

ITEM 1: COVER PAGE

Part 2A of Form ADV: Firm Brochure

**HARTFORD INVESTMENT MANAGEMENT COMPANY
("HIMCO")**

March 27, 2020

ONE HARTFORD PLAZA
HARTFORD, CT 06155

SEC File Number 801-53542
CRD Number 106699

Telephone Number: 860-297-6700
Facsimile Number: 877-357-0645
HIMCOADV@himco.com

www.himco.com
<https://www.linkedin.com/company/hartford-investment-management/>

This brochure provides information about the qualifications and business practices of HIMCO. If you have any questions about the contents of this brochure, please contact us at 860-297-6700 or HIMCOADV@himco.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

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

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2: MATERIAL CHANGES

The following is a summary of material changes made to this Brochure since HIMCO's last annual update on March 28, 2019.

HIMCO has revised:

1. Language throughout the brochure to sharpen disclosures, enhance specificity, and remove redundant disclosures
2. Items 4.A and 4.E to update HIMCO's assets under management
3. Item 4.B to add disclosure concerning conflicts of interest related to hedge clauses
4. Item 5.A to update its standard fee schedules and enhance disclosure on payment by affiliates
5. Item 5.B to add disclosure concerning payment by affiliates for advisory services
6. Item 5.C to update disclosure concerning expenses passed through to clients
7. Item 5.E to add disclosure of a conflict of interest pertaining to the cost of advisory services associated with different investment strategies
8. Item 6 to update and enhance disclosure around conflicts of interest associated with side by side management of client portfolios and the corresponding policies that address such conflicts
9. Item 7 to update HIMCO's disclosure concerning investment minimums and the factors considered when determining whether to negotiate or waive investment minimums
10. Item 8 to:
 - a. Reorganize, update and enhance descriptions of HIMCO's various investment processes and the risks associated therewith, including an update regarding the leadership of HIMCO's Investment Strategy Committee
 - b. Add a description of HIMCO's derivative investment processes
 - c. Update HIMCO's cybersecurity risk disclosure
11. Item 10 to:
 - a. Remove outdated disclosure concerning foreign shareholder limits and legal actions
 - b. Reflect updates to HIMCO's material relationships with affiliated industry participants and the conflicts of interest related to such relationships
 - c. Clarify disclosure concerning conflicts of interest related to recommending sub-advisers
12. Item 11 to add a conflict of interest and related control associated with affiliate seeded investments
13. Item 12 to:
 - a. Update and enhance disclosure regarding HIMCO's brokerage related policies
 - b. Update disclosure regarding HIMCO's commission sharing agreements
 - c. Enhance disclosure regarding conflicts of interest and related controls associated with complex counterparty relationships
14. Item 13 to:
 - a. Enhance the description of client account reviews conducted by investment personnel
 - b. Update information concerning client account reviews conducted by Compliance
 - c. Enhance disclosure on client reporting
15. Item 14.B to clarify disclosure around affiliate use of investment consultants
16. Item 17 to:
 - a. Update and clarify disclosure describing HIMCO's proxy voting processes
 - b. Add disclosure concerning when proxy votes will not be cast
 - c. Remove information on class actions and other legal matters as not responsive to Item 17

HIMCO will provide you with a new Brochure at any time upon request without charge. You may request a Brochure by email at HIMCOADV@himco.com or by phone at (860) 297-6700. The Brochure is also available on HIMCO's website free of charge at www.himco.com. Additional information about Harford Investment Management may also be obtained on the SEC's website www.adviserinfo.sec.gov.

ITEM 3: TABLE OF CONTENTS

Item 1: Cover Page	1
Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business	4
Item 5: Fees and Compensation	10
Item 6: Performance-Based Fees and Side-by-Side Management	13
Item 7: Types of Clients	15
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	16
Item 9: Disciplinary Information	28
Item 10: Other Financial Industry Activities and Affiliations	29
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	31
Item 12: Brokerage Practices	34
Item 13: Review of Accounts	38
Item 14: Client Referrals and Other Compensation	39
Item 15: Custody	41
Item 16: Investment Discretion	42
Item 17: Voting Client Securities	43
Item 18: Financial Information	45

ITEM 4: ADVISORY BUSINESS

A. General Description of Advisory Firm

Hartford Investment Management Company ("HIMCO") is registered with the Securities and Exchange Commission as an investment adviser and is a wholly-owned subsidiary of The Hartford Financial Services Group, Inc. ("The Hartford"), a publicly traded company. HIMCO was organized in 1996 by acquiring the business, personnel and corporate name of an affiliate that had been in operation since 1981 and that performed substantially similar services. Because HIMCO succeeded to the same business and utilized the same personnel as the affiliate prior to the acquisition, the affiliate's historical information is included with HIMCO's.

HIMCO provides investment advisory services primarily to institutional clients, registered investment companies, and private funds. Institutional clients include affiliated and unaffiliated insurance companies (general accounts and separate accounts), corporations, and employee benefit and pension plans. As of December 31, 2019, HIMCO managed approximately \$98 billion in fixed income, equity and alternative assets. (Please see [Section E of this Item 4](#) below for further disclosure regarding assets under management.)

B. Description of Advisory Services

HIMCO provides discretionary and non-discretionary investment advisory services to institutional clients including affiliated and unaffiliated insurance companies (general accounts and separate accounts), corporations, and employee benefit and pension plans. HIMCO also provides discretionary advisory services to registered investment companies and private funds that are sponsored and distributed by entities unaffiliated with HIMCO. In addition, HIMCO provides portfolio consulting services to unit investment trusts registered under the Investment Company Act of 1940 ("1940 Act"). Portfolio consulting services primarily include advising on portfolio construction based on criteria predetermined by the unit investment trust receiving such services.

HIMCO's principal strategies include the following:

Fixed Income

HIMCO manages fixed income assets by using a disciplined process which is designed to create value from three sources: (i) a macro-economic strategy which considers duration, yield curve and strategic asset allocation, (ii) sector rotation, and (iii) security selection. Please see [Item 8](#) for a description of the fixed income investment process.

- **Core Fixed Income** - The objective of the Core Fixed Income strategy is to actively manage a high quality diversified fixed income portfolio in which accounts are normally comprised of at least 90% U.S. dollar denominated investment grade securities (such as obligations of the U.S. Government, its agencies and instrumentalities, corporate debt, asset-backed securities and mortgage-backed and other mortgage-related securities) and with duration similar to broad market benchmark indices such as the Bloomberg Barclays U.S. Government/Credit Index or the Bloomberg Barclays U.S. Aggregate Index. The strategy can use derivatives, such as but not limited to options, futures and swaps, which can be illiquid, can disproportionately increase losses, and have a potentially large impact on performance.
- **Core Plus Fixed Income** - The objective of the Core Plus Fixed Income strategy is to actively manage a diversified fixed income portfolio in which accounts are normally comprised of more than 60%, but less than 90% U.S. dollar denominated investment grade securities. The portion invested in U.S. investment grade securities will be multi-sector in nature, including but not exclusively U.S. Treasury, mortgage-related securities, corporate bonds and debt instruments, asset-backed and commercial mortgage-backed securities, among others, and will not generally exclude broad segment(s) included in broad market benchmark indices such as the Bloomberg Barclays U.S. Aggregate Index. The portion invested in securities outside the U.S. investment grade sector will

be comprised of fixed income, including high yield, emerging market, and non-dollar denominated securities. Investments in high-yield securities, and foreign securities, including emerging markets, involve risks beyond those inherent in solely higher rated and domestic investments. The strategies can use derivatives, such as but not limited to options, futures and swaps, which can be illiquid, can disproportionately increase losses, and have a potentially large impact on performance. The benchmark is the Bloomberg Barclays U.S. Aggregate Index.

- High Quality High Yield - The objective of the High Quality High Yield strategy is to actively manage a high or BB quality high yield portfolio in which accounts are normally invested at least 90% in BB tier high yield and emerging market fixed income securities. Investments in high-yielding, lower-rated securities involve risks beyond those inherent in higher-rated investments. Investments in foreign securities, including emerging markets, involve risks beyond those inherent in solely domestic investments. Foreign securities are subject to certain risk of overseas investing, including currency fluctuations and changes in political and economic conditions. These risks are magnified in emerging markets. The strategy can use derivatives, such as but not limited to options, futures and swaps, which can be illiquid, can disproportionately increase losses, and have a potentially large impact on performance. The benchmark is the Bloomberg Barclays Ba U.S. Corporate High Yield Index 2% Issuer Cap-Sector Neutral.
- High Yield - The objective of the High Yield strategy is to actively manage a high yield portfolio in which accounts are normally invested at least 80% in high yield securities. Investments in high-yielding, lower-rated securities involve risks beyond those inherent in higher-rated investments. The strategy can use derivatives, such as but not limited to options, futures and swaps, which can be illiquid, can disproportionately increase losses, and have a potentially large impact on performance. The benchmark is the Bloomberg Barclays U.S. Corporate High Yield Index.
- Intermediate Duration Core Fixed Income - The objective of the Intermediate Duration Core Fixed Income strategy is to actively manage a diversified fixed income portfolio in which accounts are normally comprised of at least 90% U.S. dollar denominated investment grade securities (such as obligations of the U.S. Government, its agencies and instrumentalities, corporate debt, asset-backed securities and mortgage-backed and other mortgage-related securities) and with a duration similar to broad intermediate market benchmark indices that include mortgage securities such as the Bloomberg Barclays Intermediate U.S. Aggregate Index. The strategy can use derivatives, such as but not limited to options, futures and swaps, which can be illiquid, can disproportionately increase losses, and have a potentially large impact on performance.
- Long Duration Corporate Fixed Income - The objective of the Long Duration Corporate Fixed Income strategy is to actively manage a high quality diversified fixed income portfolio in which accounts are predominately comprised of investment grade corporate securities and have a duration similar to long duration benchmark indices, such as the Bloomberg Barclays Long Corporate Index. The strategy can use derivatives, such as but not limited to options, futures and swaps, which can be illiquid, can disproportionately increase losses, and have a potentially large impact on performance.
- Opportunistic Corporate Fixed Income - The objective of the Opportunistic Corporate Fixed Income strategy is to generate long-term total returns through a market cycle by balancing price appreciation, income generation, and capital preservation. This actively managed and diversified strategy normally invests at least 80% of its total assets in corporate debt securities (as well as bank loans). At least 65% of its total assets will be investment grade rated, and it has the flexibility to hold up to 35% of its total assets in non-investment grade rated securities (as well as bank loans or loan participation interests). The strategy can invest up to 30% of total assets in a combination of securities issued by foreign issuers or denominated in currencies other than the US Dollar. In addition, up to 15% of total assets can be invested in preferred stock, convertible securities, and warrants (including securities carrying warrants), and up to 10% in issues purchased as defaulted securities. The strategy can use derivatives, such as options, futures and swaps, which can be

illiquid, can disproportionately increase losses, and have a potentially large impact on performance. The benchmark is the Bloomberg Barclays Capital U.S. Corporate Index.

- Passive U.S. Aggregate Bond Index - The objective of the Passive U.S. Aggregate Bond Index strategy is to manage a fixed income portfolio in which accounts are managed to replicate the performance of the Bloomberg Barclays U.S. Aggregate Index. The strategy will only invest in bonds which are in the Bloomberg Barclays U.S. Aggregate Index or bonds with the same issuer or obligor as those in the Index. The strategy can use derivatives, such as options, futures and swaps, which can be illiquid, can disproportionately increase losses, and have a potentially large impact on performance.
- Short Duration - The objective of the Short Duration strategy is to seek attractive investments considering both yield and total return in which accounts are normally comprised of at least 65% investment grade securities and have the ability to invest up to 35% in non-investment grade securities (as well as bank loans or loan participation interests). The strategy, under normal circumstances, will maintain an average credit quality of at least Baa3 by Moody's and a dollar weighted average duration and average maturity of less than 3 years. Permitted investments include, but are not limited to: U.S. dollar denominated corporate issues, commercial mortgage-backed securities, asset-backed securities, mortgage-related securities, securities issued or guaranteed by the U.S. Government, and up to 25% of its total assets in securities of foreign issuers. The strategy can use derivatives, such as options, futures and swaps, which can be illiquid, can disproportionately increase losses, and have a potentially large impact on performance. The benchmark is the Bloomberg Barclays 1-3 Year U.S. Government/Credit Index.

Equity

HIMCO manages equity assets using quantitative and passive strategies. Please see [Item 8](#) for a description of the equity investment process.

- Extended Large Cap Core - The objective of the Extended Large Cap Core strategy is to seek to maximize long-term capital appreciation. The strategy utilizes a quantitative-based investment process with a normal allocation of long positions of up to 130% of total portfolio market value and the ability to short (positions), up to 30% of total portfolio market value, within a primarily U.S. equity universe. The portfolio could suffer significant losses on assets that it sells short. Unlike the possible loss on a security that is purchased, there is no limit on the amount of loss on an appreciating security that is sold short. By using the cash proceeds from short sales to purchase additional securities the portfolio expects to use leverage, which involves special risks. The use of leverage can make any change in net asset value even greater and cause increased volatility of returns. The portfolio cannot guarantee that its leveraging strategy will be successful. The portfolio can engage in active and frequent trading, resulting in higher portfolio turnover and transaction costs. This can lead to the distribution of higher capital gains to shareholders, increasing their tax liability. Investments in foreign securities involve risks beyond those inherent in solely domestic investments. These risks are magnified with investments in emerging markets. Investing in small-cap companies involves higher risk than investing in larger, more established companies. The use of derivatives such as options, futures and swaps can be illiquid, can disproportionately increase losses, and can have a potentially large impact on performance. The strategy's benchmark is the S&P 500 Index.
- Global Enhanced Dividend - The primary objective of the Global Enhanced Dividend strategy is to seek to achieve a high level of current income, with capital appreciation as a secondary objective. The strategy utilizes a quantitative-based investment process with a normal allocation of long positions of up to 140% of total portfolio market value and the ability to short up to 40% of total portfolio market value, within a global equity universe. The portfolio could suffer significant losses on assets that it sells short. Unlike the possible loss on a security that is purchased, there is no limit on the amount of loss on an appreciating security that is sold short. By using the cash proceeds from short sales to purchase additional securities the portfolio expects to use leverage, which involves special risks. The use of leverage can make any change in net asset value even greater

and cause increased volatility of returns. The portfolio cannot guarantee that its leveraging strategy will be successful. The portfolio can engage in active and frequent trading, resulting in higher portfolio turnover and transaction costs. This can lead to the distribution of higher capital gains to shareholders, increasing their tax liability. Investments in foreign securities involve risks beyond those inherent in solely domestic investments. These risks are magnified with investments in emerging markets. Investing in small-cap companies involves higher risk than investing in larger, more established companies. The use of derivatives such as options, futures and swaps can be illiquid, can disproportionately increase losses, and can have a potentially large impact on performance. The strategy's benchmark is the MSCI World Value Index.

- Indexed Large Cap Equity - The objective of the Indexed large Cap strategy is to replicate the total return of the S&P 500 Index by investing at least 95% in listed U.S. equity securities. The strategy benchmark is the S&P 500 Index.
- Large Cap Core Quantitative Equity - The objective of the Large Cap Core Quantitative Equity strategy is to seek to maximize long-term capital appreciation by outperforming the S&P 500 Index over full market cycles. The strategy utilizes a quantitative-based investment process within a universe normally comprised of at least 80% in common stocks of U.S. large-capitalization companies (defined as companies with market capitalizations within the collective range of the Russell 1000 and the S&P 500 Indices). The strategy does have the ability to invest up to 20% in securities of foreign issuers and non-dollar securities. The strategy's benchmark is the S&P 500 Index.
- Minimum Volatility Equity Income - The objective of the Minimum Volatility Equity Income strategy is to seek less volatility and greater yield than the broad U.S. equity market, while still capturing the equity risk premium over the long term. The strategy utilizes a quantitative-based investment process with portfolios normally comprised of at least 80% in common stock of U.S. large-capitalization companies and has the ability to invest up to 20% in securities of foreign issuers and non-dollar securities. The strategy benchmark is the S&P 500 Minimum Volatility Index.
- Risk-Managed Equity Income - The objective of the Risk-Managed Equity Income strategy is to seek a high level of current income with low principal volatility. The strategy utilizes a quantitative-based investment process with portfolios normally comprised of at least 80% in common stock of U.S. companies and has the ability to use derivatives to enhance income (e.g., a covered call strategy (selling call options) on the underlying stocks of the portfolio to collect the call premium as additional income) and to reduce total portfolio volatility (e.g., by purchasing/selling options on correlated securities/vehicles, such as puts on equity indices/ETFs, calls on VIX/Rates). The strategy benchmark is the S&P 500 Index. The use of derivatives such as options, futures and swaps can be illiquid, can disproportionately increase losses, and can have a potentially large impact on performance.
- Small/Mid Cap Quantitative Equity - The objective of the Small/Mid Cap Quantitative Equity strategy is to seek to maximize long-term capital appreciation. The strategy utilizes a quantitative-based investment process within a universe normally consisting of at least 80% in common stock of small-capitalization and mid-capitalization companies (as defined by the market capitalization range of companies in the Russell 2500 Index) and has the ability to invest up to 20% in securities of foreign issuers and non-dollar securities. Investing in small and mid-sized companies generally involves higher risk than a strategy that invests in larger, more established companies. The strategy's benchmark is the Russell 2500 Index.

Alternative Assets

HIMCO also manages alternative asset strategies. Please see [Item 8](#) for a description of the investment processes associated with these strategies.

- Commercial Mortgage Loans - The objective of the Commercial Mortgage Loan strategy is to capture the spread premium over single A-rated public corporate industrials to compensate the investor for liquidity risk while providing enhanced structural protections through negotiated

covenants, security or priority of payment. HIMCO seeks to achieve this objective by originating commercial mortgage loans on a non-recourse, permanent-financing, on both a fixed and floating-rate basis. The strategy targets investments in industrial/warehouse, multifamily, retail, and office, with a loan-to-value (LTV) ratio no higher than 80% (typical LTV range 50%-70%) with typical deal sizes ranging from \$10 to \$50 million. The strategy seeks to provide a well-constructed portfolio that delivers to our clients enhanced credit diversification due to access to issuers not available in the public markets and whose performance dynamics differ substantially from corporate credit risk. The process employed relative to this strategy enforces strict underwriting standards, utilizing specific criteria for each investment to build a diversified portfolio of loans in terms of borrowers, geography, and asset class.

- Middle Market Loans - The objective of the Middle Market Loan strategy is to seek attractive risk-adjusted returns by capturing a spread premium over public fixed income assets, particularly similarly-rated high yield corporates, by investing in senior secured loans and related equity investments that support middle market buyout transactions. This market segment generally includes companies with less than \$50 million of EBITDA. The loan investments can include senior term loans, revolvers, delayed draw term loans, unitranche, and second lien debt. The equity investments can include preferred stock and equity co-investments alongside a private equity sponsor. The strategy focuses on the middle market segment in order to benefit from historical differences in yields, structure, leverage, covenants, and documentation terms compared to other fixed income strategies. The process employed uses a combination of fundamental analysis of the specific company, sponsor evaluation and capital structure review. In addition, the team conducts a comprehensive due diligence process for each company consisting of both qualitative and quantitative analyses.
- Private Equity (Funds, Direct & Mezzanine Investments) - The Mezzanine and Private Equity Group participates in the private equity market through a variety of strategies. The three primary strategies consist of: 1) investing in domestic lower middle market private equity buyout funds; 2) investing in private equity funds that offer diversification and high return expectations, outside of the lower middle market; and 3) investing in direct mezzanine subordinated debt and equity co-investments, alongside of a fund, in their portfolio companies. The core strategy is to invest in lower middle market or middle market U.S.-focused buyout firms. The U.S. middle market segment offers potential value relative to other private equity strategies due to its potentially greater transaction inefficiencies, lower purchase multiples, lower leverage, and greater number of companies and transactions. However, the strategy does invest in opportunistically in fund strategies outside the middle market buyout space. These non-core investments are targeted for their potential return, diversification or risk mitigating characteristics. The mezzanine and equity co-invest programs leverage general partner relationships developed through fund investing and these general partners largely represent the origination platform of the direct mezzanine and equity co-invest programs. Across all areas (funds, mezzanine debt and equity co-investments), the objective of the private equity strategy is to seek strong absolute and risk-adjusted return opportunities that balance the potential for gains with the probability of capital loss.
- Private Placements - The objective of the Private Placement Fixed Income strategy is to seek relative value debt investment opportunities with the objective of capturing a premium relative to comparable public bonds. This is carried out by investing across the investment grade private credit market, while structuring the portfolio to effectively manage risk. The strategy focuses on both current income generation and capital appreciation with a priority on income generation. The strategy is multi-dimensional, taking into account credit risk, long-term nominal and relative spreads, as well as select return opportunities. The Private Placement strategy starts with the premise that private placements are less liquid than publicly-traded bonds. Based on this premise, we take a longer-term view in our security selection, portfolio construction and value metrics. The process employed in this strategy is built upon fundamental credit and relative value analysis and

follows a disciplined and consistent approach in an effort to fully understand and adequately price the risks inherent in each transaction.

Conflicts Inherent in Agreement to Provide Advisory Services

In addition to the specific conflicts of interest noted elsewhere in this document, there are conflicts of interest inherent in entering into HIMCO's standard investment management agreement ("IMA"). For example, HIMCO includes an indemnification and exculpation provision (a "hedge clause") in its IMA. The hedge clause exculpates HIMCO from liability and imposes indemnification obligations on the client with respect to losses, liabilities and other damages incurred unless HIMCO has failed to abide by the standard of care set out in its IMA. HIMCO's standard IMA also includes a non-waiver provision which states that certain laws, including federal securities laws, impose liabilities (under certain circumstances) on persons who act in good faith, and therefore the hedge clause does not waive any rights a client has under such laws. For example, a client cannot waive HIMCO's fiduciary duty, as a registered investment adviser, via contract. Such a hedge clause creates a conflict of interest between HIMCO and its client as it contractually limits HIMCO's liability to its client and subjects the client to the risk of having to indemnify HIMCO under certain circumstances. This conflict of interest is characteristic of the conflict of interest that exists with respect to all aspects of any agreement to provide services because the provider of the service (here, HIMCO) and the recipient of the service (here, the client) are on "opposite sides" of the contract resulting in their interests being adverse with respect to each term of the contract.

C. Availability of Customized Services for Individual Clients

As a general rule, HIMCO will tailor its advisory services for separately managed client accounts based on a client's particular needs, including the client's overall financial condition, goals, risk tolerance and other factors unique to a client's particular circumstances. In addition, HIMCO typically will tailor investment guidelines for separately managed client accounts in order to restrict investments in certain securities or asset classes as requested by the client.

D. Wrap Fee Programs

HIMCO does not provide portfolio management services in connection with wrap fee programs.

E. Assets Under Management

As of December 31, 2019, HIMCO had approximately \$98 billion of assets under management:

	<u>U.S. Dollar Amount</u>
Discretionary	\$98,022,016,185
Non-Discretionary	\$0
Total	\$98,022,016,185

ITEM 5: FEES AND COMPENSATION

A. Advisory Fees and Compensation

HIMCO typically receives a percentage of assets under management as compensation for its advisory services. HIMCO's standard fee schedules are provided below. Fee schedules for different styles of investment management will vary depending on research intensity, degree of active management and size of the account. HIMCO, from time to time, negotiates terms and charges different fees for certain accounts based on a client's particular needs, goals, risk tolerance, servicing requirements, and other factors unique to the client. Fee schedules change over time and thus accounts with differing inception dates can have different fee schedules. HIMCO retains the right to enter into agreements where the fees charged for a particular account will be the lowest fees charged. Clients that negotiate fees with differing breakpoints than those outlined in the standard fee schedules below could end up paying a higher or lower fee than that set forth below due to fluctuations in the client's assets under management and/or account performance.

HIMCO's standard fee schedules for unaffiliated clients in principal strategies are as follows. See [Item 7](#) for minimum account sizes.

FIXED INCOME

Core Fixed Income

<u>Assets</u>	<u>Basis Points</u>
First \$75 Million	25
Next \$100 Million	20
Next \$300 Million	18.5

Core Plus Fixed Income

<u>Assets</u>	<u>Basis Points</u>
First \$75 Million	30
Next \$100 Million	25
Next \$300 Million	20

High Quality High Yield

<u>Assets</u>	<u>Basis Points</u>
First \$25 Million	50
Next \$75 Million	40
Next \$100 Million	35
Over \$200 Million	Negotiable

High Yield

<u>Assets</u>	<u>Basis Points</u>
First \$25 Million	50
Next \$75 Million	40
Next \$100 Million	35
Over \$200 Million	Negotiable

Intermediate Duration Core Fixed Income

<u>Assets</u>	<u>Basis Points</u>
First \$75 Million	25
Next \$100 Million	20
Next \$300 Million	18.5

Long Duration Corporate Fixed Income

<u>Assets</u>	<u>Basis Points</u>
First \$25 Million	30
Next \$75 Million	25
Over \$100 million	20

Opportunistic Corporate Fixed Income

<u>Assets</u>	<u>Basis Points</u>
First \$25 Million	30
Next \$75 Million	25
Over \$100 Million	20

Passive U.S. Aggregate Bond Index

<u>Assets</u>	<u>Basis Points</u>
First \$100 Million	15
Next \$400 Million	7
Over \$500 Million	5

Short Duration

<u>Assets</u>	<u>Basis Points</u>
First \$75 Million	20
Next \$100 Million	15

EQUITY

Extended Large Cap Core

Highest management fee for this product is 0.75%

Indexed Large Cap Equity

Highest management fee for this product is 0.125%

Minimum Volatility Equity Income

Highest management fee for this product is 0.40%

Small/Mid Cap Quantitative Equity

Highest management fee for this product is 0.85%

Global Enhanced Dividend

Highest management fee for this product is 0.75%

Large Cap Core Quantitative Equity

Highest management fee for this product is 0.50%

Risk Managed Equity Income

Highest management fee for this product is 0.60%

ALTERNATIVE ASSETS

Commercial Mortgage Loans

25 basis points

Middle Market Loans

Fees for middle market senior loans and related equity co-investments are dependent on the structure and nature of the investment (e.g. senior term loan, revolver, delayed draw term loan, unitranche, second lien debt). Fees are negotiable based on factors including but not limited to type of investment, size of account, and other relationships with HIMCO. Total investment management fees can be comprised of various components including but not limited to asset based management fees and carried interest or other performance based fees.

Private Equity (Funds, Direct & Mezzanine Investments)

Fees for private equity investment services are dependent on the structure and nature of the investment (fund, mezzanine, direct equity co-investment, etc.). Fees are negotiable based on factors including but not limited to type of investment, size of account and other relationships with HIMCO. Total investment management fees can be comprised of various components including but not limited to asset based management fees and carried interest or other performance based fees.

Private Placements

25 basis points

In addition to the standard fee schedules for unaffiliated clients in principal strategies outlined above, HIMCO, at its discretion, offers alternative fee schedules for broader asset management mandates covering multiple strategies and asset classes whereby the client pays a negotiated annual rate (in basis points) by asset class.

With respect to its role as sub-adviser to 1940 Act registered investment companies sponsored by an unaffiliated entity, the adviser to the fund pays HIMCO a monthly management fee based on an annual rate calculated based on a stated percentage of the fund's average daily net assets. The annual rate is tiered based on the size of the fund. Based on the expense waiver and reimbursement arrangements in place for the funds as of the date of this Brochure (as disclosed in each fund's prospectus), HIMCO is waiving a portion of its monthly fee as agreed to with the fund's adviser.

With respect to its portfolio consulting services to unit investment trusts registered under the 1940 Act, HIMCO receives an initial fee based on a percentage of the net asset value of the unit investment trust as of the end of its initial offering period. In addition, HIMCO receives an annual fee based on a percentage of the net asset value of the unit investment trust as of the end of each calendar year during the life of the trust.

HIMCO is reimbursed for costs incurred for providing investment services to its affiliates. In addition, HIMCO is a wholly owned subsidiary of The Hartford and HIMCO's employees are compensated by The Hartford (please refer to [Item 6](#) for additional information).

B. Payment of Fees

Fees are generally payable to HIMCO quarterly in arrears based on the quarter-end market value or average market value for the quarter. HIMCO sends a quarterly invoice to each unaffiliated institutional client or their designee for the amount due which states both the value of the account on which the fee was based and the manner in which the fee was calculated. Clients are responsible for verifying that the fee was correctly calculated. If a client terminates the relationship prior to the end of a period, the fee is prorated for the number of days in the period prior to termination.

Monthly management fees associated with sub-advising 1940 Act registered investment companies are generally paid by the fund's adviser to HIMCO monthly in arrears. The initial and annual fees paid to HIMCO for serving as portfolio consultant to 1940 Act registered unit investment trusts are invoiced to and paid by the sponsor of the unit investment trusts. HIMCO is reimbursed through an internal expense allocation process for the costs incurred for providing investment services to its affiliates and HIMCO's employees are compensated through The Hartford's payroll process.

C. Additional Fees and Expenses

Clients pay all interest, charges, taxes, fees, commissions, brokerage costs and expenses of every kind related to their account. HIMCO, in its discretion, also passes through to clients expenses from third parties performing certain services related to their account(s). In addition, clients whose uninvested assets are swept into money market mutual funds for short-term cash management purposes either by HIMCO or by their custodian will also bear the additional fees and expenses assessed by such money market mutual funds to the extent of their investment in such funds. To the extent that the investment guidelines for an account permit the investment of account assets in mutual funds or other collective investment vehicles, the account will bear any fees and costs associated with such collective investment vehicles, as well as the investment advisory fee of HIMCO. Clients investing directly in mutual funds sub-advised by HIMCO will bear the fees and expenses disclosed in such mutual fund's prospectus.

If so authorized by a client, HIMCO will include the client in its process for filing class action claims involving issuers of securities or other assets held in advisory accounts. HIMCO reserves the right, in its discretion, to pass through to participating clients the pro-rata costs of participating in such legal actions (including legal fees).

D. Prepayment of Fees

Clients of HIMCO are not required to pre-pay fees.

E. Additional Compensation and Conflicts of Interest

HIMCO's supervised persons do not receive compensation for the sale of securities or other investment products. HIMCO does charge higher fees for advisory services associated with certain investment strategies as evidenced in its standard fee schedules above. This creates a conflict of interest in that HIMCO has the incentive to recommend certain investment strategies to clients to increase HIMCO's fee income. This conflict is mitigated by: (i) the fact that HIMCO supervised persons do not receive compensation for the sale of certain investment strategies; (ii) HIMCO's practice of seeking to understand its clients' investment objectives and risk tolerances and provide appropriate investment options tailored to their preferences; and (iii) HIMCO's Code of Ethics that requires that supervised persons, at all times, put the interests of HIMCO's clients above HIMCO's interests and minimize or manage any conflict or appearance of conflict between the self-interest of the supervised person, HIMCO, The Hartford, its shareholders, and/or any of HIMCO's clients.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

While HIMCO does not receive traditional performance based fees on the accounts it manages as of the date of this Brochure, HIMCO is a wholly owned subsidiary of The Hartford and HIMCO's employees are compensated by The Hartford. Such compensation includes, without limitation, salary and variable compensation that is based, in part, on HIMCO's success in meeting its objectives, including the performance objectives of its affiliated clients. Certain HIMCO investment professionals are in the position of managing both affiliated and unaffiliated client accounts. Side by side management of client portfolios with varying investment objectives, strategies, risk profiles, affiliations, and/or fee structures raises potential conflicts of interest for HIMCO and its personnel, including:

- Performance-based fees provide an incentive for HIMCO to purchase investments that are more speculative and/or involve a higher degree of risk than might otherwise be the case in the absence of such performance-based compensation. The prospect of earning higher compensation from a portfolio with a higher fee structure also creates an incentive for the portfolio manager to favor the portfolio with the higher fee structure when it comes to allocating his or her time across portfolios or allocating securities transactions expected to result in favorable performance.
- The fact that HIMCO provides investment advisory services to affiliated and unaffiliated clients creates the incentive to favor affiliated clients when allocating investment opportunities.
- To the extent that HIMCO's fees are based on account values, HIMCO benefits from the increased value of assets in an account. If a security held in an account does not have a readily available market value, a potential conflict arises in that HIMCO's interests would be served by placing the highest possible value on that security.
- If HIMCO pursues or enforces the rights of certain HIMCO clients with respect to an issuer it could have a negative impact on the investments of other HIMCO clients in the same issuer. For example, if certain HIMCO clients hold investments in the debt securities of an issuer which has become financially impaired and other clients hold the equity securities of the same issuer, or if multiple clients hold investments in different tranches of an issuer's debt securities, the prices, liquidity, availability and terms of certain clients' investments could be adversely affected by actions taken on behalf of other clients.
- Portfolio managers at HIMCO manage multiple portfolios for multiple clients. Portfolio managers make investment decisions for each portfolio based on the investment objectives, strategies, risk tolerance, practices and other relevant investment considerations applicable to that portfolio. Consequently, a portfolio manager can (i) purchase or sell securities for one portfolio and not another portfolio; (ii) purchase or sell the same security for different portfolios at different times; (iii) place transactions on behalf of one portfolio that are directly or indirectly contrary to investment decisions made on behalf of other portfolios; or (iv) make investment decisions that are similar to those made for other portfolios, all of which have the potential to adversely impact one portfolio and not another, depending on market conditions.
- Certain portfolio managers at HIMCO manage portfolios for both discretionary and non-discretionary clients. Non-discretionary clients have the ability to decline investment recommendations and thus a portfolio manager could be faced with the conflict of having to manage portfolios that have conflicting, differing, or misaligned interests in one or more investments.
- Side by side management of long/short portfolios and traditional long only portfolios also creates a potential conflict of interest. A portfolio manager could be incentivized to short a security that a traditional long only portfolio is about to sell. One portfolio's shorting could have a negative impact on other client portfolios that planned to sell the same security.

HIMCO's goal is to provide high quality investment services to all of its clients, while meeting its fiduciary obligation to treat all clients fairly. HIMCO has adopted and implemented a number of policies and procedures that it believes address the conflicts noted above. These include, but are not limited to:

- Side by Side Client Portfolio Management Policy and Procedures that require surveillance of trade allocation, investment style dispersion and performance dispersion.
- Trade Allocation Policy and Procedures that establish requirements for the fair and equitable allocation of investment opportunities across client accounts. Under its Trade Allocation Policy and Procedures, HIMCO must act for its clients' benefit and ensure that, over time, each client is treated fairly and equitably. The Trade Allocation Policy and Procedures include a number of controls designed to:
 - Facilitate the sharing of investment ideas by investment personnel for the benefit of applicable client accounts, subject to certain documented exclusions;
 - Require the use of allocation statements for aggregated orders; and
 - Establish allocation and reallocation protocols under various scenarios.

Please refer to [Item 12](#) for additional information on HIMCO's Trade Allocation Policy and Procedures.

- The Code of Ethics that requires that covered persons at all times put the interests of HIMCO's clients above HIMCO's interests and minimize or manage any conflict or appearance of conflict between the self-interest of the covered person, HIMCO, The Hartford, its shareholders and/or any of HIMCO's clients.
- Pricing Policy and Procedures that establish controls to manage the conflict posed by pricing securities for which there is no readily available market value, including but not limited to requiring the appropriate segregation of duties within the valuation process.

ITEM 7: TYPES OF CLIENTS

HIMCO provides investment advisory services primarily to institutional clients, registered investment companies, and private funds. Institutional clients include affiliated and unaffiliated insurance companies (general accounts and separate accounts), corporations, and employee benefit and pension plans. HIMCO also serves as an investment adviser for its affiliates.

HIMCO serves as a sub-adviser to investment companies registered under the 1940 Act, which are sponsored and distributed by entities unaffiliated with HIMCO. In addition, HIMCO provides portfolio consulting services to unit investment trusts registered under the 1940 Act and advises private funds, which are exempt from registration under the 1940 Act.

As a general rule:

- HIMCO requires: (i) a minimum of \$40 million for starting or maintaining a fixed income mandate in an active strategy; (ii) a minimum of \$100 million for starting or maintaining a fixed income mandate in a passive strategy.
- HIMCO requires a minimum of \$1 million for starting or maintaining an equity mandate.
- HIMCO requires a minimum of \$100 to \$150 million for starting or maintaining a discretionary commercial mortgage loan or private placement account. Non-discretionary commercial mortgage loan and private placement accounts do not have an investment minimum.
- HIMCO requires a minimum of \$50 million for starting or maintaining a discretionary private equity/mezzanine account.
- HIMCO requires a minimum of \$100 million for starting or maintaining a discretionary middle market loan account.

HIMCO retains the right to negotiate or waive its investment minimums based on a number of factors including, without limitation:

- Whether the strategy is investable at a certain size taking into account market liquidity, applicable regulatory constraints, and other factors;
- Whether appropriate diversification is achievable at a certain size; and
- Whether managing the strategy at a certain size would be profitable to HIMCO.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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

INVESTMENT PROCESS

HIMCO manages investment portfolios using a top-down and bottom-up investment process, with multiple levels of investment input, within a governance framework that is designed to ensure thematic consistency (to the extent mandates are similar). Ultimately, portfolio managers are responsible for portfolio construction that draws upon the resources of HIMCO and pursues client objectives within the constraints set by the client. The investment process, inputs and governance structure are outlined below.

In addition to individual portfolio managers and various functional specialists (sector analysts, traders, and macroeconomic and quantitative analysts), there are two groups exerting significant influence over HIMCO's investment process. HIMCO's Investment Strategy Committee ("ISC") has overall responsibility for all aspects of the investment process. The ISC is co-chaired by HIMCO's Chief Investment Officer ("CIO") and Head of Public Credit Research and is comprised of senior investment professionals. Many ISC responsibilities are performed through the Portfolio Strategy Group ("PSG"). A formal outlook is presented to the ISC for discussion on at least a quarterly basis. Various economic and capital market scenarios are outlined and estimated probabilities are assigned with respect to the likelihood of each scenario. Sector specialists also offer their view on their asset class/sector's likely performance in each of the defined scenarios. Through the quarterly ISC process, a HIMCO view is developed for an intermediate term outlook on growth, rates, inflation and overall portfolio risk appetite.

The PSG is a cross-functional team comprised of key consumers and providers of investment information including portfolio management, sector specialists, credit research and macroeconomic and quantitative analysts. The primary role of the PSG is to make regular recommendations on broad portfolio strategy issues, such as tactical asset allocation and risk taking, for an abstract, unconstrained theoretical portfolio. The PSG meets at least weekly to discuss developments across three main areas (1) economic data releases and overall economic trends, (2) market pricing vs. economic fundamentals and (3) recommended asset allocation positioning of portfolios. The PSG coordinates the input of macroeconomists, senior portfolio managers, sector heads, research analysts, and traders, in examining critical structural drivers of the U.S. and global economies. This includes fiscal and monetary conditions, growth and inflation data and trends, geo-political events and policy initiatives.

Portfolio managers are responsible for the ultimate investment decision and the construction of the portfolio. Portfolio managers synthesize the array of analyses provided by the PSG, sector teams and others in formalizing and implementing portfolio-level decisions. Portfolio managers also engage the PSG as needed in ad hoc scenario and portfolio optimization analysis as economic conditions, market technicals, or price or volatility relationships evolve. While portfolio construction ultimately resides with the portfolio managers, they are expected to consider and implement the recommendations of the PSG as appropriate to the client portfolio objectives, within guidelines and constraints. HIMCO's CIO evaluates the implementation of PSG recommendations within portfolios to ensure reasonableness and consistency of approach.

FIXED INCOME

Methods of Analysis

HIMCO manages fixed income portfolios using a disciplined process designed to generate value from three sources: (i) a macro-economic strategy which considers duration, yield curve, and strategic asset allocation (ii) sector rotation and (iii) security selection. Each of these three value levers is analyzed within a three-pronged framework: fundamentals, market pricing, and market technicals. Fundamental analysis encompasses the review of profitability, issuer liquidity, structural characteristics, and leverage metrics, along with an assessment of the trajectory of key drivers that will impact an issuer's future credit

profile. Analysis focuses on industry and macro trends that impact an issuer, as well as examining the state of financial markets and issuers' access to capital. Attention to event risk and risk rating migration are also a critical part of the analysis. Fundamental analysis includes an assessment of the structural aspects of an issuer's debt profile, including but not limited to priority in the capital structure and financial covenants. Market pricing of securities is examined, and an evaluation is made by various specialist teams (sector teams) to determine if market prices accurately reflect fundamentals and relative value within industry, risk ratings and sector constructs. Market technicals are assessed by reviewing fund flows, supply, broker deal activity and synthetic activity. Dislocations in pricing present opportunities to buy or sell in the markets or securities examined. HIMCO implements buy and sell decisions leveraging in-house market expertise and execution capabilities.

Risks

Fixed income investments are subject to the following primary risks:

- Credit Risk - The risk that the issuer of a security will not be able to make timely principal and interest payments.
- Interest Rate Risk - The risk that investments go down in value when interest rates rise because when interest rates rise the prices of bonds and fixed rate loans fall. Generally, the longer the maturity of a bond or fixed rate loan, the more sensitive it is to this risk. These risks are greater during periods of inflation. Falling interest rates also create the potential for a decline in a fixed income portfolio's income.
- Prepayment Risk – The risk that when interest rates decline, borrowers will pay off their obligations sooner than expected. This can reduce the returns of a portfolio because HIMCO will have to reinvest that money at lower prevailing interest rates.
- Recovery Risk - The risk that a security holder will not recover some or all of its principal after a security has defaulted.

In addition, certain fixed income investments are subject to additional primary risks:

- Below Investment Grade Risk - Securities rated below investment grade (also referred to as “high yield” or “junk” bonds) are subject to heightened credit risk as these securities are typically issued by entities with higher leverage and lesser scale. Lower rated securities generally involve greater risk of default or price changes due to changes in the issuer's creditworthiness than higher rated debt securities. The market prices of these securities generally fluctuate more than higher quality securities and may decline significantly in periods of general economic difficulty.
- Call Risk - The risk that an issuer, during a period of falling interest rates, will redeem a security by repaying it prior to maturity. Income to the portfolio will be reduced if the proceeds from the redemption are reinvested at lower interest rates.
- Currency Risk - The risk that changes in the exchange rate between currencies will adversely affect the value of an investment.
- Extension Risk - The risk that, generally, rising interest rates tend to extend the duration of fixed rate mortgage-backed securities, making them more sensitive to changes in interest rates causing the portfolio to exhibit additional volatility.
- Liquidity Risk - The risk that certain securities are difficult or impossible to sell at the time that the seller would like or at the price that the seller believes the security is currently worth. Such fixed income securities may also be difficult to value. Alternative assets are generally less liquid than other types of fixed income securities. The liquidity of fixed income securities is also negatively impacted by rising interest rates and decreases in fixed income dealer market making capacity.

For information on the principal investment strategy and complete set of risks applicable to the AAM/HIMCO Short Duration Fund please refer to the fund's prospectus and statement of additional information.

EQUITY

Methods of Analysis

HIMCO manages equity assets using quantitative and passive strategies.

- **Quantitative Equity**

HIMCO manages equity assets by using quantitative analysis, which begins with the daily collection of company fundamental and stock price data. Portfolio managers then use this data to identify companies with the most attractive fundamentals relative to their peers using custom defined industries. For this analysis, portfolio managers use proprietary industry specific models that analyze multiple fundamentals to score each stock within its respective industry.

In addition, portfolio managers employ a qualitative overlay that looks for potential anomalies that would impact the investment decision either because the anomaly calls into question the company's fundamentals or because it causes portfolio management to believe the company's stock price is not reflective of its fundamentals.

HIMCO also employs its quantitative-based investment process for specified "extension" portfolios. HIMCO's "extension" portfolios increase their long positions to a specified amount (e.g. 140% of total portfolio market value) while simultaneously shorting positions up to a specified amount (e.g. 40%), in order to keep the portfolio fully invested in the market (100% net position) consistent with other long-only mandates.

- **Passive Equity**

For passive equity strategies, HIMCO seeks to match the attributes of the underlying index in order to deliver comparable performance. Portfolio managers seek to keep each portfolio fully invested, minimizing unexposed cash. Each portfolio's active risk, as well as security, sector, and country exposures are assessed utilizing portfolio management software. Exposure to domestic and international currencies, where applicable, are also reviewed.

Managing tightly to an index requires in-depth knowledge of each index provider's methodology. Most indexes add, delete, and/or modify the weight of its constituents through a quarterly rebalance process. The Equity Team's portfolio management software incorporates the new index security weights as a forward-looking benchmark. Portfolio managers utilize this software to reposition the portfolio from the current index weights to the new index weights. An optimization is typically employed to minimize tracking error and minimize security active weights between the portfolio and index.

There are also situations where material events require ad hoc changes to the index outside of the quarterly rebalance process. Portfolio managers buy and sell securities when necessary to stay in line with the index. In these situations, portfolio managers model the index event in the portfolio management software to assess the impact on the index. Portfolio managers then enter any transactions necessary to bring the security's weight closer to the index weight.

For certain passive index strategies, portfolio managers also manage currency forward contracts in a manner consistent with that of the relevant index providers in order to minimize tracking error in the applicable portfolios.

Risks

HIMCO's equity strategies involve the following primary risks:

- **Foreign Investment Risk** – Certain HIMCO equity strategies invest in American Depositary Receipts (certificates that represent a specified number of shares of a foreign stock) and foreign securities

(including emerging market securities). These securities are subject to the risks associated with overseas investing, including:

- The risk that changes in the exchange rate between currencies will adversely affect the value of an investment.
- The risk that changes in political and economic conditions will adversely affect the value of an investment.
- Securities markets in emerging market countries are generally less liquid, subject to greater price volatility, have smaller market capitalizations, have less government regulation and are not subject to as extensive and frequent accounting, financial and other reporting requirements as the securities markets of more developed countries.
- Market Risk - The risk that one or more securities in which a strategy invests 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 movements and trends.
- Passive Management Risk - Passive equity strategies, by definition, are not actively managed. Instead they are designed to match the components of a reference index. Therefore, the adverse performance of a particular stock ordinarily will not result in the elimination of the stock from a passive equity portfolio. The portfolio will generally remain invested in a stock even when its price is falling, provided it continues to be a component of the portfolio's reference index.
- Quantitative Management Risks:
 - The risk that the value of securities selected using quantitative analysis reacts differently to issuer, political, market, and economic developments than the market as a whole or securities selected using only fundamental analysis.
 - The risk that the factors used in quantitative analysis and the weight placed on those factors will not be predictive of a security's value.
 - The risk that the factors affecting a security's value change over time and that such changes are not properly reflected in the quantitative model.
- Short Selling Risks - Equity strategies that engage in short selling generally involve more risk than equity strategies that do not engage in short selling. By investing the proceeds received from selling securities short, the strategy is employing a form of leverage. The use of leverage will increase the strategy's exposure to long equity positions and make any change in the strategy's value greater than without the use of leverage.
- Small and Mid-Cap Company Risks – Equity strategies that invest in small or mid-sized companies involve higher risk than a strategy that invests in larger, more established companies. Small and mid-sized companies often have limited operating or business history. They also frequently rely on narrower product lines and niche markets, and thus, can suffer severely from isolated business setbacks. Small capitalization stocks are often more difficult to value or dispose of, more difficult to obtain information about and more volatile than stocks of larger, more established companies.
- Tracking Error Risk - Passive equity strategies are also subject to the risk of tracking error. Tracking error causes a passive equity strategy's performance to diverge from that of its reference index, either on a daily or aggregate basis. Factors such as cash flows, transaction costs, imperfect correlation between the portfolio's securities and those in the index, asset valuation, timing variances, changes to the composition of the reference index, and regulatory requirements are all potential causes of tracking error.
- Turnover Risk –The long/short approach of certain HIMCO equity strategies could result in a relatively higher level of portfolio turnover and increased transaction costs.
- Warrants Risk - Investing in warrants involves greater risk than investments in common stock. If the price of stock underlying a warrant does not rise above the exercise price before the warrant

expires, the warrant generally expires without any value and the portfolio loses any amount it paid for the warrant. Warrants generally trade in the same markets as their underlying stock; however, the price of the warrant does not necessarily move with the price of the underlying stock.

For information on the principal investment strategy and complete set of risks applicable to the AAM/HIMCO Global Enhanced Dividend Fund please refer to the fund's prospectus and statement of additional information.

ALTERNATIVE ASSETS

Commercial Mortgage Loans ("CMLs")

Methods of Analysis

HIMCO originates CMLs in order to obtain a durable income stream while diversifying from public income credits (e.g. corporate bonds). CMLs are private securities with low liquidity that are typically held for the life of the CML (usually up to 15 years, but could be more). In return for this lack of liquidity, CMLs seek to achieve a "liquidity premium" over like-rated public income credits. In addition, HIMCO seeks to minimize its CML losses to be consistent with or better than like-rated public income credit. To achieve its CML objectives, HIMCO employs an in-house origination team utilizing a bottom-up strategy to create the CML opportunity. HIMCO's CML underwriters are assigned to geographic regions across the continental U.S. after they have developed market expertise as well as strong relationships with brokers and sponsors/borrowers in their designated region. CML opportunities are primarily sourced by a network of independent mortgage brokers representing borrowers, although HIMCO occasionally deals directly with potential borrowers. HIMCO will periodically update the broker network on deal parameters of particular interest to HIMCO's clients, including loan size and duration, property type, geographic location, and spread/coupon requirements. Underwriters conduct a detailed analysis of a loan opportunity considering a number of factors, such as 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 underwriter determines that a loan opportunity satisfies preliminary underwriting criteria and other portfolio/client requirements, the underwriter determines a projected credit rating (based on both internal and external models) and proposed loan pricing (the spread over comparable Treasuries). The underwriter will then review the proposed terms with the Private Real Estate ("PRE") Head of Production (Debt and Equity) for feedback. Assuming the PRE Head of Production (Debt and Equity) concurs with the underwriter's proposed deal terms, the underwriter circulates a non-binding proposal to the potential sponsor/borrower. The PRE Head of Production (Debt and Equity) must be consulted on any material changes to the proposed deal terms and the Head of Alternatives has final approval authority.

Risks

CML investments are subject to the following primary risks:

- Real Estate Investment Risk - Commercial mortgage loans are subject to the uncertainty of cash flow of the borrowers to meet fixed or variable obligations due to the risks incident to development and ownership of real estate, including risks associated with 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, supply of or demand for competing rental space or properties in an area and variation of rental rates based on supply/demand factors, accelerated construction activity, technological innovations that alter space requirements, the availability of financing, changes in interest rates, competition based on sale prices, energy and supply shortages, various uninsured and uninsurable risks, deterioration of tenant credit, and government regulations.
- Risk of Environmental Matters - The real properties which secure commercial mortgage loans are subject to U.S. federal and state environmental laws, regulations and administrative rulings which, among other things, establish standards for the treatment, storage and disposal of solid and

hazardous waste. Real property owners are subject to U.S. federal and state environmental laws which impose joint and several liability on past and present owners and users, and in some cases, lenders of real property for hazardous substance remediation and removal costs. To the extent it becomes an owner of property serving as collateral for a mortgage loan, a lender is exposed to risk of loss from environmental claims arising in respect of undisclosed or unknown environmental problems or as to which inadequate reserves have been established. It is anticipated that lender will not take title to a property unless said property is free of unacceptable environmental risks as established by an industry standard environmental study, and that if the lender takes title, it would be taken in the name of a separate legal entity.

- Creditor Risks - As debt, commercial mortgage loans generally are subject to various creditor risks, including (i) the possible invalidation of an investment transaction as a “fraudulent conveyance” under the relevant creditors’ rights laws, (ii) so-called lender liability claims by the borrower, and (iii) as noted above, environmental liabilities that arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any underlying real property or owner, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership or credit issues suffered by tenants, can significantly diminish or adversely impact the collectability of commercial mortgage loans.
- Risk of Uninsured Losses - The lender will require borrowers to maintain insurance coverage against liability to third parties and property damage as is customary for similarly situated real property. However, there can be no assurance that insurance will be available or sufficient to cover any or all such risks. Insurance against certain risks, such as earthquakes, floods, or acts of terrorism may be unavailable, 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 or not economically insurable. In addition, there can be no assurance that the particular risks that are currently insurable will continue to be insurable on an economic basis.
- Prepayment Risks - Despite a stated maturity date, commercial mortgage loans are subject to the risk of being prepaid prior to such maturity date. In the absence of a certain maturity date, market participants generally refer to an estimated average life. An average life estimate is a function of an assumption regarding anticipated prepayment patterns, which are based upon current interest rates, current conditions in the relevant end-use markets and other factors. The assumption is necessarily subjective, and there can be no assurance that estimated average life will correspond to a loan’s actual life.
- Risk of Troubled Assets - Defaulted commercial mortgage loans operating in work-out mode or under bankruptcy protection laws are, in certain circumstances, subject to potential liabilities that could exceed the value of the original investment, including disallowance of claims or lender liability. In addition, under certain circumstances, 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.
- Risk Related to Usury Limitations - Interest charged on commercial mortgage loan investments in certain jurisdictions is subject to usury laws imposing maximum interest rates and penalties for violation, including restitution of excess interest and unenforceability of debt.
- Risk Related to Uncertainty of Projections - The lender’s determination to make a particular commercial mortgage loan will be based on a variety of projections, including projections regarding future growth rates and demand in the applicable market, construction costs, market prices and disposition timing and proceeds, all of which are inherently uncertain. To the extent that the actual outcome of any of such matters differs from that assumed by the lender, actual net income and cash flow from the real property could be materially affected and could be materially lower than those projected.

Middle Market Loans

Methods of Analysis

HIMCO's Middle Market Loan (MML) Group invests in senior secured loans and related equity investments that support middle market buyout transactions. This market segment generally includes companies with less than \$50 million of EBITDA. The loan investments include senior term loans, revolvers, delayed draw term loans (DDTLs), unitranche, and second lien debt. The equity investments include preferred stock and equity co-investments alongside a private equity sponsor.

The MML Group seeks to generate attractive risk-adjusted returns by taking advantage of its network of private equity sponsor relationships built over the past 30 years. These relationships help the group source deals in an efficient manner and target companies that fit with its investment strategy. The MML Group focuses on the middle market segment in order to benefit from historical differences in yields, structure, leverage, covenants, and documentation terms compared to other fixed and/or floating income strategies.

The MML Group uses a combination of analysis methods including:

- Fundamental analysis based on a company's competitive position, value proposition for customers, technological advantages, growth potential, order backlog, management capability, and industry sector tailwinds;
- Financial analysis including sales growth, margin profile, consistency of performance, sensitivity analysis based on a decline in sales or margins due to competition or overall economic cycle;
- Evaluation of an equity sponsor's capabilities including historical track record, resources to support growth, industry experience and contacts, and history of supporting underperforming investments;
- Review of proposed capital structure including leverage and loan-to-value ratios, ability to repay fixed charges including interest and taxes, covenant restrictions, and limitations on future borrowings.

For each investment, HIMCO conducts a comprehensive due diligence process consisting of both qualitative and quantitative analyses; including:

- Review of offering materials prepared by management or an intermediary
- Discussions with private equity sponsor to review due diligence, investment thesis and value creation plans
- Meeting with management and visiting them at the company's facilities or offices
- Review of financial information including audited statements and internal monthly financials
- Review of third party diligence reports including quality of earnings, tax, market research and competitive position, environmental risk, product liability, and management background checks
- Discussions with industry experts arranged either by third party or existing HIMCO relationships
- Review and negotiation of legal documentation

The underwriting and diligence processes culminate with written material and an oral presentation to the Private Equity/Middle Market Loan Investment Committee ("PE/MML Investment Committee") in a formal investment approval session. The PE/MML Investment Committee is a forum for a robust discussion of the merits and risks of a proposed investment.

Risks

The MML Group seeks to manage risks associated with each investment by employing the detailed analysis and process discussed above. However, it is not possible to fully mitigate all risks, and all investments in middle market senior loans and associated equity co-investments are subject to the risk of loss. In addition to the risks inherent in each portfolio company, the MML Group's investments are subject to the following primary risks:

- Financial Market Risk: Financial markets have experienced substantial fluctuations in prices and liquidity for levered loans in the past. Disruption in credit markets has negative effects on the availability of capital for middle market companies, and these conditions may lead to systematic decline in performance across the middle market.

- **Leverage Risk:** Levered companies have a higher level of interest expense and therefore fixed costs. As a result, the companies and management have less flexibility and fewer options when entering a decline, which leads to higher likelihood of default and risk of loss compared to companies with lower leverage.
- **Liquidity Risk:** Middle market senior loans and related equity co-investments are illiquid investments. Most investors choose to buy and hold these investments to maturity or until a private equity sponsor sells a portfolio company. Middle market loans and related equity co-investments should be considered only by clients who are able to maintain their investment for a prolonged period of time and who can afford a loss in such an investment.
- **Private Debt and Equity Investment Risk:** Issuers of these securities may suffer adverse financial performance due to a variety of factors including poor management decisions, industry sector decline, disruptive technologies, and overly competitive landscape. HIMCO clients may not realize their rate of return objectives, and they may not receive a return of their invested capital.
- **Risk Associated with Availability of Transactions in the Middle Market:** There are multiple providers of capital serving middle market private equity sponsors, each of which provide financing solutions similar to those of HIMCO's MML Group. There is a large amount of uncertainty around the timing and volume of suitable opportunities that match the MML Group's investment strategy and philosophy.

Private Equity (Funds, Direct & Mezzanine Investments)

Methods of Analysis

The Mezzanine and Private Equity Group participates in the private equity market through a variety of strategies. The three primary strategies consist of the following: 1) investing in domestic lower middle market private equity buyout funds; 2) investing in private equity funds that offer diversification and high return expectations, outside of the lower middle market; and 3) investing in direct mezzanine subordinated debt and equity co-investments, alongside of a fund, in their portfolio company.

The Private Equity Group's core strategy is to invest in lower middle market or middle market United States focused buyout funds. The Group seeks fund managers with sector domain expertise, differentiated and repeatable investment strategies and the demonstrated ability to create portfolio company value, and a history of generating strong returns with strong team continuity. The underwriting process typically begins with a manager presenting to the entire Private Equity Group. If warranted, a smaller team will conduct on-site due diligence where the fund's strategy, team, operations and back office, performance and pipeline are analyzed. Significant time is spent underwriting the performance and prospects of the unrealized portfolio, the drivers of past performance, as well as lessons learned from underperforming investments. Extensive reference checks are conducted on the fund and partners. In addition, select fund strategies outside of the Group's core middle market strategy can be pursued for their return, diversification or risk mitigating characteristics.

In the case of direct equity and mezzanine debt investments, the diligence process focuses on a variety of issues, including the quality of management, the historical and projected financial performance of the business, the volatility of the industry and the company's cash flows, the competitive positioning of the target businesses, the strength of the sponsor and value creation opportunities, and the company's valuation and capital structure. Significant third party diligence is conducted and reviewed, including background checks, market studies, quality of earnings, environmental, and legal and IT, among other diligence.

The underwriting and diligence processes culminate with written material and an oral presentation to the PE/MML Investment Committee in a formal investment approval session. The PE/MML Investment Committee is a forum for a robust discussion of the merits and risks of a proposed investment.

Risks

Private Equity investments are subject to the following primary risks:

- General Risks
 - Investments in securities of companies with substantial amounts of indebtedness involve a high degree of risk. Companies with substantial amounts of indebtedness are inherently more sensitive to adverse business or financial developments or economic factors, including declines in company revenues, increases in company expenses, rising interest rates, downturns in the economy, increasing competition and deteriorating industry conditions. There can be no assurance that a company will generate sufficient cash flow to service its debt obligations.
 - Companies in which HIMCO makes private equity investments are generally lower middle market and middle market companies that are not candidates for the public markets. These companies are often smaller businesses with less developed management teams and fewer financial resources than public companies and thus pose greater risk to the investor than equity investments in public companies.
 - HIMCO's private equity investments will generally be highly illiquid investments.
- Risks Associated with Private Equity Fund Investments
 - The success of HIMCO's private equity fund investments depends significantly upon the ability of the funds' and their investment advisors to identify attractive investment opportunities, provide high quality deal flow to the funds, add value to improve performance and successfully exit these investments.
 - Investors in private equity funds do not participate in the funds' day-to-day operations, including investment and disposition decisions. In order to safeguard their limited liability from the liabilities and obligations of the private investment funds in which they invest, investors must rely entirely on the general partner to manage the affairs of the funds.
 - While HIMCO actively monitors each private equity investment in a private equity fund, the management team of each underlying portfolio company is primarily responsible for handling its day-to-day operations, and HIMCO does not have the right to intervene unless HIMCO also has a direct co-investment in the portfolio company and only under certain limited circumstances. As a result, the success of HIMCO's private equity fund investments are reliant on the private equity fund owner and the management and board of directors of such portfolio companies.
 - Private equity funds in which HIMCO invests participate in a limited number of investments (generally in the 10-12 company range) and, as a result, the unfavorable performance of a few investments could have a significant adverse effect on the performance of a particular fund.
 - Distributions from portfolio companies to private equity funds are available only after satisfaction of claims of senior and mezzanine creditors and any other securities senior to the equity securities purchased. Therefore, if a portfolio company of a fund in which HIMCO invests does not generate adequate cash flow to service its debt obligations, HIMCO's investment in such fund will suffer a partial or total loss of invested capital.
- Risks Associated with Direct Private Equity Investments (Mezzanine Debt & Equity Co-Investments)
 - Investors in mezzanine debt and equity co-investments do not participate in the day-to-day operations of the issuing company. In order to safeguard their limited liability from the liabilities and obligations of the issuing company in which they invest, investors must rely on the private equity fund owner and the management of such company to manage its affairs.
 - While HIMCO actively monitors each private equity investment, the private equity fund owner and the management team of the issuing company is primarily responsible for handling its day-to-day operations, and HIMCO generally does not have the right to intervene with the exception of certain limited circumstances. As a result, HIMCO's private equity investments are reliant on the private equity fund owner and the management and

- board of directors of such companies, which may include representation of other unaffiliated investors whose interests conflict with ours.
- Distributions to direct equity holders are available only after satisfaction of claims of senior and mezzanine creditors and any other securities senior to the equity securities purchased. Therefore, if a company in which HIMCO has a direct equity co-investment does not generate adequate cash flow to service its debt obligations, HIMCO's investment in that company's equity securities will suffer a partial or total loss of invested capital.
 - Mezzanine debt securities typically are subordinated to senior debt, all or a significant portion of which may be secured. As a result, distributions to mezzanine holders are available only after all senior creditors' claims have been satisfied.
 - If a company in which HIMCO has a mezzanine debt investment becomes insolvent or files for bankruptcy protection, there is a risk of equitable subordination of HIMCO's investment to other creditors, or a court requiring investors to return amounts previously paid to it by such company. An investor's exercise of management rights in such company may also lead creditors of the company or other parties to assert claims against the investor.
 - Investment alongside third parties involves risks, including (i) the possibility that a third party investor has economic or business interests that are inconsistent with HIMCO's; (ii) that a third party investor is in a position to take (or prevent) actions in a manner contrary to HIMCO's investment objectives; and (iii) the possibility that a third party investor fails to make its capital contributions when due which could cause injury to the other investors and require the other investors to make additional capital contributions to cover the shortfall.

Private Placement Debt

Methods of Analysis

HIMCO employs a fundamentally driven, research-intensive investment process to manage private placement investments. Private placement analysts, traders, and portfolio managers work under the direction of the Head of Alternatives, who is ultimately responsible for strategy recommendations and performance within the sector. Private placement analysts incorporate a holistic review of an issuer's industry and competitive position, business strategy, operating profile, financial condition, and management. Financial analysis includes a detailed review of historical and projected metrics, including (but not limited to) revenue and profitability, financial and operating leverage, liquidity, and asset valuations (book and market). Particular emphasis is placed on each issuer's cash flow profile and outlook (generation and utilization). Private placement analysts also conduct structural analysis by reviewing bond indentures, note purchase agreements, other legal documents and private placement memoranda that are relevant to a particular investment opportunity. This aspect of the analysis process is done in collaboration with HIMCO's legal team (where appropriate) and it enables HIMCO to identify specific characteristics including the level of covenant protection, and security-level relationships within an issuer's capital structure. As part of the process of assessing an investment opportunity, private placement analysts typically seek public market information from public fixed income traders to obtain a perspective concerning current market conditions and trading levels of public market comparable securities. The process culminates with written material and an oral presentation to the Private Placement Deal Review Committee in a formal investment approval session. The Deal Review Committee is a forum for a robust discussion of the merits and risks of a proposed private placement investment. This investment process provides the Private Placement Group with a consistent framework for determining relative value, risk, and performance potential across industries, issuers, and securities.

Risks

Please refer to the risks outlined above for [fixed income investments](#).

DERIVATIVES

Methods of Analysis

Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. Depending on the type of account, the applicable offering documents, client investment guidelines, and regulatory constraints, derivative transactions may or may not be appropriate for a given client. HIMCO generally uses derivatives as part of a broader investment strategy and designs each derivative transaction to meet a specific client need or address a specific risk related to a given security or a portfolio. Generally, HIMCO uses derivatives for the following purposes:

- **Hedging** – Using a derivative to reduce or control exposure to certain risks, such as currency risk, credit risk, or interest rate. Hedging seeks to offset the risk of adverse price movements in the market.
- **Replication** – Using a derivative or combination of derivatives alone or in conjunction with other investments to replicate the investment characteristic of another investment. In certain circumstances, replication transactions can provide a more cost-effective means of investing in a given asset, in effect, by synthetically replicating the characteristics and performance of the asset.
- **Income generation** – Selling derivatives to collect premiums.

HIMCO's Derivative Working Group oversees use of derivatives at the firm and serves as a forum to discuss new uses for derivatives, initiatives impacting derivative usage, and emerging issues with respect to derivatives more broadly.

Risks

Derivatives involve significant risks and can be volatile. Derivatives are subject to the following primary risks:

- **Counterparty Risk** - The risk that the counterparty to a derivatives contract is unable or unwilling to honor its obligations under the contract. This risk is mitigated to a degree due to the exchange of collateral and the use of cleared derivatives.
- **Credit Risk** – The risk that the issuer of a security will not be able to make timely principal and interest payments. Changes in an issuer's credit rating or the market's perception of the issuer's creditworthiness can affect the value of any derivative exposure to that issuer.
- **Currency Risk** - The risk that changes in the exchange rate between currencies will adversely affect the value of a derivative contract.
- **Hedging Risk** - Hedging is a strategy that uses a derivative to offset the risks associated with another security. While hedging can reduce losses it can also reduce or eliminate gains or create losses if the market moves in a manner different than that anticipated by HIMCO or if the cost of the derivative outweighs the benefit of the hedge. HIMCO is not required to hedge and may choose not to do so.
- **Index Risk** - The risk that if the derivative is linked to the performance of an index, it will be subject to the risks associated with changes in that index. If the index changes, the portfolio could receive lower interest payments or experience a reduction in the value of the derivative to below what the portfolio paid. Certain indexed securities, including inverse securities (which move in an opposite direction to the index), create leverage, to the extent that they increase or decrease in value at a rate that is a multiple of the changes in the applicable index.
- **Leverage Risk** - The risk that relatively small market movements will result in large changes in the value of the derivative. Certain investments that involve leverage can result in losses that greatly exceed the amount originally invested.
- **Liquidity and Valuation Risk** - The potential lack of a liquid secondary market for derivatives could result in being unable to sell or close a derivatives position at the time or price desired thereby resulting in losses. The lack of a liquid secondary market for derivatives could also make derivatives more difficult to value accurately. Valuation of derivatives is more difficult in times of market turmoil when many investors and market makers are reluctant to transact in complex instruments or publish prices for them.

- Volatility Risk – Use of derivatives in an account may increase its volatility. Volatility is the characteristic of a security, an index or a market to undergo significant price fluctuations within a short period of time. Such fluctuations in value of derivatives may not correlate perfectly with the overall securities market.

OTHER GENERAL RISKS

Investment Adviser Cybersecurity Risk – As with any entity that conducts business through electronic means in the modern marketplace, HIMCO is susceptible to potential risks resulting from cyber-attacks and data loss incidents (collectively, “cyber-events”). Cyber-events include but are not limited to:

- Illegally accessing or corrupting data maintained online or digitally;
- Denial of service attacks on websites;
- Unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential information;
- Infection from computer viruses or other malicious software code;
- Unauthorized access to (or compromise of) relevant systems, networks or devices; and
- Operational disruption or failures in physical infrastructure or operating systems.

Cyber-events affecting HIMCO or its service providers could result in disruptions to normal business operations (including the inability to trade, which could result in financial losses), destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, reputational damage, and/or reimbursement or other compensation costs. HIMCO incurs costs for cybersecurity risk management. Such costs are ongoing as cybersecurity threats are constantly evolving as cyber attackers become more sophisticated and their techniques become more complex. Similar types of cybersecurity risks are also present for issuers of securities in which HIMCO invests for its clients. Cyber-events impacting issuers often result in material adverse consequences for such issuers including causing investments in such companies to lose value.

HIMCO has a Technology and Cybersecurity Committee (“TaCC”) that oversees affiliated areas of The Hartford that perform enterprise-wide cybersecurity, security governance and information protection services. TaCC monitors cybersecurity matters related to client information, material non-public information and other sensitive information contained in HIMCO’s systems, applications, networks and otherwise within the company; ensures that customized procedures and controls are in place for access rights, data loss prevention, vendor management, training and incident response, in each case reasonably tailored to HIMCO’s regulatory and business requirements. TaCC, which reports to HIMCO’s Governance Oversight Committee, is chaired by a member of HIMCO’s Executive Leadership Team and its members include the heads of key HIMCO business units as well as the Chief Compliance Officer (“CCO”), Chief Legal Officer and Chief Risk Officer. TaCC also has standing non-voting invited guests from The Hartford’s Information Protection Program (“THIP”) and Enterprise Risk Management (“ERM”). Likewise, as part of its governance responsibilities to monitor cybersecurity matters pertaining to HIMCO’s technology and data, HIMCO’s President and CCO represent the firm on The Hartford’s Executive Privacy and Security Council.

ITEM 9: DISCIPLINARY INFORMATION

A. Criminal or Civil Proceedings

None

B. Administrative Proceedings Before Regulatory Authorities

None

C. Self-Regulatory Organization (SRO) Proceedings

None

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status

HIMCO is not a registered broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status

HIMCO has been registered with the Commodity Futures Trading Commission ("CFTC") as a Commodity Trading Adviser since February 18, 2009 and as a Commodity Pool Operator since January 1, 2013. Certain of HIMCO's management persons are registered as an associated person and/or principal of a CPO and CTA (HIMCO).

C. Material Relationships or Arrangements with Affiliated Industry Participants

HIMCO has relationships or arrangements material to its advisory business and/or its advisory clients with the following affiliated industry participants.

- ***Broker-dealers***

HIMCO is affiliated with Hartford Funds Distributors, LLC ("HFD"), a registered broker-dealer. HIMCO employees are not registered representatives of, or associated with, HFD. HIMCO serves as an investment manager for HFD. HFD is a limited purpose broker-dealer through which HIMCO is not able to execute trades. However to further mitigate any actual or perceived conflict of interest related to use of an affiliated broker/dealer for advisory client trades, HIMCO's Prohibited Brokerage Arrangements Policy and Procedures prohibit HIMCO from executing transactions on behalf of its advisory clients through affiliated broker-dealers or other affiliated financial intermediaries.

- ***Insurance companies and insurance agencies***

HIMCO is an investment manager for certain affiliated insurance companies and insurance agencies including First State Insurance Company, Hartford Accident and Indemnity Company, Hartford Casualty Insurance Company, Hartford Fire Insurance Company, Hartford Insurance Company of Illinois, Hartford Insurance Company of the Midwest, Hartford Insurance Company of the Southeast, Hartford Life and Accident Insurance Company, Hartford Lloyds Insurance Company, Hartford Underwriters Insurance Company, Heritage Reinsurance Company, Ltd., Maxum Casualty Insurance Company, Maxum Indemnity Company, Navigators Insurance Company, Navigators Specialty Insurance Company, New England Insurance Company, New England Reinsurance Corporation, New Ocean Insurance Company, Ltd., Nutmeg Insurance Company, Pacific Insurance Company, Limited, Property and Casualty Insurance Company of Hartford, Sentinel Insurance Company, Ltd., Trumbull Insurance Company, and Twin City Fire Insurance Company. Through its affiliation with The Hartford, HIMCO is also affiliated with other insurance companies and insurance agencies, but HIMCO's relationship with such other affiliates is not material to its advisory business or clients.

HIMCO is a wholly owned subsidiary of The Hartford and, as noted above, HIMCO manages assets for a number of its affiliated entities. In addition, certain HIMCO employees (including HIMCO's President) serve in multiple roles both at HIMCO and across the broader Hartford enterprise. There are certain conflicts of interest inherent to such arrangements including, without limitation: (a) the incentive for HIMCO to favor affiliated clients when allocating investment opportunities (see [Item 6](#) for additional information); (b) the potential for a HIMCO employee to allow HIMCO's interests to influence their judgment when serving in an enterprise role; (c) the potential for a HIMCO employee to allow The Hartford's interests to influence their judgment when serving in their HIMCO role; and (d) the potential for information received while acting in an enterprise role to restrict HIMCO's ability to trade in certain issuers for its affiliated and unaffiliated clients (as discussed in greater detail in [Item 11](#)). Such conflicts

are primarily mitigated through the controls imposed by HIMCO's policies and procedures, including the Trade Allocation Policy and Procedures, Code of Ethics and Material Non-Public Information Policy and Procedures as discussed in [Item 6](#) and [Item 11](#).

Portfolio managers at HIMCO manage portfolios for multiple clients and in doing so make investment decisions for each client based on the investment objectives, strategies, risk tolerance, practices and other relevant investment considerations applicable to that client. Consequently, portfolio managers can: (i) purchase or sell securities for one client and not another; (ii) purchase or sell the same security for different clients at different times; (iii) place transactions on behalf of one client that are directly or indirectly contrary to investment decisions made on behalf of other clients; or (iv) make investment decisions for one client that are similar to those made for other clients, all of which have the potential to adversely impact one client and not another, depending on market conditions. For example, HIMCO could purchase a security for one client, and establish a short position in the same security for another client. The subsequent short sale may impair the value of the security held by the first client. Accordingly, transactions in investments by one or more HIMCO clients could have the effect of diluting or otherwise negatively impacting the values, prices or investment strategies of other HIMCO clients, particularly (but not necessarily limited to) those in less liquid strategies. Please see additional disclosure under [Item 6](#).

HIMCO is not obligated to transact (or refrain from transacting) in any security that HIMCO, its affiliates or their respective access persons transact in for their own account or for the accounts of any other client. In addition, HIMCO is not obligated to share with any client, information or investment strategies developed for or used in connection with other clients.

D. Material Conflicts of Interest Relating to Sub-Advisers

HIMCO does, on occasion, select or recommend sub-advisers for its clients and currently has one such sub-advisory relationship in place. The sub-adviser is affiliated with a large financial institution and thus HIMCO also has trading/counterparty relationships with the sub-adviser and its affiliates. In connection with these counterparty relationships HIMCO receives economic benefits from the sub-adviser and its affiliates in the form of gifts and entertainment. Receipt of gifts and entertainment creates a conflict of interest because HIMCO could be incentivized to select or continue to retain the sub-adviser based on such economic benefits. This conflict is mitigated in the following ways:

- HIMCO's Gift and Business Entertainment Policy and Procedures impose limits and restrictions on the receipt of gifts and entertainment in order to prevent gifts and entertainment from unduly and improperly influencing HIMCO's decision making and objectivity. Compliance conducts surveillance activities to monitor compliance with the Gift and Business Entertainment Policy and Procedures.
- HIMCO's Strategic Investments Group has an established due diligence process that HIMCO uses to evaluate sub-advisory relationships. The due diligence process is a multi-stage process that involves review of key documents, on site due diligence meetings, and an assessment of operational risks and controls, to determine whether the sub-adviser is appropriate to recommend to a client.

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

Code of Ethics

HIMCO has adopted a Code of Ethics (the “Code”) that applies to all of its Covered Persons in accordance with applicable law. Covered Persons refers to all supervised, access and investment personnel and includes all employees of HIMCO, Hartford employees whose offices are in HIMCO space, Hartford employees with badge access to HIMCO space, and other individuals who have access to HIMCO systems. The Code is designed to make sure that Covered Persons act in accordance with HIMCO’s fiduciary obligations to its clients. The Code requires that Covered Persons conduct their business and personal affairs in a manner that manages conflicts of interest, places HIMCO’s clients’ interests above their own, avoids taking advantage of their position at HIMCO, and requires that all personal securities transactions be conducted consistent with the Code and applicable law. Additional detail on some of the Code’s substantive requirements/controls is provided below.

Access and investment personnel are required to submit certain documentation to Compliance, including:

- Initial disclosure and annual affirmation of personal securities accounts in which they and certain family members that reside with them have an ownership interest or exercise investment discretion or control over;
- Initial disclosure and annual affirmation of securities holdings for certain accounts;
- Quarterly transaction reporting for certain accounts; and
- Pre-clearance of certain investments.

Some examples of personal trading restrictions and requirements imposed by the Code are as follows:

- Sixty-day holding period requirement;
- Prohibitions on short sales, front running, market manipulation, market timing and late day trading;
- Prohibition of trading on material non-public information (“MNPI”), advising any other person to trade based on MNPI or spreading rumors or misinformation that they know to be false or misleading;
- Prohibition on trading options on Hartford stock;
- Prohibition from trading securities on HIMCO’s restricted list;
- Blackout period restrictions;
- Requirement to maintain certain personal accounts with designated broker-dealers that send a transaction feed to HIMCO’s personal trading system for monitoring purposes;
- Prohibition from engaging in excessive personal trading (generally more than 10 pre-cleared trades in a quarter).

As part of managing conflicts, the Code requires that all access persons and investment personnel disclose their outside business activities, including those for which they receive compensation, as well as non-compensated roles such as board and officer positions, forming or participating in any stockholders’ or creditors’ committee, monetary investments in non-publicly traded businesses, and participation in investment clubs. The Code prohibits Covered Persons from accepting or providing gifts and entertainment that would create or appear to create a conflict with the interests of HIMCO’s clients or have a detrimental impact on the firm’s reputation. Access persons and investment personnel must report certain gifts and entertainment. In addition, the Code prohibits Covered Persons from making political contributions that may have the perceived effect of influencing whether a government entity, official or candidate hires or retains, invests or maintains an investment in any fund advised or sub-advised by HIMCO, or influences HIMCO’s access to or allocation of securities issued by that government entity.

A copy of the Code will be provided to any client or prospective client upon request.

Participation or Interest in Client Transactions or Personal Trading

HIMCO transacts in securities for client accounts (including affiliated client accounts) in which it, its employees, and/or its related persons have a material financial interest. Such instances include without limitation: (a) transactions in mutual funds sub-advised by HIMCO; (b) transactions in the stock of The Hartford for portfolios that track an index in which The Hartford's stock is a component; and (c) transactions in securities that could be held by employees in their personal accounts. These types of situations give rise to potential conflicts of interest because HIMCO's investment personnel have an incentive to engage in such transactions in client accounts for reasons unrelated to the client's mandate, including an economic interest in maximizing the performance of a security or an investment vehicle in which he or she is invested, or investing unaffiliated client funds in an affiliate seeded investment vehicle so that the affiliate's seed money can be withdrawn. HIMCO employees or investment personnel also have an incentive to time their personal trades and/or HIMCO client trades in a way that maximizes their economic interest over the client's.

As part of its Code of Ethics and other Compliance policies HIMCO has implemented controls to mitigate the conflicts of interest described above. These controls include but are not limited to:

- Compliance restrictions in HIMCO's trade order management system that:
 - Prevent the purchase of The Hartford's stock in portfolios other than passive index portfolios that track an index in which The Hartford's stock is a component. In addition, Compliance monitors the passive index portfolios to ensure that the percentage of The Hartford's stock in the portfolio remains aligned (within a range) to the percentage it represents in the applicable index.
 - Restrict the purchase of affiliate seeded investment vehicles for unaffiliated HIMCO clients until the investment rationale can be discussed with Compliance.
- Various controls within the Code of Ethics that require:
 - Disclosure of specific types of personal securities accounts and the holdings therein;
 - Specific types of personal securities be held at designated broker-dealers;
 - Preclearance of investments in specific types of securities, including but not limited to HIMCO managed mutual funds and The Hartford stock;
 - Blackout restrictions for access persons and investment personnel. The Code of Ethics does exclude certain securities and trading in certain types of personal securities accounts from the blackout restrictions. These exclusions generally involve highly liquid securities (such as S&P 100 equities or U.S. Treasuries) and situations where the conflicts are otherwise mitigated (such as accounts over which the access of investment personnel do not have discretion).

Additionally:

- HIMCO manages a large portfolio of securities for its affiliates which, in the ordinary course of business, could compete with HIMCO's unaffiliated clients in the market for securities. Please see [Item 6](#) for a discussion of the measures HIMCO uses to address the resulting conflicts of interest.
- HIMCO's personnel receive MNPI that restrict its ability to transact in certain securities for client accounts or otherwise advise clients regarding the securities of issuers for which the firm has MNPI. If HIMCO's personnel receive MNPI, the issuer of that security is placed on HIMCO's restricted list and public transactions in that issuer are restricted until the MNPI has been publicly disclosed or becomes stale. HIMCO's MNPI Policy and Procedures prohibit Covered Persons from disseminating MNPI in violation of law and from engaging in insider trading either personally or on behalf of clients or others. In addition, certain HIMCO personnel (including HIMCO's President) receive information related to transactions being considered by HIMCO's affiliates. Compliance tracks all such instances and has controls in place to ring fence impacted personnel as appropriate. Compliance implements specific or firm-wide restrictions on personal and firm trading in affected issuers as necessary.

Principal Transactions and Cross Trades

HIMCO engages in principal transactions and cross trades to the extent permitted by law. A principal transaction occurs when HIMCO purchases or sells securities owned by affiliated clients from or to unaffiliated clients. A cross trade occurs when HIMCO causes any advisory account to buy a security from or sell a security to any other HIMCO advisory account.

While clients may benefit from principal transactions and cross trades by obtaining a more favorable price or access to a security, such transactions also create the potential for HIMCO to engage in self-dealing, price manipulation or the placing of unwanted securities in client accounts. In addition, HIMCO has a conflict of interest where it represents advisory accounts on both sides of the transaction and at least one account is an affiliated account as HIMCO has an incentive to favor the affiliated client.

HIMCO's Cross Trade and Principal Transactions Policy and Procedures impose controls intended to mitigate the conflicts of interest described above. Such controls include but are not limited to:

- Conducting principal transactions in accordance with Section 206-(3) of the Advisers Act through disclosing the capacity in which HIMCO is acting and the material terms of the transaction, and obtaining the consent of the clients involved.
- Effecting cross trades at commercially reasonable terms and, if required by applicable law, obtaining the necessary client consents.
- Requiring that cross trades involving mutual fund portfolios adhere to the requirements of Rule 17a-7 of Section 17 of the 1940 Act and are undertaken in accordance with procedures outlined in the Cross Trade and Principal Transactions Policy and Procedures.
- Prohibiting principal transactions involving mutual funds.

Please note that HIMCO evaluates conflicts of interest related to principal transactions and cross trades on a case-by-case basis, taking into account the interests of the relevant clients, the circumstances under which the conflict arose, and applicable law.

ITEM 12: BROKERAGE PRACTICES

Best Execution

As a SEC registered investment adviser, HIMCO has a duty to seek best execution when selecting counterparties to execute client trades. HIMCO fulfills this duty by seeking to execute transactions with the goal of maximizing value for the client under the particular circumstances occurring at the time of the transaction. Maximizing value encompasses more than just minimizing cost or maximizing proceeds. The determinative factor is whether the transaction represents the best qualitative execution. When seeking best execution, HIMCO takes into consideration the range and quality of a counterparty's services as outlined below.

HIMCO's traders evaluate each transaction to determine what markets, platforms, and/or counterparties offer the most favorable execution. Traders are not necessarily required to choose the counterparty offering the best price if, in their reasonable judgment, there is a material risk that the overall qualitative level of execution provided by such counterparty is less favorable than can be obtained elsewhere. Further, Traders do not have to solicit competitive bids for a particular transaction if in their judgment doing so will harm the overall quality of execution.

In selecting counterparties to execute a trade, HIMCO's traders consider the following factors (as applicable) when making the best execution determination. Different factors will have varying levels of importance for each transaction, as each transaction is unique:

- Ability to access other markets, and the cost/difficulty associated with achieving such access
- Ability to limit market impact
- Availability of accurate information to assess execution quality
- Counterparty generated or provided research
- Counterparty's ability and willingness to commit capital
- Counterparty's block trading and arbitrage capabilities
- Counterparty's overall responsiveness and willingness to work with HIMCO
- Counterparty's participation in a given offering or underwriting
- Counterparty's reputation, integrity and execution quality
- Counterparty's track record for errors and its willingness to correct errors for which it was at fault
- Execution speed relative to other markets
- Level of anonymity available through a particular counterparty
- Liquidity of the market for the security in question
- Price (including commission rates or spreads)
- Security characteristics
- Size and difficulty of the order

In addition, trades must be executed with counterparties that are on HIMCO's list of approved counterparties.

When multiple bids are sought to sell a security, there are times when certain qualitative factors will cause HIMCO to accept a lower bid than initially offered. In these situations, HIMCO's traders must be comfortable that taking the lower bid is consistent with long term best execution and that the winning bid is still higher than the second highest bid.

HIMCO encounters situations (typically when funding or liquidating a client portfolio) where it is advisable to trade an entire portfolio, as opposed to buying or selling each security in the portfolio individually. The objective of trading in this fashion is to minimize the amount of market risk taken by the client in liquidating or funding the portfolio. Such trading can, however, involve a liquidity premium. HIMCO permits trading in this fashion provided it involves a single client account (not permitted for pools), the portfolio manager believes trading the entire portfolio in this fashion is beneficial to the client, and the trader is comfortable that the pricing level on the portfolio as a whole (as opposed to security by security) is consistent with best execution.

HIMCO's relationships with counterparties are complex, particularly with those counterparties that are affiliated with large financial institutions. For certain counterparties, in addition to its trading relationship, HIMCO also has other relationships, including without limitation:

- Investing client assets in securities issued by counterparties or their affiliates;
- Utilizing such counterparties or their affiliates as counterparties for derivatives transactions;
- Utilizing such counterparties or their affiliates as prime brokers;
- Utilizing such counterparties or their affiliates as sub-advisers for HIMCO clients; and
- Acting as a sub-adviser for such counterparties or their affiliates.

HIMCO is mindful of the potential conflicts of interest that arise from these complex relationships, including the potential for trades to be directed to certain counterparties for inappropriate reasons. Accordingly, HIMCO has implemented a number of controls to mitigate such conflicts, including without limitation:

- Pursuant to HIMCO's Best Execution Policy and Procedures:
 - Trades may not be directed to a counterparty in return for: (a) error corrections; (b) suggested preferential treatment in new issues, IPOs, or other offerings; (c) gifts and/or entertainment; or (d) client referrals.
 - Investment personnel must not be influenced by any personal conflicts of interest, such as having a family member or close personal friend who works for or is affiliated with a counterparty. The existence of any such relationship must be disclosed to Compliance and the Head of Trading.
- HIMCO's Prohibited Brokerage Arrangements Policy and Procedures and Best Execution Policy and Procedures prohibit HIMCO from executing transactions on behalf of its advisory clients through affiliated counterparties.
- HIMCO's Gifts and Business Entertainment Policy and Procedures:
 - Imposes limits on and surveillance around the receipt of gifts and entertainment from counterparties; and
 - Imposes limits on donations made by a business partner in a HIMCO employee's name (or vice versa), and requires disclosure of such donations to Compliance.

Soft Dollars

Counterparties will often provide products and services to investment advisers in order to give the adviser additional incentives to direct client brokerage transactions to the counterparty. These arrangements are often referred to as "soft dollar" arrangements. The SEC defines soft dollar practices as arrangements under which products or services other than execution of securities transactions are obtained by an adviser from or through a counterparty in exchange for the direction of client brokerage transactions to the counterparty. Typically, an adviser receives brokerage or research products or services ("brokerage or research") from a counterparty and pays for the brokerage or research with commissions from transactions for advisory accounts. The commissions used to pay for the brokerage or research are referred to as soft dollars. Advisers also receive brokerage or research which is provided on a "bundled" basis with trade execution. Even if an adviser does not pay a separately identifiable fee for the "bundled" brokerage or research, the receipt of "bundled" brokerage or research may under certain circumstances be characterized as a soft dollar arrangement.

When an investment adviser uses client commissions to pay for brokerage or research, the adviser receives a benefit because it does not need to produce or pay for the brokerage or research itself. Moreover, the brokerage or research received does not necessarily benefit the client whose commissions were used to pay for it. Additionally, when transactions involving soft dollars involve the adviser paying higher commission rates (sometimes referred to as "paying up"), advisers using soft dollars face a conflict of interest between their need to obtain brokerage or research and their requirement to seek the best possible execution for their clients. As such, the use of client commissions and transactions to pay for brokerage or research presents advisers with significant conflicts of interest by creating an incentive for advisers to: (i)

disregard their best execution obligations when executing transactions (in order to obtain brokerage and research); and (ii) trade client securities inappropriately in order to earn credits for such brokerage and research.

Commission Sharing Arrangements (“CSAs”)

Other than Commission Sharing Arrangements (“CSAs”) approved by HIMCO’s Brokerage Review Committee, HIMCO’s investment personnel are prohibited from entering into formal soft dollar arrangements on HIMCO’s behalf. In this context, the term “formal soft dollar arrangement” is defined as any agreement with a counterparty, either oral or written, whereby soft dollar credits or brokerage or research are provided to HIMCO in exchange for directing client brokerage transactions to the counterparty.

HIMCO has two CSAs in place that were approved by HIMCO’s Brokerage Review Committee. Both CSAs were limited to HIMCO’s equity business. HIMCO has stopped contributing to these CSAs and intends to terminate them once the existing account balances are exhausted. Unless otherwise approved by HIMCO’s Brokerage Review Committee, items received under CSAs are limited to research that qualifies as “research services” under Section 28(e) of the Securities Act of 1934. Pursuant to its Soft Dollar Policy and Procedures HIMCO utilizes a counterparty vote process, where certain investment and research personnel provide qualitative feedback on counterparties, the results of which provide the information needed to (i) calculate a reasonable value for the research HIMCO receives from a particular entity under a CSA; and (ii) determine the corresponding payment to be made to that entity under the applicable CSA.

Use of Bundled Products and Services

HIMCO receives brokerage and research products and services from some of its approved counterparties, which are “bundled” with the trade execution services provided by the counterparties. Such products and services are referred to as “Bundled Products and Services”. So long as they are proprietary in nature (i.e. are produced by the counterparty providing them and not by a third-party), then HIMCO’s investment personnel are permitted to utilize Bundled Products and Services without restriction.

HIMCO’s investment personnel are not permitted to accept Bundled Products and Services from a counterparty if those Bundled Products and Services are produced by an entity other than such counterparty (“Third Party Bundled Products and Services”) unless:

- Such Third Party Bundled Products and Services are obtained through a CSA that has been approved by HIMCO’s Brokerage Review Committee; or
- Such Third Party Bundled Products and Services have been disclosed to and pre-approved by the Chief Compliance Officer and the Chief Legal Officer (or their respective designees).

Additionally:

- To the extent HIMCO utilizes client brokerage commissions (or markups or markdowns) to obtain research or other products or services, HIMCO benefits because it does not have to produce or pay for such research, products or services.
- HIMCO has an incentive to select or recommend a counterparty based on its interest in receiving research or other products or services rather than based on a client’s interest in receiving most favorable execution. When the counterparty selected is not the lowest cost, HIMCO would be deemed to be “paying up.”
- As a general matter, HIMCO does not limit the application of soft dollar benefits to the client accounts whose commissions paid for the benefits.
- As noted above, HIMCO is party to two CSAs approved by HIMCO’s Brokerage Review Committee through which it acquired access to company research reports, portfolio analysis tools, as well as access to analysts, management, and conferences.
- HIMCO receives bundled products and services from approved counterparties, which generally include, without limitation, access to: (i) research reports; (ii) research analysts; (iii) issuer management; (iv) algorithmic trading software; (iv) analytical tools (such as modeling tools); (v)

research websites; (vi) advice on order execution; (vii) on-site research presentations; (viii) seminars and conferences; and (ix) relationship building events.

Brokerage for Client Referrals

HIMCO's Best Execution Policy and Procedures and Prohibited Brokerage Arrangements Policy and Procedures prohibit staff from directing trades to a counterparty in return for client referrals.

Client Directed Brokerage

A client directed brokerage arrangement is an arrangement whereby the client directs its investment adviser to execute some or all of the client's transactions with one or more specific counterparties. Client directed brokerage arrangements can take numerous forms, including without limitation: (i) statutory mandates in certain jurisdiction(s) that require investment advisers to use best efforts to direct securities transactions for particular accounts domiciled in that jurisdiction to a specific type of counterparty; and (ii) client requests that investment advisers direct a certain portion of trades for their accounts to counterparties owned by minorities, women, veterans and other groups.

HIMCO generally selects counterparties based on its assessment of the counterparty's quality and execution capabilities, and its obligation to seek best execution. However, HIMCO will consider transacting through counterparties identified by the client if the client submits their request in writing and certain conditions are met. HIMCO advises clients making such a request that directed brokerage can result in disadvantages, including but not limited to:

- Higher transaction costs for the client stemming from, among other things, missing out on any savings that HIMCO obtains through negotiating volume discounts on aggregated transactions;
- A reduction in HIMCO's flexibility in securing best execution;
- Inability to participate in a new issue if that new issue is provided by another counterparty;
- Account(s) not generating returns equal to clients that do not direct brokerage; and
- When discretionary orders and orders placed pursuant to client directed brokerage arrangements cannot be executed simultaneously, discretionary orders and orders placed pursuant to client directed brokerage arrangements that are subject to best execution will generally be executed before orders placed pursuant to client directed brokerage arrangements that are not subject to best execution.

HIMCO will not direct trades to counterparties as compensation for or in recognition of any promotion or sale of shares of or interests in HIMCO managed mutual funds, private funds, or separately managed accounts.

Aggregated Orders and Trade Allocation

HIMCO, in its discretion, aggregates orders (absent specific client direction to the contrary) when it determines that it is consistent with best execution and in the best interests of its clients. When a decision is made to aggregate orders on behalf of more than one account, such transactions must be allocated in a fair and equitable manner. Such aggregated trades may be used to facilitate best execution including negotiating more favorable prices, obtaining more timely or equitable execution, or reducing overall transactions costs. HIMCO affiliated accounts are permitted to be included in aggregated trades.

Equity trades will carry the average dollar weighted execution price. The over-the-counter ("OTC") fixed income market has limited liquidity among different counterparties and no centralized exchange, so the concept of average dollar weighted execution price does not apply to aggregated fixed income trades. HIMCO does not receive additional compensation as a result of aggregated trades.

In accordance with HIMCO's Trade Allocation Policy and Procedures, HIMCO portfolio managers prepare a written allocation statement specifying the participating client accounts and how the order is intended to

be allocated before the trade is executed. Infrequently exigent circumstances require the order and the execution to occur simultaneously. In those instances, the written allocation statement must be completed immediately after the transaction is completed. If the order is filled in its entirety it is allocated to client accounts in accordance with the allocation statement. If the order cannot be filled in its entirety, subject to certain documented exceptions, the order is allocated according to the pro rata algorithm of HIMCO's trade order management system based on the written allocation statement. There are a number of documented exceptions to the pro rata methodology described above. Such exceptions include, without limitation:

- Where applying the pro rata algorithm would result in accounts being left with amounts that are below the minimum trade size for the security being traded. In this situation the Trade Allocation Policy and Procedures require that investment personnel follow a specific alternative allocation process.
- Situations where investment personnel determine a pro rata allocation is not appropriate or otherwise request an exception (subject to the prior approval of members of senior management, including the Chief Compliance Officer (or designee)).
- HIMCO's alternative asset classes either have or are establishing alternative allocation policies which incorporate nuances of their individual markets and utilize different allocation methodologies than the pro rata algorithm. More information on these alternate methodologies is available to HIMCO clients that invest in alternative asset classes and prospective clients for an alternative mandate upon their request.

Once trades are executed, they are only reallocated in limited circumstances and, other than for certain documented exceptions set out in the Trade Allocation Policy and Procedures, only upon the review and approval of senior management and the Chief Compliance Officer (or designee).

In certain alternative asset classes a number of unaffiliated HIMCO clients require co-investment alongside at least one HIMCO affiliate. In those circumstances HIMCO affiliates generally need to receive an allocation in order for the unaffiliated client to receive an allocation (unless the HIMCO affiliate already has exposure to the issuer).

For information on allocation related conflicts of interest please refer to [Item 6](#) and [Item 10](#).

Trade Errors

It is HIMCO's policy to treat its clients fairly and equitably. In accordance with its Trade Error Correction Policy and Procedures, HIMCO will assess and determine when a trade error has occurred. For trade errors involving bundled or package trades that result in both realized gains and losses for a client, subject to certain exceptions, HIMCO nets the realized gains and losses on a client by client basis as appropriate and reimburses net losses in a timely manner. For trade errors where the corrective action results in a realized gain for a client, the client retains the gain. For trade errors where the corrective action results in a realized loss for a client, HIMCO reimburses the client (except for certain affiliated clients) for the loss incurred in a timely manner. The amount and methodology used to calculate reimbursements are based on a variety of factors including but not limited to benchmarks and other market factors. Pursuant to HIMCO's Trade Error Correction Policy and Procedures all trade errors must be reported and documented as soon as practicable after discovery of the error and, if necessary, corrective action must be taken in a timely and prudent manner.

ITEM 13: REVIEW OF ACCOUNTS

Review of Client Accounts

Each client account is assigned to one or more portfolio managers who are responsible for ensuring that transactions and holdings in the account are aligned with the account's investment mandate, objectives and risk tolerance, and comply with the account's investment guidelines and regulatory requirements (where applicable). Portfolio manager monitoring of client accounts occurs on an ongoing basis as they

continually make investment decisions and evaluate investment opportunities for each account. External events impacting the account are also incorporated into this ongoing review and can include, but are not limited to:

- Changes to a client's investment mandate (including without limitation modifications to investment guidelines, risk tolerance, and income or cash needs);
- Additions to or withdrawals from an account;
- The evolution of new security types in the marketplace; or
- Material market events impacting the account.

Compliance contributes an additional layer of review by supporting the portfolio manager's efforts by conducting periodic account reviews and performing ongoing surveillance activities to monitor and assess adherence to investment guidelines and regulatory requirements (where applicable):

- Compliance surveillance monitors whether transactions and holdings are appropriate for a particular portfolio (or group of portfolios) based upon the account's investment guidelines and applicable regulatory requirements. Surveillance occurs on both a pre-trade and post-trade basis and automated reports provide timely notification to Compliance and Portfolio Management when an order, trade or holding approaches or breaches constraints imposed by the client's investment guidelines or applicable regulatory requirements. In addition manual surveillance is used for constraints that cannot be tested effectively on an automated basis. Compliance is responsible for researching and determining the validity of each violation notification. If validated, Compliance documents the violation and notifies Portfolio Management and other internal stakeholders (as appropriate). At the client's request, Compliance will provide compliance certifications on a stated frequency that include any validated violations.
- As part of new account set up and on an as-needed basis thereafter, Compliance reviews the account's controlling documents with Portfolio Management and other internal stakeholders, as appropriate, and codes applicable constraints into HIMCO's trade order management system. Factors that can prompt Compliance to review a client account on an ad hoc basis include without limitation:
 - Regulatory changes that impact the management of an account;
 - A trade error that triggers review of a client's investment guidelines in order to determine whether a particular security was eligible to be held in the account;
 - Changes to investment guidelines; and
 - Enhanced functionality in the trade order management system.

Client Reporting

Client reports can be tailored to meet the needs of the respective client, and vary in scope, format, approach and timing in accordance with each client's requirements, as well as the products, strategies and asset classes in which they invest. Typically, clients receive formal written reports on either a quarterly or monthly basis. These reports include various agreed upon components required by the client, including but not limited to absolute performance, benchmark-relative performance, income metrics, market commentary, portfolio commentary, contributions/withdrawals, credit losses/watch lists, portfolio characteristics (e.g. sector, quality, duration, maturity, etc.) and portfolio holdings. Ad hoc reporting is also used to supplement formal reporting on a periodic basis and can include components such as a performance snapshot, credit updates, and topical risk exposures.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients

HIMCO receives economic benefits from persons who are not clients in connection with providing advisory services to its clients as follows: (i) through certain soft dollar benefits and "bundled services" described under [Item 12](#); and (ii) in the form of gifts and entertainment from counterparties through which HIMCO executes trades. These practices give rise to a conflict of interest by creating an incentive

for HIMCO to disregard its best execution obligations when placing client trades. HIMCO has adopted and implemented a number of policies and procedures that it believes address this conflict:

- HIMCO's Gift and Business Entertainment Policy and Procedures impose limits on and surveillance around the receipt of gifts and entertainment from counterparties.
- HIMCO's Soft Dollar Policy and Procedures impose limitations on the soft dollar arrangements that HIMCO enters into and the types of soft dollar benefits that are utilized.
- HIMCO's Best Execution Policy and Procedures impose a number of controls designed to monitor HIMCO's compliance with its best execution responsibilities.

B. Compensation to Non-Supervised Persons for Client Referrals

As of the date of this Brochure, HIMCO does not pay non-supervised persons for client referrals. HIMCO does reserve the right in the future to enter into arrangements pursuant to which non-supervised persons would be compensated, directly or indirectly, for referring clients to HIMCO. To the extent deemed applicable, such arrangements would be entered into in accordance with the terms and conditions of Rule 206(4)-3 under the Advisers Act and HIMCO's Solicitation and Client Referral Policy, which among other things requires appropriate disclosure to prospective clients.

HIMCO's affiliates do retain and pay certain investment consulting organizations to provide services to other areas of The Hartford enterprise that oversee investments, some of which are managed by HIMCO. In addition, HIMCO pays for access to a database offered by one such investment consultant organization. In accordance with The Hartford's procurement process, such payments are at fair value for products or services rendered. These investment consultants could, in the ordinary course of their business, recommend HIMCO's services to their clients.

ITEM 15: CUSTODY

HIMCO does not have custody of client funds or securities.

ITEM 16: INVESTMENT DISCRETION

HIMCO accepts discretionary authority to manage advisory accounts and also provides investment advisory services to non-discretionary accounts. Clients authorize HIMCO to manage advisory accounts on a discretionary or non-discretionary basis through the written agreement applicable to each account. Such agreements include but are not limited to investment management agreements and sub-advisory agreements. Please also refer to [Item 4](#).

ITEM 17: VOTING CLIENT SECURITIES

As a general matter, HIMCO votes proxies on behalf of advisory accounts for which it has been expressly granted voting authority, as well as discretionary advisory accounts where the client has not expressly reserved proxy-voting responsibility for itself (or a designated third party).

Policies and Procedures

HIMCO has written proxy voting policy and procedures in place as required by Advisers Act Rule 206(4)-6. HIMCO's Proxy Voting Policy and Procedures are designed to ensure that proxies are voted in the best interest of HIMCO's clients and to prevent conflicts of interest from improperly affecting the manner in which HIMCO votes its clients' proxies. The Proxy Voting Policy and Procedures include, among other things:

- Establishment of a Proxy Voting Committee;
- Controls to mitigate potential conflicts of interest related to proxy voting; and
- Compliance surveillance processes to monitor HIMCO's independent proxy advisory firm.

HIMCO's Proxy Voting Committee is responsible for overseeing HIMCO's proxy voting practices (including approval of HIMCO's Proxy Voting Policy and Procedures), addressing conflicts of interest related to proxy voting, and overseeing and evaluating the services provided to HIMCO by Glass Lewis & Co, LLC ("Glass Lewis"), an independent proxy advisory firm that specializes in providing proxy voting services. The services for which HIMCO has retained Glass Lewis include providing research, analysis and voting recommendations, as well as vote execution and reporting. On an annual basis, and as needed in between, HIMCO reviews the objectives of its equity strategies alongside the Glass Lewis Proxy Voting Guidelines ("Proxy Voting Guidelines") to confirm whether voting proxies in accordance with the guidelines is in the best interest of the clients in each HIMCO equity strategy. HIMCO pays for the services of Glass Lewis and does not use soft dollars to pay for any portion of the proxy services.

As a general matter, all proxies are voted in accordance with the Proxy Voting Guidelines unless a HIMCO portfolio manager objects (as described in greater detail below) or a client dictates otherwise. If a client would like to vote a proxy in a particular manner the client must submit their request in writing to their HIMCO client service representative. HIMCO will vote the proxy in accordance with the client's written instructions, provided such instructions are received timely.

There are certain circumstances that will prevent HIMCO from voting a proxy, including without limitation:

- When the security associated with the proxy has been loaned out as part of a client's securities lending program;
- Where proxy materials are not delivered in a timely fashion;
- Where HIMCO does not have the requisite authority needed to cast the proxy vote; and
- Where HIMCO determines voting the proxy is not in the best interest of the client.

HIMCO's Proxy Voting Policy and Procedures are available to clients upon request. Clients may also obtain information on how their proxies were voted by contacting their HIMCO client service representative. The proxy records for registered investment companies sub-advised by HIMCO are disclosed to shareholders via publicly-available annual filings.

Conflicts of Interest Procedures

HIMCO addresses conflicts of interest related to proxy voting in multiple ways. One of the ways in which HIMCO mitigates the potential for conflicts of interest between itself and its clients is through the retention of Glass Lewis as an independent proxy advisory service. In addition, HIMCO has a process in place to identify and evaluate any conflicts of interest that could be present when a portfolio manager would like to vote a proxy in a manner different from the Glass Lewis recommendation. In that situation the portfolio manager must first notify HIMCO's Chief Compliance Officer (or designee) that he or she would like to vote the proxy differently and must provide a recommendation on how the proxy should be voted. The Chief Compliance Officer (or designee) then conducts a conflicts of interest investigation on behalf of the Proxy

Voting Committee and reports the findings to the Committee members. If the Proxy Voting Committee determines that no conflict of interest exists the portfolio manager is permitted to vote the proxy as he or she would like. If the Proxy Voting Committee determines that a conflict of interest exists, the portfolio manager must either vote the proxy in accordance with the Glass Lewis recommendation or contact the client to recommend that the client vote the proxy itself. Please note that in situations where a proxy contains multiple proposals, the existence of a portfolio manager conflict of interest with respect to one proposal will not necessarily prevent the portfolio manager from voting on the other proposal(s) where a conflict of interest does not exist.

Glass Lewis has also implemented conflict management procedures in order to ensure objectivity of its proxy research and vote recommendations and the integrity of the proxy votes it casts. The conflict management procedures have a number of controls that include, but are not limited to the following:

- Glass Lewis does not provide consulting services to corporate issuers, directors, dissident shareholders and/or shareholder proposal proponents.
- Glass Lewis maintains its independence by excluding its owners from any involvement in the formulation and implementation of the Glass Lewis proxy voting policies and guidelines, and in the determination of voting recommendations for specific shareholder meetings. Glass Lewis's owners are also excluded from membership on the Research Advisory Council and do not participate in the selection of its members.
- All employees and independent contractors of Glass Lewis, and its subsidiaries, as well as all members of Glass Lewis's Research Advisory Council and Strategic Committee must disclose whether they serve as an executive or director of a corporate issuer. If an employee of Glass Lewis (or a relative of such employee) serves as an executive or director of a corporate issuer, or an employee of Glass Lewis has a material ownership interest in a corporate issuer, such employee is prohibited from any involvement in the research, analysis or making of any vote recommendations for such company.
- Glass Lewis provides specific disclosure of actual, potential or perceived conflicts on the cover of the relevant proxy paper research report so clients and any other parties with access to a Glass Lewis report are able to review the potential conflict at the same time they review the research, analysis and voting recommendations.

On at least a quarterly basis, HIMCO Compliance reviews a sample of recommendations containing the precautionary conflicts disclosure mentioned above to confirm that such proxy recommendations and any resulting votes are consistent with the Proxy Voting Guidelines. In addition, Compliance samples pre-populated votes for HIMCO clients to verify consistency with the Proxy Voting Guidelines.

ITEM 18: FINANCIAL INFORMATION

A. Prepayment of Client Fees

HIMCO does not require or solicit prepayment of client fees.

B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients

HIMCO is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

C. Bankruptcy Filings

HIMCO has not been the subject of a bankruptcy petition at any time during the past ten years.