

# U.S. Long Credit Strategy

SEPTEMBER 2017



## Strategy Benefits

Conning's Long Credit strategy is ideal for institutional investors seeking exposure to a diversified portfolio of long duration U.S. investment grade credit securities. The strategy is expected to benefit institutional investors seeking duration and credit spread exposure as part of their asset-liability management program.

## Portfolio Management Approach

### Investment Philosophy

Our investment philosophy is to create value through security selection based on strong fundamental credit analysis and influenced by sector bias.

### Investment Process

The investment process is built on three pillars:

1	<b>In-depth fundamental credit research &amp; sector selection</b>
2	<b>Bottom-up relative value-driven security selection</b>
3	<b>Integrated risk management</b>

## Portfolio Summary

	Portfolio	Benchmark
<b>Number of Issues</b>	151	1,961
<b>Maturity (yrs)</b>	23.4	23.8
<b>Credit Quality (S&amp;P)</b>	A-/BBB+	A/A-
<b>Yield to Worst (%)</b>	4.2	4.2
<b>Option-Adjusted Spread (bps)</b>	155	154
<b>Option Adjusted Duration (yrs)</b>	14.0	13.9

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## PENSIONS & LDI SOLUTIONS TEAM

### Owais Rana

Head of Pension LDI Solutions  
19 years of experience

### Erin Spalsbury, CFA

Head of LDI Portfolio Management  
23 years of experience

### Sean Kurian, FSA, CAIA, FRM

Head of Structuring and Derivatives  
Portfolio Management  
20 years of experience

### Hamdan Malik, CFA

LDI Strategist  
12 years of experience

### Frank Shi

LDI Analyst  
1 year of experience

## CONTACT INFORMATION

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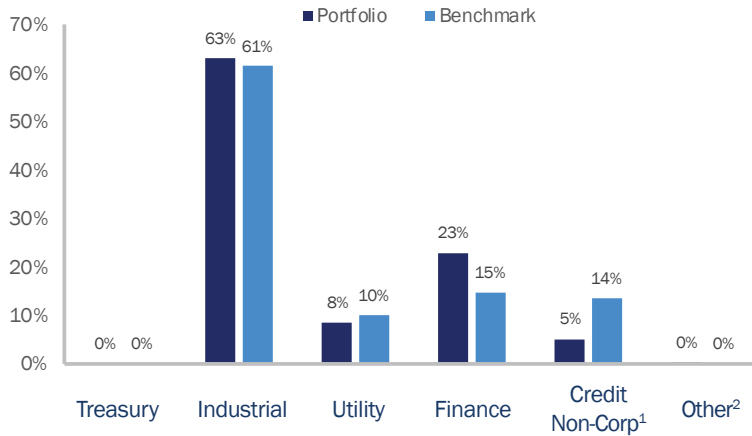
## STRATEGY BENCHMARK:

Bloomberg Barclays Long  
Credit Index

## VEHICLE TYPE:

Separate account and Collective  
Investment Trust (CIT)

### Sector Allocations



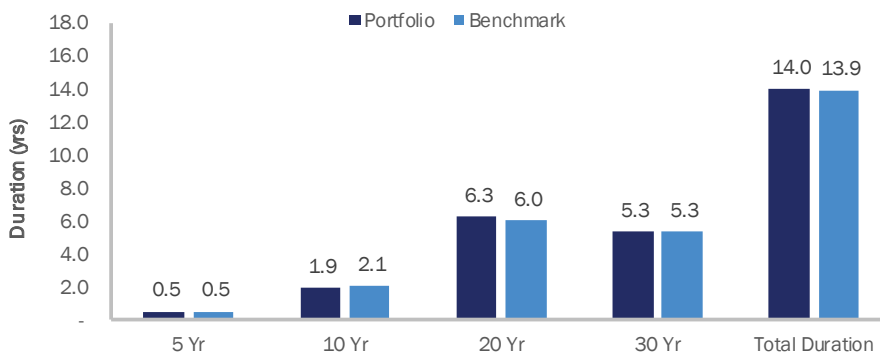
	Treasury	Industrial	Utility	Finance	Credit Non-Corp <sup>1</sup>	Other <sup>2</sup>
Q3 Overweight/ (Underweight) (%)	-	1.7	(1.63)	8.1	(8.4)	0.3
Q2 Overweight/ (Underweight) (%)	-	2.7	(1.42)	7.9	(10.8)	1.6

Prepared by Conning, Inc. As of September 30, 2017 <sup>1</sup> Includes bonds issued by supranationals, sovereigns, foreign agencies, and foreign and local govts.; <sup>2</sup> Includes mortgage backed securities (MBS) and cash.

### Portfolio Characteristics

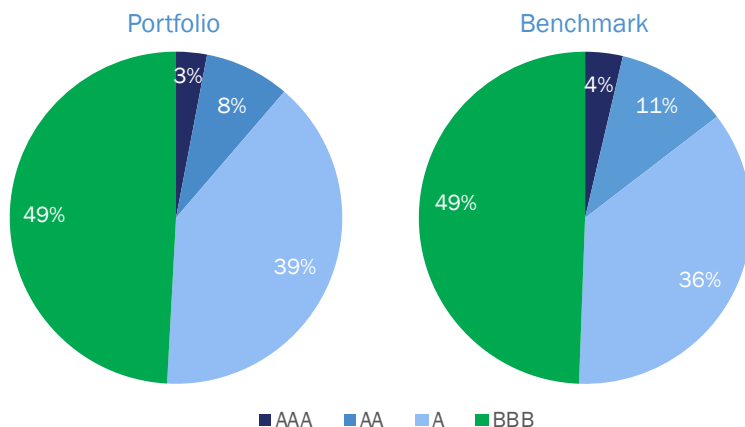
- All U.S. dollar-denominated securities
- Low turnover: Expected to be less than 30% per annum
- Duration range relative to benchmark: +/-10% of benchmark duration
- Maximum 10% non-benchmark securities
- Maximum 5% sub-investment grade securities

### Exposure by Key Rate Durations (KRDs)



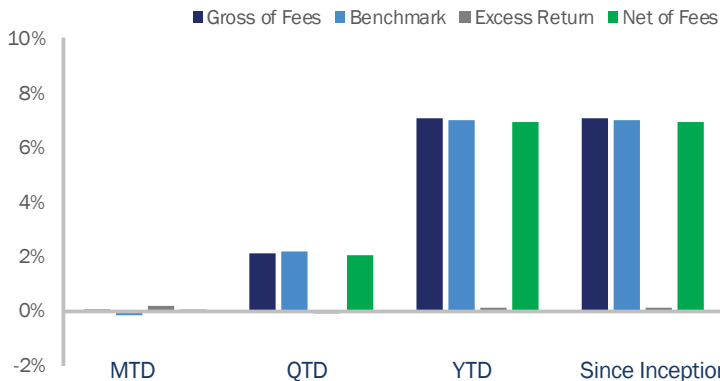
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### Quality Distribution



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Performance\*<sup>+</sup>



	MTD	QTD	YTD	Since Inception <sup>1</sup>
Gross of Fees (%)	0.05	2.09	7.06	7.06
Benchmark (%)	(0.15)	2.17	6.98	6.98
Excess Return (%)	0.20	(0.08)	0.09	0.09
Net of Fees <sup>2</sup> (%)	0.03	2.03	6.94	6.94

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<sup>1</sup> Inception date: 4/1/2017

<sup>2</sup> Net-of-fees performance was calculated using a model fee of 25bps, which represents the current fee schedule for this strategy. Due to the current year inception date for the composite, no GIPS presentation is available for this strategy, as the report is updated on an annual basis.

The Trustee

This is a bank-sponsored collective investment trust and not a mutual fund. Global Trust Company, a Maine Chartered Non-depository Trust Bank, is the Trustee and maintains and manages the Conning LDI Solutions Collective Investment Trust and Conning, Inc. is the underlying investment manager. The Fund is not FDIC insured or registered as a mutual fund with the Securities and Exchange Commission. Interests in the Trust are offered by the Trustee only to certain qualified employee benefit plans and governmental plans pursuant to a confidential offering memorandum. Neither Conning, Inc. nor the Trustee, has any obligation to update this summary. This summary has not been approved by the Securities and Exchange Commission or any other federal or state regulatory agency or foreign securities commission. For further information, qualified plan participants should consult their plan sponsors.

Principal CIT Risks

Among the principal risks of investing in the CIT are:

**Interest Rate Risk:** The value of your investment may also go down when interest rates rise. A rise in rates tends to have a greater impact on the prices of longer term or duration securities.

**Credit Risk:** The risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of the security will suffer because investors believe the issuer is less able to pay.

**Prepayment and/or Extension Risk:** Many fixed income securities, including lower-rated securities and especially those issued at high interest rates and with longer maturities, provide that the issuer may repay them early. Issuers often exercise this right when prevailing interest rates are lower than the interest rate of the security. Accordingly, holders of callable securities may not benefit fully from the increase in value that other fixed income securities experience when rates decline. The CIT may also lose any premium it paid on the security and most likely would have to reinvest the proceeds of the payoff at current yields, which would be lower than those paid by the security that was paid off. If interest rates rise, repayments of fixed income securities may occur more slowly than anticipated by the market. This may drive the prices of these securities down because their interest rates are lower than the current interest rate and they remain outstanding longer.

The Risk of Loss trading commodities or futures can be substantial. Commodity and futures trading has large potential risks, in addition to any potential rewards. You must be aware of the risks and be willing to accept them in order to invest in the futures or commodities markets. Past performance of any trading system or methodology is not indicative of future results. This brief statement cannot, of course, disclose all the risks and other aspects of the commodity or futures markets. A more complete description of the principal risks of investing in the CIT can be found in the CIT's Investment Policy Statement, which is available upon request by calling Conning, Inc. at 1-860-299-2003.

Date of first use: February 2017.

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<sup>†</sup>The composite results shown are gross-of-fees. Gross-of-fees returns are presented before investment advisory fees and after trading expenses. Conning has varying fee schedules based on asset class strategy. The current fee schedule is as follows for the stated product types: Insurance Core Fixed Income 26 bps, Convertibles 50 bps, Indexed Equity 10 bps, High Dividend Equity 40 bps, MLP Equity 75bps, CLO 25 bps, LDI 25 bps, LDI CIT 30 bps. Fees vary on account size, with breakpoint deductions at variable levels. Conning may seek a minimum dollar fee or a minimum mandate size and has reserved the right to negotiate fees. A representative example of the effect at our highest fee rate of 75 bps on a client portfolio is illustrated below. A client would pay the following cumulative fee on a \$1,000 investment for the periods shown, assuming a hypothetical 8% annual return at the end of each period. The example should not be considered a representation of past or future performance, and actual annual returns and fees may be greater or less. 1 Year \$8.10, 3 Years \$26.30, 5 Years \$47.52. Each client's actual return will be reduced by advisory fees and any other expenses the client may incur in the management of its account. Advisory fees are further described in Part 2 of our Form ADV, which may be obtained by calling us.

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