

# U.S. Long Government/ Credit Strategy

December 2018

ASSET MANAGEMENT | FACT SHEET

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

## Portfolio Management Approach

### Investment Philosophy

We believe that active sector and security selection based on deep fundamental and relative value analysis, combined with disciplined risk management, is the most effective means of achieving excess returns in the fixed income market.

### Investment Process

The investment process is built on three pillars:

1	In-depth fundamental credit research & sector selection
2	Bottom-up relative value-driven security selection
3	Integrated risk management

## Pensions & LDI Solutions Team

**Sean Kurian, FSA, CAIA**  
Head of Pension LDI Solutions

**Erin Spalsbury, CFA**  
Head of LDI Portfolio Management

**Hamdan Malik, CFA**  
LDI & Derivatives Strategist

**Frank Shi**  
Quantitative Analyst

### Contact Information

**Sean Kurian, FSA, CAIA**  
Head of Pension LDI Solutions  
+1 646.934.7152  
sean.kurian@conning.com

## Strategy Benchmark

Bloomberg Barclays U.S. Long  
Credit Index

## Vehicle Type

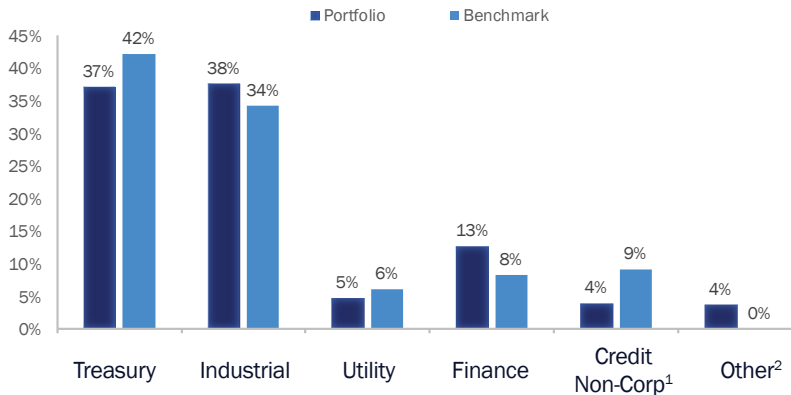
Separate Account and Collective  
Investment Trust (CIT) Fund

## Portfolio Summary

	Portfolio	Benchmark
Number of Issues	153	2,220
Maturity (yrs)	23.6	24.1
Credit Quality (S&P)	AA-/A+	AA-/A+
Yield to Worst (%)	4.2	4.1
Option-Adjusted Spread (bps)	130	113
Option Adjusted Duration (yrs)	14.7	15.0

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### Sector Allocations



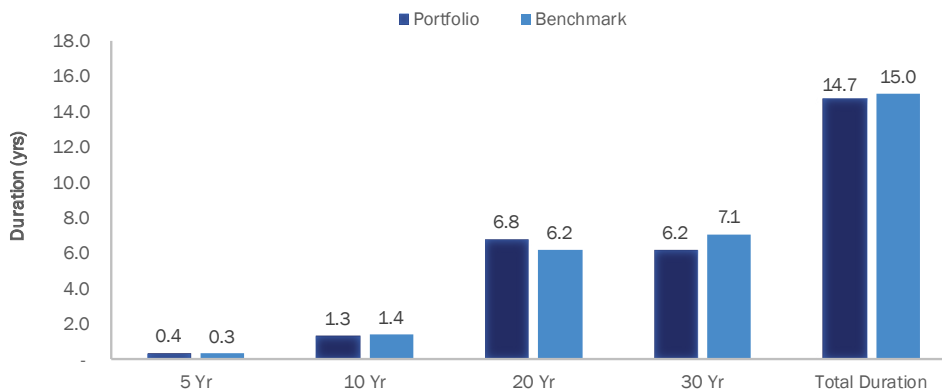
Q4 Overweight/ (Underweight) (%)	(5.0)	3.4	(1.3)	4.5	(5.3)	3.8
Q3 Overweight/ (Underweight) (%)	(4.8)	3.0	(1.2)	4.5	(5.2)	3.8

Prepared by Conning, Inc. As of December 31, 2018 <sup>1</sup>Includes bonds issued by supnationals, sovereigns, foreign agencies, and foreign and local govts.; <sup>2</sup>Includes mortgage backed securities (MBS) and cash.

### Portfolio Characteristics

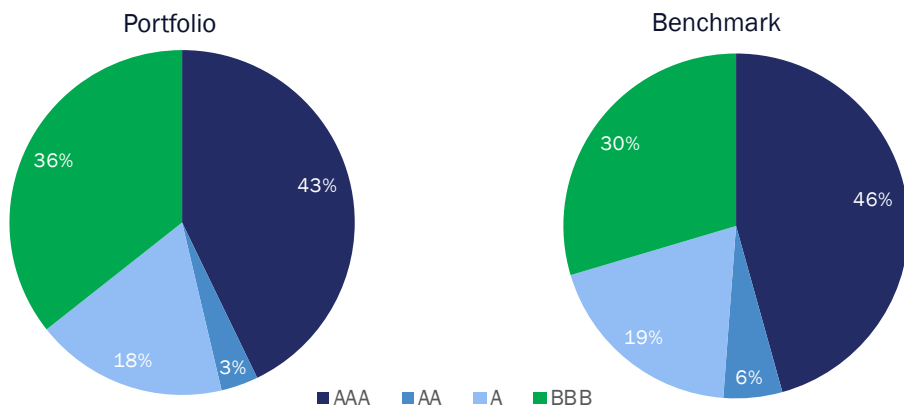
- » All U.S. dollar-denominated securities
- » Low turnover: Expected to be less than 30% per annum
- » Duration range relative to benchmark: +/-10%
- » Maximum 10% non-benchmark securities
- » Maximum 5% sub-investment grade securities

### Exposure by Key Rate Durations (KRDs)



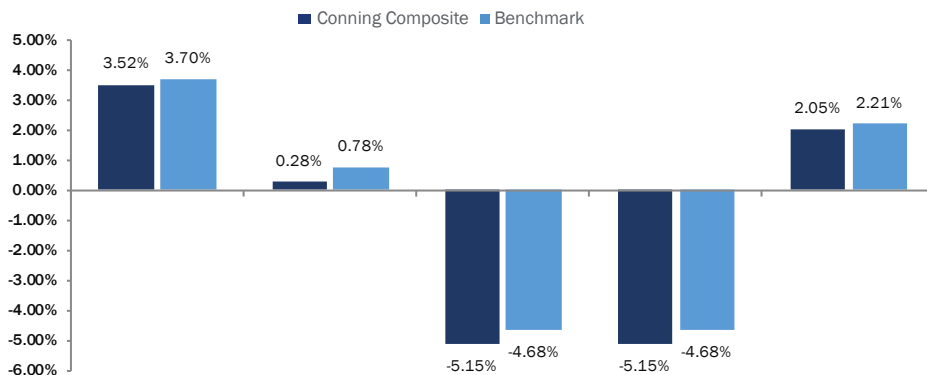
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### Quality Distribution



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Performance<sup>+</sup>



	MTD	QTD	YTD	1 Year	Since Inception <sup>1</sup>
Portfolio (%)	3.52	0.28	(5.15)	(5.15)	2.05
Benchmark (%)	3.70	0.78	(4.68)	(4.68)	2.21
Excess Return (%)	(0.18)	(0.50)	(0.47)	(0.47)	(0.16)
Net of Fees <sup>2</sup> (%)	3.50	0.20	(5.43)	(5.43)	1.74

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Benchmark: Bloomberg Barclays U.S. Long Government Credit Index  
<sup>1</sup>Inception date: 4/1/2017.

<sup>2</sup> Net-of-fees performance was calculated using a model fee of 30bps, which represents the highest tier of the current fee schedule for this strategy.  
<sup>+</sup>Past performance is not a guarantee of future results

The Trustee

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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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C: 7663623A