typically granted by a signed investment advisory agreement.

CII will design an investment account based on a client's overall financial condition, goals, risk tolerance and other factors unique to a client. You may limit our discretionary authority by

providing us with your restrictions and guidelines in writing.

As part of our portfolio management services, we may select one or more sub-advisers to manage a portion of your account on a discretionary basis. In selecting a sub-adviser, we take into account performance, methods of analysis, fees, financial needs, investment goals, risk tolerance and investment objectives. We monitor the sub-adviser's performance to ensure its management and investment style remains aligned with your investment objectives.

In a non-discretionary arrangement with CII, client approval is required prior to executing any transactions on your behalf.

Item 5: Fees and Compensation

Advisory Fees on Cost Reimbursement Basis

Our fees are generally charged on an expense recovery basis. Charges include an allocation of CII's operating expenses and direct expenses attributable to particular assets. An example of a direct expense would be outside counsel or consulting fees.

A client is charged its proportionate share of the costs and expenses (i) we incur in providing advisory services to all clients, and (ii) associated with the particular asset classes in which you are invested. Periodically, we establish and revise a schedule of asset classes and the costs and expenses attributable to a particular asset class, taking into account the relative complexity and attention required.

Estimated fees are payable in advance on a quarterly basis. CII provides an invoice or deducts its fees directly from the client's account. Fees paid are adjusted in subsequent periods to reflect actual amounts owed.

Our advisory fees as well as those of any sub-adviser are negotiable. We do not charge a separate fee for the selection of other advisers and do not share in management fees paid to any adviser.

Clients pay a separate fee to a custodian holding their assets and incur brokerage fees for transactions entered into on their behalf. See Item 12: Brokerage Practices

Item 6: Performance-Based Fees and Side-By-Side Management

CII does not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gain or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in Item 5: Fees and Compensation

Item 7: Types of Clients

CII is an indirect, wholly-owned subsidiary of Cigna, a publicly traded global health services company. CII provides investment advisory services to institutional portfolios comprised of affiliated insurance companies, their respective general and separate accounts, other affiliated companies, Cigna's pension plans and the Cigna Foundation. We also provide investment advice to a private fund, a pooled investment vehicle in which affiliated companies are its sole members.

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

Methods of Analysis and Investment Strategies

Investing in securities involves the risk of loss including possible loss of principal that clients should be prepared to bear.

Overall Approach

CII manages investment portfolios using a top-down and bottom-up investment process within a governance framework designed to ensure consistency with a client's mandate. Ultimately, portfolio managers are responsible for constructing a portfolio based on client needs and objectives.

Generally, CII's client portfolios are invested on a "buy and manage" basis, using duration, quality, liquidity and asset mix targets attuned to the client's objectives and/or liabilities being supported. In allocating to asset classes and to assets within asset classes, we use a disciplined process designed to generate value by analyzing credit and other risks, focusing on consistent investment income, emphasizing private assets where appropriate, limiting expenses and trading and managing risk efficiently through diversification and underwriting expertise. For taxable clients, we consider tax impacts of investment proposals. CII then implements buy and sell decisions, leveraging in-house investment expertise and execution capabilities.

Specialists in trading and asset type are primarily responsible for identifying, reviewing and evaluating assets available in the market, and the most attractive assets are matched and allocated to the appropriate portfolios by the portfolio managers. After purchase, assets are periodically reviewed to assure their continued suitability.

A detailed analysis is prepared for private assets before purchase, describing the issuer or asset, the rationale for investing, the risks and expected return, a comparison to similar offerings, exposures to the same or related credits and other relevant information. For securities purchased on publicly traded markets, a similar financial and investment analysis is conducted on an expedited basis.

CII's investment process for each client is governed by the agreed upon mandate, applicable investment authorizations and by processes and procedures established by Cigna's Chief Investment Officer. Our trading in derivatives is in accordance with applicable Derivatives Use Plans.

Fixed Income Investment Strategies

- Investment Grade and High Yield Credit Bonds: CII employs a fundamentally driven, research-intensive investment process to manage fixed income assets. Credit research analysts provide an in-depth review of an issuer's industry and competitive position, business strategy, operating profile, financial condition and management team. Financial analysis includes detailed review of historical and projected metrics, including revenue and profitability, financial and operating leverage, liquidity and asset valuations. Analysts assess issuer ratings migration risk and event risk, both of which drive investment grade security performance. In addition, legal counsel reviews underlying documents to identify structural issues, including the level of covenant protection. Traders and analysts collaborate to synthesize fundamental and structural analysis and to evaluate current market conditions and securities pricing. This investment process provides analysts with a consistent framework to determine relative value, risk, and performance potential across industries, issuers and securities.

The analysis, approval and trading process for high yield credits is similar to that for investment grade securities, with additional emphasis on credit review, covenants, liquidity and potential recoveries in case of default.

- Tax-exempt bonds: Where appropriate to the client's situation, CII may invest in tax-exempt (municipal) bonds in addition to or instead of taxable bonds. Additional considerations for tax-exempt bonds are the current and future tax rates expected by the client, any potential legislative changes affecting the issue, the adequacy of the resources and taxing authority (or other revenue source) of the issuer. We also consider that municipal issues may be smaller or less liquid than other bonds and available underwriting information may not be as complete.
- Asset Backed Securities ("ABS"): In analyzing ABS, we evaluate the issuer's fundamental underwriting practices and the historical performance of previously issued securities. Other factors are reviewed to determine the alignment of interests between ABS investors and issuers. Finally, CII develops performance expectations and stress tests those expectations through the transaction's cash flow waterfall.
- Commercial Mortgage-Backed Securities ("CMBS"): CII begins its evaluation of a CMBS structure with a review of the assets underlying the bonds. This analysis may involve combining market forecasts of rents and vacancy by property type and sub-market along with

tenant rollovers to derive monthly cash flows for each property. Projected loan level losses are then modeled to examine the impact on the CMBS capital structure.

Commercial Mortgage Loan Strategy

CII's mortgage loan analysts are assigned to geographic regions across the continental U.S., reflecting their market expertise and reinforcing strong relationships with brokers and sponsors/borrowers in their designated region. CII seeks investment opportunities through a network of independent mortgage brokers representing borrowers, although we occasionally work directly with potential borrowers. Analysts conduct a detailed analysis of a loan opportunity considering a number of factors, including collateral cash flows, occupancy/tenancy characteristics, market strengths and challenges, collateral value, quality and location, and the strength of the proposed sponsor/borrower. If the analyst determines that a loan opportunity satisfies our preliminary underwriting criteria and portfolio requirements, projected credit rating and proposed loan pricing will be established. The transaction's merits, including underwriting, attractiveness and risk, are important considerations.

Real Estate Equity Strategy

CII's mortgage loan analysts are assigned to geographic regions across the continental U.S. reflecting their market expertise and reinforcing strong relationships with brokers and sponsors/borrowers in their designated region. CII seeks investment opportunities through a network of independent mortgage brokers representing borrowers, although we occasionally work directly with potential borrowers. Analysts prepare an investment summary that includes a detailed analysis of underwriting criteria including collateral cash flows, occupancy/tenancy characteristics, market strengths and challenges, collateral value, quality and location, and the strength of the proposed sponsor/borrower.

While investments in real estate equity may offer important diversification and return benefits, they tend to be illiquid and cyclical. We invest in real estate equity on behalf of clients either by direct investment in individual properties (usually with a joint venture partner) or through funds managed by unaffiliated investment managers. In underwriting direct investment in real estate equity, we review the property (location, property type, quality of improvements, tenants, rent levels, development plans, if any) as well as any partners involved in the investment. Other considerations include balancing the most attractive locations and property types against the benefits of diversification and analysis of whether and/or how much of the investment should be financed by borrowing rather than investor equity. For fund investments, we evaluate the issuer's fundamental underwriting practices, historical performance and the underlying assets in the fund.

Alternative Assets Strategy

Alternative investments include private equity funds, mezzanine debt and hedge funds. These funds are illiquid and charge performance-based fees in addition to management fees.

In conducting a private equity analysis, we look to past performance, fund or company strategy,

strength of management team, financial results and projections and market conditions.

Mezzanine debt is a specialized type of high yield debt, typically with additional return potential from a limited equity participation or “kicker.” The analysis for mezzanine debt is similar to that for a high yield bond, with added emphasis on the due diligence of the underlying borrower and its business, covenants and other investment terms.

Hedge funds are pooled vehicles using various strategies, often involving substantial leverage. Hedge funds may purchase a variety of different types of underlying assets, including bonds, common stock, derivatives or commodities. Accordingly, we conduct a careful review of the hedge fund manager and its performance as well as the underlying assets.

Alternative asset classes may diversify risk exposure and provide different sources of return. Careful evaluation of the credit-worthiness and earnings potential of the asset as well as potential downside results are important as part of the selection process and will reflect current and projected conditions in the economy, the asset class and the specific investment being considered.

Equity Strategy

To best serve our clients, CII outsources management of exchange-traded and other common stock strategies to sub-advisers. We work with our clients to determine the appropriate mix of types of common stock, including indexed vs. active management, U.S. vs. non-U.S., developed vs. emerging markets, etc. We may use separate accounts individually managed for the client or use pooled vehicles, depending upon the size of the mandate and other factors.

Risks Associated With Particular Types of Securities

Risks Generally Associated with Fixed Income Securities

Fixed income securities are subject to credit risk (i.e., the risk that the issuer of a security will not be able to make timely principal and interest payments). Securities rated below investment grade (also referred to as “high yield” or “junk” bonds) involve heightened credit risk, greater risk of default and price volatility. Mezzanine bonds, typically the lowest rated bond type, tend to have the highest risk among fixed income securities. Even if the mezzanine bond pays principal and interest as scheduled, there is a risk that any attached equity kicker will be without value.

Liquidity risk refers to the possibility that a security may be difficult or impossible to sell at the time the seller would like or at the price the seller believes the security is worth. Such fixed income securities may also be difficult to value. For example, private placement securities are less liquid and more difficult to value than public bonds.

Fixed income securities are subject to interest rate risk and may decrease in value when interest rates rise. When interest rates rise, the price of fixed rate bonds fall. Generally, the longer the maturity of a bond, the more sensitive it is to liquidity risk. Fixed income securities are also

subject to prepayment or call risk.

Municipal securities are subject to risks that include credit risk, the possibility the issuer may be unable to repay the obligation, a relative lack of information about certain issuers of municipal securities and the possibility of future legislative changes that could adversely affect the market for and value of municipal securities.

Treasury obligations differ in interest rates, maturities and times of issuance. Obligations of U.S. Government agencies are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. Government.

Money market securities are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Forward commitments involve the risk that the security will lose value prior to delivery. There is the additional risk that the security will not be issued or that the other party to the transaction will not meet its obligation. If this occurs, an investor loses both the investment opportunity for the assets it set aside to pay for the security and any gain in the security's price.

Fixed income securities are subject to currency risk (i.e., the risk that changes in the exchange rate between currencies will adversely affect the value of an investment).

Certificates of deposit are generally low risk investments since they are insured by the federal government up to a certain amount. However, because the returns are low, inflation may outpace the return.

Commercial paper is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. The risk to the investor is that the issuer may default.

Risks Generally Associated with Direct Real Estate Equity Investment and Commercial Mortgage Loan Investments

Direct real estate equity investments are typically joint ventures with local or regional developers for the purpose of ground-up development of various property types such as office/industrial, multi-family and community retail projects. Commercial mortgage loans are secured by the same project types, either newly built or with an operating history.

General risks incident to the development and ownership of real estate projects are: changes in the general economic climate; changes in the overall real estate market; local real estate conditions; the financial condition of buyers and sellers of properties; the supply of or demand for competing properties in an area; accelerated construction activity; the availability of financing; changes in interest rates; competition based on sale prices; energy and supply shortages; and various uninsured and uninsurable risks and government regulations. In addition, loans are subject to typical fixed income risks such as prepayment, increases in interest rates and default.

Real property owners and operators are subject to U.S. federal and state environmental laws that impose joint and several liability on past and present owners and users for hazardous substance remediation and removal costs. Generally, a lender or an equity investor will not take title to a property absent an acceptable environmental study, and title will be taken in a limited liability vehicle.

Lenders and real property owners are subject to various creditor risks such as missed or delayed rental payments, bankruptcy and receivership or credit issues suffered by tenants.

Insurance against certain risks, such as earthquakes, floods or acts of terrorism, may be unavailable or available in amounts that are less than the full market value or replacement cost of real property securing the commercial mortgage loan or subject to a large deductible.

Defaulted commercial mortgage loans or loans under bankruptcy protection laws may be subject to potential liabilities that could exceed the value of the original investment. In addition, payments to a lender may be reclaimed if any such payments or distributions are later determined to have been fraudulent conveyances or preferential payments under applicable law.

Projections regarding future growth rates and demand in the applicable market, construction costs, market prices and disposition timing and proceeds are inherently uncertain. To the extent that the actual outcome of any of such matters differs from assumptions, actual net income and cash flow from the real property could be materially affected and could be materially lower than those projected.

Risks Generally Associated with Equity Securities

Equity securities are subject to market risk (i.e., the risk that one or more securities will go down in value, including the possibility that the securities will go down sharply and unpredictably). Equity securities may decline in value due to the activities and financial prospects of individual companies or due to general market and economic trends. Generally, investments in small capitalization and mid-capitalization companies involve greater risks than investments in larger, more established companies and are subject to greater volatility and liquidity risk. Investments in non-U.S. equities may involve risks specific to the countries where the company is located as well as currency risk.

Investments in warrants may involve substantially more risk than investments in common stock. If the price of the stock underlying a warrant does not rise above the exercise price before the warrant expires, the warrant expires without any value and the portfolio loses any amount paid for the warrant.

Risks Generally Associated with Derivatives

Derivatives are instruments whose value depends on, or is derived from, the value of an underlying asset or index. Derivatives are volatile and may involve significant risks. In addition to credit risk, liquidity risk and currency risk described above, derivatives may be subject to counterparty risk, basis risk, index risk and leverage risk.

Counterparty risk refers to the risk that the counterparty to a derivatives contract may be unable or unwilling to honor its obligations under the contract.

Hedging is a strategy that uses a derivative to offset the risks associated with another asset or liability. Hedging can reduce losses, but it also may reduce gains. Due to basis risk and other factors, hedging may not perfectly offset the risk it is designed to avoid. CII is not required to hedge derivatives or other positions.

Risks Generally Associated with Alternative Assets

Private equity and mezzanine debt have similar risks to common stock and high yield debt, respectively, including market and liquidity risk, bankruptcy and poor performance of the issuer. Private equity funds and mezzanine debt typically restrict the ability of investors to transfer ownership. In addition, as private equity has become more popular with institutional investors and the size of funds has become larger, there is increasing risk that pricing or other conditions will be less attractive to investors.

Hedge funds have all of the risks of the underlying investments held in the fund (e.g., fixed income securities, common stock, derivatives or commodities, such as oil). Hedge funds often trade frequently, leading to high transaction costs. The use of leverage (borrowed money) by hedge funds amplifies the risk. Hedge funds often limit the ability of investors to withdraw their funds or to sell their interests, limiting liquidity.

Risks Generally Associated with Mutual Funds and ETFs

CII may invest in mutual funds and exchange traded funds (“ETFs”) and interests in investment companies that are not registered under the Investment Company Act of 1940, such as private placements in pooled investment vehicles and other private issuers. In addition, we offer advice on interests in partnerships and other vehicles that invest in mortgage related securities such as real estate investment trusts, pass-throughs, whole loans and/or direct interests in real estate.

Investments in mutual funds incur fees that are separate and apart from fees charged by an investment advisor. Investors in mutual funds will bear a proportionate share of the operating expenses of the mutual funds, including advisory fees, in addition to fees that may be paid to the investment adviser.

An investment in an ETF generally presents the following risks: the same primary risks as an investment in a fund that is not exchange-traded that has the same investment objectives, strategies and policies as the ETF; the ETF may fail to accurately track the market segment or index that underlies its investment objective; price fluctuation; the ETF may trade at a price lower than its net asset value; and liquidity risk, sector risk and foreign and emerging market risk.

Risks Generally Associated with Limited Liability Vehicles

Certain investments may be structured as a limited partnership or a limited liability company. The partnership or limited liability company (e.g., private equity fund, hedge fund, mezzanine debt and commercial mortgage) invests in one or more underlying investments such as real estate development or oil exploration for financial gain.

A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The general partner may or may not invest capital, but has management authority and personal liability for the partnership's obligations. So long as it does not participate in management, a limited partner's liability and loss is limited to the amount of its investment in the partnership. Participation in management will result in treatment as a general partner with unlimited liability. Profits are divided among general and limited partners according to an arrangement formed at the creation of the partnership.

A limited liability company is a financial affiliation that may be managed by one or all of the members of the company. A managing member may or may not invest capital and has management authority as agreed upon by the members of the company who may also participate in management. Member liability is limited to the amount of its investment in the company. Profits are divided among members according to an arrangement formed at the creation of the company.

Item 9: Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management.

1. Criminal or Civil Proceedings: None
2. Administrative Proceedings before Regulatory Authorities: None
3. Self-Regulatory Organization Proceedings: None

Item 10: Other Financial Industry Activities and Affiliations

Arrangements with Affiliated Entities

CII is affiliated with Cigna and its subsidiaries through common control and ownership. This is material to CII's business because all of CII's clients are affiliated with, or in some manner related, to Cigna.

CII may recommend that you use a third party money manager based on your needs and suitability. We do not receive separate compensation, directly or indirectly, from any third party manager. However, we may have other business relationships with the recommended third party manager that includes a trading relationship when we trade for our own account.

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

Description of Our Code of Ethics

CII's Code of Ethics forms the framework for our commitment to legal compliance, integrity and ethical conduct. It defines four basic ethical principles that guide our decisions and our actions:

1. We will comply with applicable laws, rules and regulations;
2. We will avoid conflicts of interest;
3. We will protect client assets; and
4. We will behave ethically.

Our Code of Ethics is based on the principle that our employees, officers and directors owe a fiduciary duty to all clients to conduct their personal securities transactions and other activities in a manner which does not interfere with investment transactions or otherwise take unfair advantage of their relationship with our clients. We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with CII. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith and fair dealing with you. Our associates must seek to avoid any actual or potential conflicts between their personal interests and the interest of clients, thereby placing the interests of our clients before their personal interests. In addition, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about a client or its holdings.

Our associates are expected to adhere strictly to these guidelines and to report any violations. Technical compliance with these provisions will not automatically insulate from scrutiny transactions and activities that show a pattern of compromise or abuse of an individual's fiduciary duties to clients.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Related persons of CII are separately compensated as members of the board of directors of private and publicly traded companies in which a client may be solicited to invest. While we strive to put client interests ahead of our own as part of our fiduciary duty, this situation may create a conflict of interest since related persons have an interest to recommend investing in these companies given the management and/or ownership interest in those companies. Securities of companies for which related persons serve on a board of directors are subject to our restricted list and are only recommended after a specific conflict review and approval has been granted.

Item 12: Brokerage Practices

Best Execution

CII fulfills its best execution duty by placing client transactions with the goal of maximizing value for the client under the particular circumstances at the time of the transaction, and this often includes seeking the best price. However, CII not only measures best execution by the circumstances surrounding a single transaction, but also seeks best execution over time across multiple transactions for all client portfolios.

Traders are not to choose the broker offering the best price if, in their reasonable judgment, based on the consideration of factors such as those listed below, there is a material risk that the total qualitative level of execution provided by that broker might be less favorable than may be obtained elsewhere. Moreover, traders may or may not elect to solicit competitive bids or offers for a particular transaction based on their judgment of the potential benefit or harm to the execution of that transaction.

When making a best execution determination, we will consider multiple factors, including:

- Execution capability
- Transaction fees and charges
- Effective communications
- Distribution capabilities
- Electronic efficiencies
- Whether the broker follows a particular security
- Custodial capabilities and costs
- Ability to execute and settle trades efficiently
- Block trading and block positioning capabilities
- Willingness to execute related or unrelated difficult transactions
- Order of call
- Availability of securities to borrow for short trades
- Trade error policies and practices
- Client reporting capabilities
- Financial stability
- General reputation

Best execution practices vary depending on the type of security and transaction being executed, the size of the trade and prevailing market conditions. Different factors have different levels of importance with each order.

Trades may only be executed with brokers that have been placed on CII's list of approved brokers. We use brokers with demonstrated service capabilities (e.g., market knowledge and presence, financial strength and stability, ability and willingness to position trades, block trading coverage, effective settlement processing and research), and monitor the quality of trade

execution and services.

We may use a bid list platform when soliciting bids for bonds being sold in the over-the-counter market. In general, using a bid list platform expands the number of brokers alerted to and responding to a bid wanted and helps to ensure receipt of an acceptable bid. While we generally execute a transaction at the highest bid level received, from time to time qualitative factors may cause us to accept a lower bid than initially offered.

CII's relationships with brokers, and in particular with those brokers who are affiliated with large financial services organizations, may be complex. In addition to our trading relationships with brokers, we may have other relationships with them, including investing client assets in securities issued by that broker or using such brokers for derivatives transactions.

CII is aware of potential conflicts of interest that may exist when executing client transactions and has set forth the following prohibited practices:

- Trades may not be directed to brokers in return for covering the cost of error corrections;
- Trades may not be directed in return for suggested preferential treatment in new issues, initial public offerings or other placements;
- Trades may not be directed in return for gifts and entertainment;
- Trades may not be directed in return or recognition of client referrals; and
- Trades may not be influenced by any personal conflict such as a family relationship with an employee or owner of a counterparty.

Although CII has an affiliated broker-dealer, we execute transactions on behalf of clients only through unaffiliated broker-dealers or other financial intermediaries that are on CII's approved broker list.

It is CII's policy to treat its clients fairly and equitably. We will assess and determine when a trade error has occurred and reinstate the client to where it would have been had not the trade been made. All trade errors must be reported as soon as practicable after discovery of the error and corrective action is taken in a timely and prudent manner.

We may recommend that advisory clients invest in securities that CII or an affiliate has acquired as principal, including in a riskless principal transaction or on an agency cross transaction. In standard principal transactions, the security may be acquired by CII or an affiliate at a given price and sold to the client at a higher price.

CII does not have any soft dollar arrangements. We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Aggregated Trades

CII may aggregate portfolio management orders into a single order (absent specific client instructions to the contrary) when it determines that it is consistent with best execution and in the

best interests of the client. It is the policy of CII that when a decision is made to aggregate transactions on behalf of more than one account, such transactions will be allocated to all participating client accounts in a fair and equitable manner. Such combined or “batched” trades may be used to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing overall transactions costs. We may include affiliated accounts in such aggregated trades. Equity trades will carry the average dollar weighted execution price. Due to the nature of the over-the-counter fixed income market (with limited liquidity among different counterparties and no centralized exchange), the concept of average dollar weighted execution price does not apply to fixed income trades. We do not receive compensation as a result of block transactions.

Item 13: Review of Accounts

CII monitors client accounts and conducts periodic account reviews to ensure that advisory services provided are consistent with client investment needs and objectives. The individuals conducting these reviews may change as personnel join or leave our firm. We meet with you upon request to discuss your account.

We will also provide periodic reports in conjunction with account reviews upon request. Reports provided contain relevant account and/or market-related information such as an inventory of account holdings and account performance.

Item 14: Client Referrals and Other Compensation

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Item 15: Custody

Under Rule 206(4)-2 under the Investment Advisers Act of 1940, CII may be deemed to have custody of client assets in certain circumstances. Given its relationship with respect to affiliated clients and a private fund whose members are affiliates, CII is in a position to access the accounts of certain of its clients.

Additionally, we may effect third party wire transfers for certain client accounts without client consent, and we have the authority to debit certain client accounts. An adviser with authority to conduct third party transfers, debit accounts or sign checks on a client's behalf, has access to client accounts, and, therefore, has deemed custody of client assets.

CII uses unaffiliated custodians for physical custody of assets. Generally, assets of our clients are held in the name of the client by an independent qualified custodian, or are private, uncertificated securities recorded on the books of the issuers in the name of the client. Monthly statements, including transactions and holdings, prepared by the custodian are made available to

clients upon request. We will retain an independent accounting firm to provide a surprise examination on an annual basis of all client accounts, except the private fund, for which we are deemed to have custody. With respect to the private fund, we will retain an independent accounting firm to provide audited financial reports on an annual basis to the members of the private fund.

Clients should carefully review and compare the custodian's statements with any statements we provide. The account statements from the custodian will indicate the amount of any advisory fees deducted from your account during each billing period.

Item 16: Investment Discretion

CII accepts discretionary authority to manage assets on behalf of clients and may also provide investment advisory services for non-discretionary assets as well.

Clients may grant CII discretion over the selection and amount of securities to be purchased or sold, the broker to be used for each transaction and commission rates without obtaining prior approval. Clients may specify investment objectives, guidelines or impose certain conditions or investment parameters for its investment account. For example, a client may specify that an investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio or otherwise restrict certain purchases.

Any non-discretionary arrangements require client approval prior to the execution of any transaction. See Item 4: Advisory Business.

Item 17: Voting Client Securities

CII has authority to vote client securities and, accordingly, has adopted written proxy voting policies and procedures as required by Rule 206 (4)-6 under the Investment Advisers Act of 1940. These policies and procedures are designed ensure that proxies are voted in the best interest of CII's clients and in accordance with our fiduciary duty.

It is CII's policy to review each proxy proposal on its individual merits. Our general objectives in voting proxies are:

- Discharge our duties prudently and solely in the interest of the client;
- Act prudently in voting of proxies by considering those factors that would affect the value of the client's assets;
- Maintain accurate records as to voting of such proxies that will enable us to periodically review voting procedures employed and actions taken in individual situations;
- Take reasonable steps under the particular circumstances to ensure that we actually receive proxies for which we are responsible;
- Comply with current and future applicable laws, rules and regulation governing proxy voting; and

- Periodically monitor third party managers with respect to their voting of proxies.

Conflicts of interest between CII or CII associates and clients in respect of a proxy issue may arise, for example, from personal or professional relationships with a company or with the directors or senior executives of a company that is the issuer of securities held by a client. In the case of a material conflict of interest with CII, we will engage an independent party to vote the proxies. If the conflict of interest arises with respect to one of our associates, the associate will recuse himself or herself from voting the proxies affected by the conflict of interest.

To the extent CII has appointed sub-advisers to manage assets, we generally delegate the responsibility for proxy voting assets to the relevant manager.

CII generally requires sub-advisers to provide annual reports of all proxy voting activity (including the decision to abstain from voting proxies) with respect to assets under its management.

A copy of CII's voting policies and procedures may be obtained upon request. Clients may obtain information about a particular proxy vote upon request.

Item 18: Financial Information

No information is required to be provided.