

CONNING, INC.

Form ADV Part 2A

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

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

Additional information about Conning is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

None

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

Additional information about **Conning, Inc.** is also available via the SEC's web site www.adviserinfo.sec.gov.

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Item 4 – Advisory Business

Conning is a registered investment adviser with the Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940. Conning began conducting its SEC-registered investment advisory business in 1983. Conning is a wholly-owned subsidiary of Conning & Company. Conning is also registered with the Central Bank of Ireland (“CBI”) acting as an investment manager to Irish authorized investment funds and a commodity trading advisor (“CTA”) registered with the Commodity Futures Trading Commission (“CFTC”) and the National Futures Association (“NFA”).

Conning specializes in managing fixed income and equity investments on behalf of institutional, insurance and pension clients. Conning offers a range of actively managed multi-sector strategies. As of December 31, 2016, Conning’s assets under management totaled approximately \$72 billion, the majority of which are managed on a discretionary basis.

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

Institutional Accounts

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

Conning’s U.S. High Dividend Equity (“HDE”) and Global High Dividend Equity (“GDE”) Strategies invest in a portfolio of large cap equities with similar characteristics: strong financial profiles, healthy dividend yields and a history of maintaining or raising the dividend payout. The strategies are designed to participate in the performance of rising equity markets and outperform in down markets, while providing a steady income component to total return in all markets.

Conning offers an internally-managed U.S. Indexed Equity Strategy which utilizes advanced computer-based portfolio management and trading systems. This passive approach provides broad exposure to the market and a high level of confidence in achieving market performance.

Conning's Master Limited Partnership ("MLP") Strategy is designed to place an emphasis on MLPs with attractive yields and stable growth to improving cash flows. We focus on larger capitalization MLPs with moderate leverage. Portfolio turnover is limited to maximize after-tax returns.

Other Related Investment Management Services

Conning utilizes an affiliated registered investment adviser, Octagon Credit Investors, as a sub-adviser in relation to investment advice and management with respect to collateralized loan obligations ("CLO"s).

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

Investment Solutions

Conning will develop customized outcome-oriented investment solutions for insurance companies and pension plans which can assist with increasing the probability of achieving the objectives of plan sponsors with practical market investment solutions. These include on-balance sheet Liability Driven Investing ("LDI") and ready-to-transfer annuity-like portfolios. These services also include investment advisory, asset allocation, asset liability management and strategic research on a consulting basis.

Conning also serves as a CTA for a Collective Investment Trust Fund sponsored by the Global Trust Company.

Insurance Research Publications

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

Risk Solutions

Conning's proprietary modeling software products are used in our Asset Management and Investment Solutions businesses and are also available for license to insurers and other financial organizations. At the core is our GEMS[®] Economic Scenario Generator, which provides real world and risk neutral scenario capabilities, allowing to project realistic future states of global economies and capital markets. These services are offered as stand-alone or included in our full service product.

Conning does not offer manager search or performance evaluation services.

Item 5 – Fees and Compensation

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

Some institutional and insurance company investment management clients incur other charges, including charges imposed by custodians.

Institutional Accounts

Asset management fees are determined based on contractual provisions and assets under management. Billing is generally conducted quarterly in arrears with the majority of asset management clients billed using a four period monthly average which adds together assets under management for the month that precedes the current calendar quarter for which the calculation is being made plus assets under management at the end of each month in the current calendar quarter, then dividing the sum by four. Conning does not deduct management fees from client accounts. Management fees are prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of contributions and withdrawals made in the ordinary course of business, such as fees and expenses). Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee.

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

Fixed Income Services and Fees:

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

Specialty Asset Services and Fees:

Conning manages portfolios of specialty assets (e.g., HDE, GDE, MLP, Indexed Equity and CLO's). Annual fee schedules are negotiated on an account-by-account basis, based upon the type and scope of services provided, whether managed actively or passively, and the size of mandate. Fees are billed on a pro-rated basis monthly, quarterly, or semi-annually in arrears. Fee schedules are generally within the range of 10 basis points to 75 basis points annually for institutional clients. Conning typically seeks a minimum dollar fee or a minimum mandate size.

Incentive-Based Fees:

For certain types of clients and mandates, annual fees are calculated based on the income and capital appreciation of the account. Fees are generally a negotiated combination of fixed and incentive fees and are billed quarterly or semi-annually in arrears.

Accounts of this type are accepted only if all conditions of Rule 205-3 of the Investment Advisors Act of 1940 are met. Incentive-based fees are charged to clients as permitted by Rule 205 under the Advisors Act.

Investment Solutions

Annual fees are based on a tiered fee schedule the components of which are generally within the range of 25 basis points to 50 basis points for separate account clients. The Collective Investment Trust fee schedule varies from 5 basis points to 125 basis points depending on the strategy selected and the size of the mandate. Conning seeks a minimum dollar fee or a minimum mandate size.

Insurance Research Publications Fees

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

Risk Solutions

Customized software solutions for insurance companies and pension plans are produced on a contracted basis. Fees for these projects are negotiated on an individual basis and payable either in installments or upon completion of the project.

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

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

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

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

Conning addresses such conflicts by ensuring that all clients receive fair and equitable transactions by bunching trades when applicable. One way this is monitored is by the

performance of a daily trade recap review conducted by the Compliance Department. Our risk management area also performs an independent trade review on a daily basis to identify potential price differences between client transactions.

“Side-by-side management” refers to the simultaneous management of multiple types of client accounts and/or investment products. For example, Octagon Credit Investors, LLC., an affiliated registered investment adviser, manages CLO accounts and Private Funds, which may follow similar, complementary or competing investment objectives, policies or strategies. Side-by-side management gives rise to a variety of potential and actual conflicts of interest for Conning and its employees and affiliates, including, as discussed below, the incentive to favor certain accounts with performance-based fees or accounts that generate multiple levels of fees (i.e., when fee earning clients invest in Octagon managed CLOs) or accounts in which Octagon and its related persons have a pecuniary interest. Employees of Octagon and Conning, including persons who serve on Octagon’s investment committee or act as portfolio manager to various clients, may invest in funds, or may take interests in a fund’s general partner and thus participate in the performance fees or “carried interest” paid to the general partner by that fund. Accordingly, Octagon, Conning, and their respective affiliates and personnel, including persons involved in the management of one or more clients, may have differing pecuniary interests with respect to different clients. These persons may have an incentive to favor those clients in which they have greater pecuniary interests. See Item 10 – *Other Financial Industry Activities and Affiliations*.

Item 7 – Types of Clients

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

Regardless of client type, Conning typically seeks a minimum dollar fee or a minimum mandate size.

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

FIXED INCOME:

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

- ❖ Firm-wide sector views provide top down influence on portfolio construction;
- ❖ Issue selection driven by "fundamentals first" philosophy;
- ❖ Strategy implementation combines portfolio needs/constraints with sector views, selection opportunities, risk management and active sector rotation.

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

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

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

Portfolio Management Principles

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

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

Fundamental Value

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

Relative Value

Relative value determination falls to the trading desk, where traders apply their knowledge of trading histories, inter-market spreads, dealer inventories, and end-user portfolios to find and execute the best price. On the total return side, portfolio managers are heavily involved in the determination of relative value. Portfolios are designed to be neutral in terms of duration relative to the benchmark or peer-group, to minimize exposure to interest rates.

Structural Value

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

Factors that drive this decision include:

- ❖ The existing and desired duration exposure, yield curve positioning, credit posture and liquidity requirements;
- ❖ Concentrations of risk by sector and sub-sector, cash flow and volatility exposures and relevant accounting effects;
- ❖ Relative value approach which stresses active sector rotation (total return strategy), and if allowed in the client guidelines, could include below investment grade and emerging markets.

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

EQUITY:

U.S. High Dividend Equity \ Global Dividend Equity Strategies

Conning’s analysis of companies focuses on the financial strength of the company and its ability to generate cash flow from operations across the economic cycle to support current and future dividends. Sector concentration limits and equal weighting of all companies in the portfolio ensure a portfolio that is diversified by issuer and sector yet focused on names with similar financial profile characteristics. Conning utilizes an intersection approach of both quantitative screening and qualitative bottom up analysis. Companies must pass through multiple screens, identifying companies with an

attractive dividend yield, a history of maintaining or raising the dividend, and a financial profile supportive of the future continuation of dividend payments.

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

- 1) Quantitative Screening – S&P 500 is starting universe (HDE). ACWI is starting universe (GDE). All names are run through multiple screens.
- 2) Qualitative Review – All survivors have fundamental bottoms up review by Conning's credit research team.
- 3) Comparative Review – Remaining names are reviewed against each other to identify weakest names in the group and final portfolio is constructed.

Indexed Equity Strategy

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

Investment Process: Our Indexed Equity Process is a passive approach that provides broad exposure to the market, a high level of confidence in achieving market performance and the certainty of low costs.

Master Limited Partnership (MLP) Strategy

Emphasis is placed on MLP's with attractive yields and stable to improving cash flow. We focus on larger capitalization MLP's with moderate leverage. Portfolio turnover is limited to maximize after-tax returns. Issuers must meet Conning's requirements for strong management, steady and consistent cash flow, investment grade debt ratings, and those MLP's which we believe have moderate exposure to commodity price volatility.

Investment Process: There are several steps to Conning's MLP investment process:

- ❖ Quantitative screens of a broad MLP universe to identify companies meeting certain parameters: Criteria reviewed include leverage metrics, cash flow trends, equity market capitalization, current yield, valuations, earnings stability and price volatility;
- ❖ Qualitative analysis eliminates issues with higher risk profiles: Issues that do not meet Conning's requirements for strong management, steady and consistent

cash flow, investment grade debt ratings, or those overly exposed to commodity price volatility, are eliminated;

- ❖ Ongoing monitoring of MLP portfolio constituents: Conning conducts continuous reviews of potential portfolio constituents; changes in underlying business fundamentals can lead to a conviction sale; the target universe is reviewed quarterly for the addition of new names and the elimination of names no longer meeting parameters.

INVESTMENT SOLUTIONS:

Liability Driven Investing

We develop and manage assets relative to benchmarks that are customized to reflect each pension plan. These include customized credit benchmarks to reflect the term structure and credit spread exposure of the plan's liabilities (accounting, funding or annuity-like).

Investment Process: Conning's LDI solution approach includes:

- ❖ Long duration credit strategies, including corporate and government;
- ❖ Custom liability-driven benchmark strategies;
- ❖ Completion management strategies - that include customized credit completion portfolios in addition to Treasury and interest rate derivative and futures instruments;
- ❖ Development of liability driven strategies within the de-risking glidepath framework that clients are developing or have already established.

Risk Management

Credit Risk: The risk that the issuer of a security will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline. Debt securities rated below investment-grade are especially susceptible to this risk.

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

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

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

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

Market and Economic Risk: Investment value may decline due to changes in general economic and market conditions. A security's value held in an account may change in response to developments affecting entire economies, markets or industries, including changes in interest rates, political and legal developments, and general market volatility.

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

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

Liquidity Risk: Due to a lack of demand in the marketplace or other factors, an account may not be able to sell some or all of the investments promptly, or may only be able to sell investments at less than desired prices. Certain debt securities are substantially less liquid than many other securities.

Risks Affecting Specific Issuers: The value of an equity security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may comprise a variety of factors, including but not limited to management issues or other corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.

Derivatives Risk: Conning periodically buys or sells forwards, futures or other derivatives as long as they are consistent with the client investment guidelines. Derivatives involve risks associated with the securities or other assets underlying the derivatives, as well as risks different or greater than the risks affecting the underlying assets. Risk associated with the underlying assets include the inability or unwillingness of the other party to a derivative to perform its obligations to an account, an account's inability or delay in selling or closing positions in derivatives, and difficulties in valuing derivatives.

Leverage Risk – For some programs where Octagon acts as sub-advisor to Conning, losses incurred on leveraged investments will increase in direct proportion to the degree of leverage employed. The accounts will also incur interest expense on the borrowings used to leverage its positions. The use of leverage also may result in the forced liquidation of positions (which may otherwise have been profitable) as a result of margin or collateral calls, depending on an account's structure. To the extent the assets have been leveraged through the borrowing of money, the purchase of investments on margin or otherwise, the interest expense and other costs and premiums incurred in relation thereto may not be recovered. If gains earned by the portfolio fail to cover such costs, the leveraged instrument may decrease faster than if there had been no borrowings. Moreover, to the extent Octagon can adjust leverage levels, Octagon could increase (or decrease) leverage at times when it is not advantageous to do so and, as a result, the value of your investment can decrease. (refer to Octagon's Form ADV Part 2A for more detail).

Item 9 – Disciplinary Information

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

Item 10 – Other Financial Industry Activities and Affiliations

Industry Affiliations & Activities

Conning is a wholly owned subsidiary of Conning & Company whose parent is Conning Holdings Limited which is a wholly-owned subsidiary of Cathay Life Insurance Co., Ltd., a Taiwanese company. A list of affiliated entities is specifically disclosed on Schedule D

of Form ADV, Part 1 at Item 7.B. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

Conning is an affiliate of Goodwin Capital Advisers, Inc. ("Goodwin"), Conning Investment Products, Inc. ("CIP"), and Octagon Credit Investors, LLC. ("Octagon") which are all registered investment advisers with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940. Certain individuals will assume dual responsibilities within Conning and its affiliates in relation to Portfolio Management, Trading, IT, Legal, Board Member's and other services. All individuals must adhere to our Code of Ethics, which is outlined in Item 11.

Conning provides investment management and advisory services for Cathay Life Insurance Co., Ltd., which is the parent of Conning & Company.

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

Conflicts of Interest Associated with Affiliated Advisers and Other Business Activities

Conning & Company owns a majority interest in Octagon. Octagon's investments generally consist of different investment asset classes from those that Conning, CIP, and Goodwin generally invests in on behalf of their clients. Currently investment opportunities are generally not expected to overlap between Octagon and Conning clients. Octagon and Conning maintain separate investment committees which are responsible for making the investment decisions on behalf of each adviser's clients, in accordance with their investment strategies. Conning has appointed its CEO as an observer with respect to Octagon's Investment Committee. As an observer, the CEO will have access to material nonpublic information ("MNPI") with respect to all issuers discussed and will be subject to strict firm policies and procedures regarding access to MNPI. This individual is not involved in the investment decision making process or portfolio management for Conning or any other affiliate.

Material Nonpublic Information

Discussions and interactions between Octagon and Conning personnel are subject to the compliance policies and procedures that have been implemented within and between their respective businesses, including the establishment of information barriers in order to mitigate the potential for any conflict of interest involving material nonpublic information concerning an issuer of securities or a borrower of bank loans. Also, certain

Conning professionals may perform services for both Conning and Octagon, which involve access or the ability to access Octagon confidential information and MNPI, including for example, certain information technology employees with access to Octagon's network or data files. Such employees will be subject to Octagon's Code of Ethics and policies and procedures regarding MNPI.

Though unlikely, a breach or failure of information barriers between the firms could occur, which could result in clients of Conning being unable to engage in certain transactions they would otherwise find attractive, or being able to engage in such transactions only during limited periods of time. This could result in a client of Conning not being able to acquire or sell an investment that it otherwise might have acquired or sold.

In an effort to manage possible risks from the inadvertent sharing of such information, both Octagon and Conning maintain a Code of Ethics program and provide training to supervised persons with respect to the receipt and handling of material nonpublic information. In addition, each advisor maintains a separate Compliance Department which maintains a restricted securities list which the firm may have access to material nonpublic information and which clients and/or employees are not permitted to trade. Nevertheless, notwithstanding the maintenance of restricted lists and other internal controls, it is possible that the internal controls relating to the management of material nonpublic information could fail and result in Conning or one of its investment professionals, buying and selling a security while, at least constructively, in possession of material nonpublic information. Inadvertent trading on material nonpublic information could have adverse effects on Conning's reputation, result in the imposition of regulatory or financial sanctions, or Conning could be required to refrain from taking an investment action. Each of these could negatively impact Conning's ability to perform their investment management services on behalf of their clients.

Conning may decline to receive certain information available to loan market participants, which may include material non-public information about a loan issuer, in order to avoid trading restrictions with regard to securities of that issuer, even though access to such information may have been advantageous to a client investing in loans. Clients and investors may be adversely affected by such restrictions.

Affiliated Referral & Sub-Advisory Relationships

Conning has entered into referral and sub-advisory arrangements with Octagon and other affiliated entities, whereby fees are exchanged in connection with referrals of clients' and/or prospects, in relation to investment advice, and with respect to the sub-advisory of collateralized loan obligations ("CLO"s). This practice creates a conflict of interest, in that Conning could have an incentive to refer prospective clients to an affiliate based on the compensation received, rather than based on that client's needs. Prospective clients are under no obligation to engage with or purchase investment

products or services from a Conning affiliate. Any compensation received from an affiliate will be paid by that affiliate from fees collected from the client, and will not be imposed on the client in addition to established fees in connection with management of an account or product.

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

Broker-Dealers

Conning has a direct affiliated broker-dealer, Conning Investment Products, Inc. ("CIP"). Conning does not use this entity for client security transactions; however, CIP does offer affiliated and/or non-affiliated private funds to current Conning clients, if suitable.

CIP has entered into a placement agreement with Octagon through which interests of Octagon Private Funds will be offered going forward. Octagon will pay placement fees out of existing management and incentive fees, and additional fees will not be imposed on the client or investor. To the extent permitted by a Private Fund's Governing Documents, expenses in connection with offering Private Fund interests, including those incurred by CIP, may be borne by the Private Funds. Certain Conning and Octagon personnel are registered as representatives or principals of CIP, for purposes of offering the Private Funds.

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

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

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

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

Item 12 – Brokerage Practices

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

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

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

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

Conning currently does not participate in soft dollar arrangements.

Conning does not receive client referrals from any broker.

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

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

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

Conning's Best Execution Committee consists of members from Investment Management, Trading, Operations and Compliance. The Committee meets quarterly to set, guide and review brokerage allocation and practices. New brokers are reviewed and approved by the Chief Risk Officer and the Compliance Department.

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

If consistent with a client's investment objectives, investment restrictions, and risk tolerance, Conning purchases securities sold in underwritten new issues, ("deal securities") for client accounts. Deal securities are allocated among participating accounts in a fair and equitable manner so as not to unfairly discriminate in favor of certain clients or types of accounts. When a portfolio manager receives a reduced allocation of deal securities, the portfolio manager will allocate the reduced allocation among accounts in accordance with the allocation percentages set forth in the initial allocation instructions for the deal securities, except where this would result in de minimis allocation to any client account. For some programs where Octagon acts as sub-advisor to Conning, certain clients may not be able to participate in investment opportunities absent participation by other clients, or may be prevented from participating where it would not be possible to allocate opportunities fairly or equitably among clients.

Equity and fixed income securities are priced on a daily basis when available from Conning's pricing vendor (Reuters/Markit). For month end portfolio pricing, Conning manually prices any security that is not priced by a vendor, using a pre-determined source hierarchy. When Reuters is unable to provide a price, Conning will look to Markit, SPSE (Standard and Poor's Security Evaluations), then the *Street* (i.e., brokers buying/trading/selling) to provide pricing. When a broker is unable to price a security, Barclay's Index pricing will be used. Conning's Credit and Trading Groups may research securities, particularly distressed securities, and if documented and justified for using a particular price level/method, that price will be used. Where pricing is not available from any 3rd party sources and sufficient information is available (via Bloomberg or other documentation) to model the security on Yieldbook, it is modeled using the best available indicative information. Conning will then use the Corporate Spread Matrix to provide a spread and apply to Yieldbook. If we are not able to price using the Spread Matrix, a Bloomberg price will be used, if available. Finally, when no information is available, we will use the prior month price adjusted based on the price return of a pre-determined index. When these analytic methods cannot be used and no information is available, Conning will use the prior month price as a last resort. Also, depending on the

availability and timeliness of supporting documentation, the purchase price is used if/when it has been purchased within the month as this price represents an actual transaction price. Where the purchase was made closer to the beginning of the month there is greater emphasis on identifying a source from the hierarchy. Where supporting documentation is not available the purchase price is used.

Additionally, the supervisory team responsible for best execution quality standards meets quarterly and reviews transactions against all Conning-priced valuations; variances of 5% or more must be explained and documented.

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

As in any business, mistakes do happen despite the good intentions of employees and the controls in place. Conning will correct trading errors in a timely and appropriate manner.

Item 13 – Review of Accounts

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

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

Item 14 – Client Referrals and Other Compensation

Conning has entered into arrangements to refer clients to third-parties who engage in the business of originating and servicing commercial mortgage loans ("CML") and who provide Risk Solutions services and are paid a fee for any such referrals.

Conning has entered into referral agreements with affiliated entities, whereby Conning provides compensation (a portion of management fees received) to the affiliate in the event that the affiliated firm refers a client to Conning and vice versa.

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

Item 15 – Custody

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

Item 16 – Investment Discretion

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

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

Item 17 – Voting Client Securities

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

A situation where Conning's interest would be directly in conflict with that of a client when voting proxies is when the issuer of the security is an insurance company that is either a client or potential client of Conning. In that interest, it is conceivable that Conning could be tempted to vote a proxy in line with management's interest rather than shareholders' interest, in order to obtain favorable treatment from company decision makers who have the ability to hire or retain Conning as an investment adviser.

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

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

Item 18 – Financial Information

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