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Private Placements

Private Placement AUM

At June 30, 2023 – approximately $1,842 million*

*Includes Conning, Inc. and Conning Investment Products Inc.

Incremental Spread

Private placements typically offer between 10 and 40 basis-points plus premium over comparably rated public bonds, with the premium increasing to 100 basis points or more for more structured transactions. Supply / demand conditions may alter the illiquidity premium.

Investment Philosophy

We believe that an allocation to privates can provide insurance companies with access to potentially attractive opportunities that are not found in the public corporate bond market.

A certain amount of marketability has been introduced into the private market by the creation of secondary private placement trading desks at a number of major investment banks. However, we view privates primarily as an asset whose value can best be realized on an income-generating, buy-and-hold approach versus an active trading or liquidity management approach.

Investment Process

Conning employs a dedicated, experienced team responsible for identifying, assessing and monitoring private placement bonds. Our private placement investment professionals possess extensive experience in the market and therefore, have created and maintained close relationships with investment banker deal sources. These relationships are especially important in accessing private placement deal flow and ensuring that we are fully current on the many issues brought to market.

Private placement opportunities that meet our fundamental credit requirements, possess solid structures and covenants, and offer good relative value are presented to the Portfolio Manager to determine if the investment is appropriate for each client’s objectives and risk tolerances. Once an investment is made, our private placement team maintains a thorough monitoring and risk review process that includes continued access to the management of issuers and ongoing review of relevant financial documents.

Risks of Investing in Private Placements

» Increase in corporate bond defaults
» Poor underwriting may result in higher default and loss experience
» Lack of liquidity
About Conning

Conning (www.conning.com) is a leading 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, risk modeling software, and industry research. Founded in 1912, Conning has investment centers in Asia, Europe and North America.

Organization

Conning, Inc., Goodwin Capital Advisers, Inc., Conning Investment Products, Inc., a FINRA-registered broker-dealer, Conning Asset Management Limited, Conning Asia Pacific Limited, Octagon Credit Investors, LLC, Global Evolution Holding ApS and its group of companies (“Global Evolution”), and Pearlmark Real Estate, L.L.C. 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 investment centers in Asia, Europe and North America.

Conning, Inc., Conning Investment Products, Inc., Goodwin Capital Advisers, Inc., Octagon Credit Investors, LLC, Global Evolution USA, LLC, and PREP Investment Advisers, L.L.C. 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. SEC registration does not carry any official endorsement or indication that the adviser has attained a level of skill or ability.

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 Authorised and regulated by the United Kingdom’s Financial Conduct Authority (FCA#189316), Conning Asia Pacific Limited is regulated by Hong Kong’s Securities and Futures Commission for Types 1, 4 and 9 regulated activities, Global Evolution Fondsmæglerselskab A/S is regulated by Finanstilsynet (the Danish FSA) (FSA #8193), Global Evolution Fondsmæglerselskab A/S (London Branch) is regulated by the United Kingdom’s Financial Conduct Authority (FCA# 479582) and Global Evolution Manco S.A. is regulated by The Commission de Surveillance du Secteur Financier (the Luxembourg FSA) (CSSF# S00001031). Conning primarily provides asset management services for third-party assets.

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

For complete details regarding Conning and its services in the U.S., you should refer to our Form ADV Part 2, which may be obtained by calling us.

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Footnote

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