CONNING ASSET MANAGEMENT LIMITED

CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE

1. Background & Scope of Directive Requirements

Conning Asset Management Limited is an Investment Manager, Authorised and regulated by the Financial Conduct Authority (FCA) in the United Kingdom.

The Capital Requirements Directive (CRD) created a revised regulatory capital framework across Europe governing how much capital financial services firms must retain. The CRD was transposed into UK law and is supervised by the FCA.

The CRD consists of three pillars:

- Pillar 1 sets out the minimum capital requirements that firms need to retain.
- Pillar 2 requires each firm and the FCA, to express a view on whether additional capital needs to be held by the firm for risks not covered by Pillar1.
- Pillar 3 requires firms to publish details of the risk management, risk exposures and capital position of the firm.

2. Verification and Location of Disclosure

The Board of Directors have reviewed the disclosures made in this document and believe that the publication of these disclosures on the Conning website is the most appropriate medium.

https://www.conning.com/corporate-responsibility

These disclosures are not subject to external audit.

3. Frequency of Disclosure

The Board of Directors feel that disclosure on an annual basis is appropriate based on the firm's current risk exposures and will review the need to disclose more frequently as part of its internal review process.

4. Risk Management

The Board comprises of Directors who have the necessary skill and experience to lead and control the Company. The Board is responsible for setting the overall risk management framework and relevant guidelines.

Given the size of the Company, and the limited number of financial risks to which the Company is exposed, the Directors have not delegated the responsibility of monitoring risk to a sub-committee of the Board.

Risk monitoring and reporting reviews the amount and type of risks the Board regard as appropriate in order to fulfil its business objectives and operate within regulatory guidelines.

5. Risk Exposures

The main risk exposures are:

Credit Risk:

The Company is exposed to credit risk through its receivables from Clients and exposure to banks where the Firm's funds are placed on deposit. Strong internal controls exist to ensure Clients pay within the agreed credit terms. Funds are placed with financial institutions that meet the required external credit ratings as determined by the Board. Credit risk associated with receivables from clients is actively managed. Senior management and other staff have close working relationships with all levels of client personnel. This and the public nature of the majority of clients' finances allows the firm to identify and address any potential risks prior to default. In addition, invoice receipts and aged debtors are closely monitored and actively pursued.

The risk of counterparty credit risk to the Company is eliminated as the Company only deals as an Agent for its clients. The Company does not have the regulatory permission to and does not trade on its own account.

Foreign Exchange Risk:

The Company holds assets and liabilities denominated in currencies other than its functional currency Sterling. This exposes the Company to adverse movements in exchange rates. Movements are monitored against approved limits set by the Board. Where possible inter- company foreign currency payments and receipts are netted to reduce exposures.

Liquidity Risk:

The Company consistently maintains sufficient liquid resources to meet its obligations from financial liabilities. Cash flow and capital adequacy forecasts are carried out on a regular basis. Surplus cash is placed in working cash accounts to ensure liquidity.

Business Risk:

The Company operates in a competitive industry, downturns in the economy and fixed income markets can lead to a reduction in assets under management and management fees. As part of the strategic planning process the Board will assess the impact of various economic scenarios on the performance of the Company.

Operational Risk:

These are risks resulting from inadequate or failed internal processes, people and technology or from external factors such as suppliers or changes in regulations or law which may adversely affect the company. The Board as part of its internal control and corporate governance procedures regularly review these risks and their impact.

6. Remuneration

The Company has implemented a Remuneration Policy, in accordance with the requirements of the FCA's [1]Remuneration Code and [2]Pillar 3 Disclosures on Remuneration, which is reviewed by the Board of Directors on an annual basis together with the Board`s review of the Company`s annual ICAAP and Pillar 3 Disclosure.

The Remuneration Policy has been determined by the Board and Senior Management of the Company, together with Senior Management of the Conning Group. The Company`s Remuneration Policy is consistent with the overall policies and procedures of the Conning Group for the determination of remuneration.

Remuneration consists of fixed and variable remuneration. Fixed remuneration is determined by grade levels within which there are corporate bands for basic salary. Individual employees are allocated a grade level and corporate band depending on experience and the position the individual employee holds within the Company /Group. Variable and total remuneration are directly linked to the financial performance of the overall group and the Company. Given the size and the nature of the activity, undertaken by the Company it has been deemed by Conning to consider the Company as a single business area.

At the discretion of the Management Committee of the Conning Group, individual employees may be allocated Share Options and/or Restricted Stock in group holding company, all such allocations are directly linked to qualitative and quantitative measures on performance and risk management of the group, the Company and the individual employee.

Further qualitative and quantitative information may be available upon request to the Compliance Officer, please contact louisa.giertsen@conning.com

[1] SYSC 19C Remuneration Code
[2] BIPRU 11.5.18R

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7. Capital Position

As at the 31st December 2020 the capital position of the Company in relation to its Regulatory Requirement is as follows:

Minimum Capital Requirement	**31 December 2020 GBP**
Pillar 1 Capital Requirement is the greater of: • minimum Capital Requirement of €50,000; or • the sum of the market risk and the credit risk; or • the fixed overhead requirement	
Pillar 1 Capital Requirement (Fixed Overhead Requirement)	1,138,000
Total Requirement as per the CRD	**1,138,000**

Capital Resources	**31 December 2020 GBP**
Tier 1 Capital	6,294,000
Tier 2 Capital	Nil
Deductions from Total Capital*	(865,000)
Total Capital Resources as per the CRD	**5,429,000**
Surplus / (Deficit) Capital	**4,291,000**

* Deduction for illiquid assets relevant for CRD III firms