

# Conning LDI Solutions - Credit Funds

JANUARY 2017



## Conning LDI Solutions Collective Investment Trust (CIT) Funds Range



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### Benefits

- Conning's LDI suite of U.S. investment grade credit funds can benefit pension plans seeking duration and credit exposures as part of their LDI program.
- Plans can pick and choose exposures between the four funds to better match their LDI assets to their pension plan liability profile.
- Our LDI Solutions team can also support clients in developing an LDI strategy that utilizes these funds in a manner that best meets their investment objectives.

### Strategy

Fund	Strategy Benchmark
1-5 Yr Credit	Bloomberg Barclays U.S. Credit 1-5 Yr Maturity
5-15 Yr Credit	Bloomberg Barclays U.S. Credit 5-15 Yr Maturity
15-25 Yr Credit	Bloomberg Barclays U.S. Credit 15-25 Yr Maturity
25+ Yr Credit	Bloomberg Barclays U.S. Credit 25+ Yr Maturity

### Investment objective

- Beat the respective benchmark index over a full market cycle by avoiding downgrades & defaults and investing in bonds that are the cheapest on a relative value basis.
- Invest in a diversified and prudent manner without deviating too far away from the respective benchmark index.

### PENSIONS & LDI SOLUTIONS TEAM

#### Owais Rana

Head of Investment Solutions  
18 years of experience

#### Erin Spalsbury

Head of LDI Portfolio Management  
22 years of experience

#### Sean Kurian

Head of Structuring and Derivatives  
Portfolio Management  
19 years of experience

#### Hamdan Malik

LDI Strategist  
11 years of experience

### CONTACT INFORMATION

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### ABOUT CONNING®

Conning ([www.conning.com](http://www.conning.com)) is a leading global investment management firm with a long history of serving the insurance industry. Conning supports institutional investors, including pension plans, with investment solutions and asset management offerings, award-winning risk modeling software, and industry research. Founded in 1912, Conning has offices in Boston, Cologne, Hartford, Hong Kong, London, New York, and Tokyo.

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

## 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

## Benchmark Characteristics

### U.S. Credit Universe

	U.S. Credit 1-5 Yr	U.S. Credit 5-15 Yr	U.S. Credit 15-25 Yr	U.S. Credit +25 Yr
<b>No. of Issues</b>	2,495	2,271	994	985
<b>No. of Issuers</b>	619	706	362	400
<b>Amount Outstanding*</b>	2,342,254	1,862,384	672,118	774,708
<b>Index Rating</b>	A1/A2	A3/BAA1	A2/A3	A2/A3
<b>Yield to Worst (%)</b>	2.24	3.53	4.57	4.61
<b>OAS (bps)</b>	81.2	123.5	174.8	159.7
<b>OAD (yrs)</b>	2.7	6.7	12.5	15.8

\* Number in thousands (USD)

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## OTHER INFORMATION FOR POTENTIAL INVESTORS:

<b>Fund Trustee:</b>	Global Trustee Company
<b>Fund Custodian:</b>	State Street Bank
<b>Net Asset Value Pricing:</b>	Daily

### ORGANIZATION

Conning, Inc., Goodwin Capital Advisers, Inc., Conning Investment Products, Inc., a FINRA-registered broker dealer, Conning Asset Management Limited, Conning Asia Pacific Limited and Octagon Credit Investors, LLC are all direct or indirect subsidiaries of Conning Holdings Limited (collectively, "Conning") which is one of the family of companies owned by Cathay Financial Holding Co., Ltd., a Taiwan-based company. Conning has offices in Boston, Cologne, Hartford, Hong Kong, London, New York, and Tokyo.

Conning, Inc., Conning Investment Products, Inc., Goodwin Capital Advisers, Inc., and Octagon Credit Investors, LLC are registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940 and have noticed other jurisdictions they are conducting securities advisory business when required by law. In any other jurisdictions where they have not provided notice and are not exempt or excluded from those laws, they cannot transact business as an investment adviser and may not be able to respond to individual inquiries if the response could potentially lead to a transaction in securities.

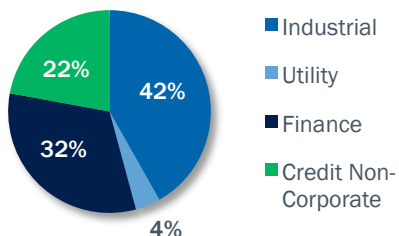
Conning, Inc. is also registered with the National Futures Association. Conning Investment Products, Inc. is also registered with the Ontario Securities Commission. Conning Asset Management Limited is Authorized and regulated by the United Kingdom's Financial Conduct Authority (FCA#189316), and Conning Asia Pacific Limited is regulated by Hong Kong's Securities and Futures Commission for Types 1, 4 and 9 regulated activities. Conning primarily provides asset management services for third-party assets. Conning predominantly invests client portfolios in fixed income strategies in accordance with guidelines supplied by its institutional clients.

All investment performance information included within this material is historical. Past performance is not indicative of future results. Any tax related information contained within this presentation is for informational purposes only and should not be considered tax advice. You should consult a tax professional with any questions.

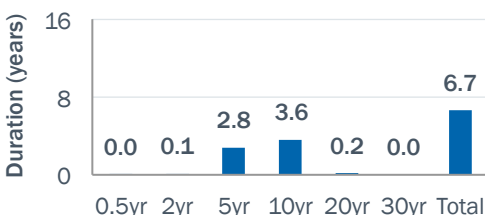
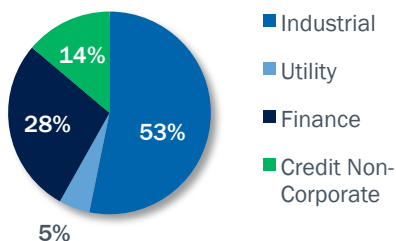
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### Sector Distribution & Exposures by Key Rate Durations (KRDs) as of 12/31/16

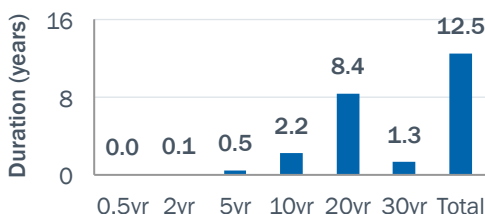
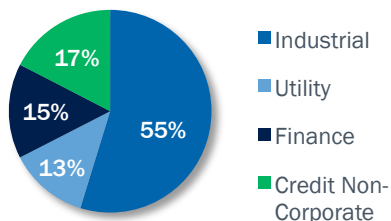
#### U.S. Credit 1-5 Yr



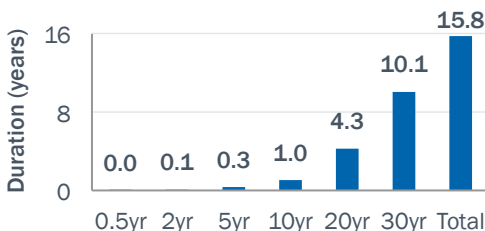
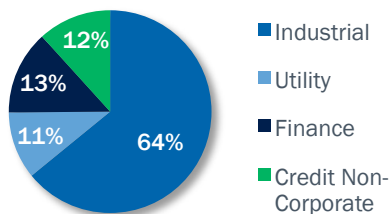
#### U.S. Credit 5-15 Yr



#### U.S. Credit 15-25 Yr



#### U.S. Credit +25 Yr



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## 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.