



The Clifton Group Investment Management Company

3600 Minnesota Drive, Suite 325

Edina, MN 55435

612-870-8800

www.TheCliftonGroup.com

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This Brochure provides information about the qualifications and business practices of The Clifton Group Investment Management Company. If you have any questions about the contents of this Brochure, please contact us at 612-870-8800 or info@thecliftongroup.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

The Clifton Group Investment Management Company is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about The Clifton Group Investment Management Company also is available on the SEC's website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

This brochure was first filed with the SEC on March 30, 2011 and an update was filed on December 20, 2011. Material changes to this brochure are noted below:

- Enhanced side-by-side management disclosure.
- Updated private fund information.

Currently, our Brochure may be requested by contacting Kelly Shelquist at 612-870-8800 or info@thecliftongroup.com.

Additional information about The Clifton Group Investment Management Company is available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site provides information about any persons affiliated with The Clifton Group Investment Management Company who are registered, or are required to be registered, as investment adviser representatives of The Clifton Group Investment Management Company.

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ADVISORY BUSINESS

Firm History

The Clifton Group Investment Management Company was founded in 1972 under the name R.C. Kiene & Associated, Inc. In 1975, the name of the Company was amended to Kiene, Wooters & Associates, Inc. In 1983, the Assumed Name of the Company became Metro Data Company. In 1989, the name of the Company was amended to The Clifton Group Investment Management Company. In 1996, a majority of the firm was purchased by Dougherty Financial Group, a financial services holding company based in Minneapolis. In 2003, DFG distributed its ownership in Clifton to the members of DFG.

Principal Owners

Currently, The Clifton Group Investment Management Company is 80% owned by employees, and family members of employees of, Dougherty Financial Group LLC (“DFG”). The remaining 20% is owned by The Clifton Group Investment Management Company employee principals Jack Hansen, Thomas Lee, and Orison “Kip” Chaffee.

Advisory Services

The Clifton Group Investment Management Company offers three major investment advice service categories: Traditional Overlay, Core Exposure, and Intelligent Risk Management. In addition, Clifton manages certain legacy assets for long term existing clients.

1. Traditional Overlay (PIOS[®])

Traditional Overlay is a comprehensive set of custom overlay services designed to seek to achieve policy objectives through information technology and adherence to detailed investment management guidelines. The program’s objectives are to seek to increase expected portfolio returns, improve fund liquidity, and reduce performance risk to policy benchmarks. Traditional Overlay is intended to be a risk neutral strategy relative to the target mix defined by the client. When the Traditional Overlay portfolio is combined with the underlying portfolio, it should produce volatility similar to that of the benchmark portfolio. Overlays of client designated “cash equivalent” positions (e.g. hedge fund of funds) may also be a part of the program. Leverage, as defined in The Clifton Group Investment Management Company investment guidelines, is not employed unless desired by the client. Traditional Overlay utilizes exchange traded instruments, over the counter (“OTC”) instruments, and other financial products to achieve its objective. Liquidity and credit quality constraints are dictated by client objectives and may be defined in the investment guidelines. Clients are urged to review the guidelines for more detailed disclosures regarding risks of various investment practices.

Traditional Overlay typically involves daily tracking of the underlying portfolio’s exposure to a multitude of asset classes and providing the client with regular summaries of actual and effective exposures relative to target levels.

Most of the information needed to manage Traditional Overlay is provided by a proprietary software application. This system provides clients and/or consultants with daily information reports. Clients may use Traditional Overlay for the following strategy components:

- Cash Securitization - Overlaying unwanted cash exposure at the fund and/or manager level with synthetic investment instruments in order to create desired asset class exposures. The Clifton Group Investment Management Company monitors underlying cash and/or manager account(s) on a daily basis and alters the construction and/or size of the overlay to eliminate unwanted cash exposure.
- Rebalancing - Synthetically rebalancing fund exposures based on pre-determined tolerance levels between actual fund exposures and their associated targets or based on instructions provided by the client. Rebalancing methodology can be disciplined (long/short), cash-flow based (long-only), client instructed, or a combination.
- Transition Management - Maintaining desired market exposure during transition events that arise because of manager hiring/firing, changes to portfolio asset allocation targets, large cash inflows, etc. Market exposure is added, maintained, altered or removed based on client's pre-defined instructions.
- Interest Rate Management- Modifying a portfolio's fixed income duration to better match client defined target duration levels. Positions can be managed to maintain target hedge position or the overlay may be implemented using a schedule based upon various factors such as time and a reference interest rate.
- Currency Management - Most often involves removing of foreign currency risk from international equity portfolio(s) through the use of foreign currency index futures and/or forwards. The client identifies the underlying manager portfolios and associated equity benchmark(s). The Clifton Group Investment Management Company monitors the portfolio(s) on a daily basis and adjusts the notional value of the currency overlay to remove the desired amount of benchmark exposure. In certain cases, clients may use this program to add currency exposure.
- Beta Management of Portable Alpha – Using synthetic investment instruments to provide the desired beta exposure where the client wishes to separate and independently manage alpha and beta. The Clifton Group Investment Management Company monitors the value of the alpha and beta source(s) on a regular basis and rebalances the overlay exposure based on customized client guidelines.

2. Core Exposure

A. Passive Beta

Passive Beta is the use of physical and/or synthetic instruments to obtain desired exposure to a specific benchmark index.

- Standard Index Mandate – use of physical and synthetic instruments to obtain desired exposure to a specific index.
- Passive Index Management of Nominal Sovereign Securities – use of physical securities to create and maintain desired exposure to sovereign securities
- Passive Index Management of Treasury Securities – use of physical securities to create and maintain desired exposure to treasury securities
- Passive Index Management of Exchange-Traded Funds (“ETFs”) – use of physical securities (ETFs) to create and maintain desired exposure.

B. Enhanced Beta

Enhanced Beta is the use of securities or synthetic instruments to obtain desired exposure to a specific benchmark index. Depending on the specific application, underlying collateral management may or may not be incorporated. The goal of Enhanced Beta is to generate outperformance versus to the stated benchmark. Enhanced Beta is funded exposure.

- Enhanced Core Fixed Income – designed to seek returns above a designated Fixed Income benchmark index over time. The strategy consists of measured long positions in fixed income futures contracts to a targeted duration level and an actively managed high grade collateral portfolio. Options contracts may also be utilized. Contracts are purchased in sufficient quantities in order to provide an effective portfolio duration that matches the duration of the benchmark index such as the Barclays Capital Aggregate Index. A client may select a benchmark index ranging from a money market target to a very long index duration. Enhanced returns are generated through management of high quality fixed income and enhanced cash equivalent collateral portfolio positions. Return expectations are influenced by the cash management and enhanced cash guidelines selected by the client.
- Enhanced U.S. Large Cap – designed to seek returns above the S&P 500 Index while exhibiting risk levels similar to the S&P 500 Index. The strategy consists of long S&P 500 futures contracts or other equivalent positions in a quantity consistent with desired portfolio value. A portion of the portfolio is maintained in a high grade collateral portfolio. Enhanced returns are generated through management of high quality fixed income and enhanced cash equivalent collateral portfolio positions. Return expectations

are influenced by the cash management and enhanced cash guidelines selected by the client.

- **Enhanced U.S. Small Cap** – designed to seek returns above the Russell 2000 Index while exhibiting risk levels similar to the Russell 2000 Index. The strategy consists of long Russell 2000 futures contracts or other equivalent index positions in a quantity consistent with desired portfolio value. In most cases, a portion of the portfolio is maintained in money market holdings for required variation margin while the balance is invested in high quality fixed income positions or cash equivalent positions. Enhanced returns are generated through management of high quality fixed income and enhanced cash equivalent collateral portfolio positions. Return expectations are influenced by the cash management and enhanced cash guidelines selected by the client.
- **Enhanced Commodities Strategies** – designed to seek returns above the return of the benchmark (e.g. DJ-UBS, GSCI). The strategy consists of futures contracts, roll management, custom weightings, and custom rebalancing in addition to high grade collateral portfolio. Enhanced returns are generated through management of high quality fixed income and enhanced cash equivalent collateral portfolio positions. Return expectations are influenced by the cash management and enhanced cash guidelines selected by the client.
- **Proprietary Commodity Strategies** – designed to provide proprietary commodity exposure through Clifton designed strategies.
- **Cash Management** – the use of custom money market, short duration fixed income, repo/reverse repo assets to manage cash.

3. Intelligent Risk Management

A. Custom Solutions

- **Defensive Equity** – designed to seek superior risk adjusted returns relative to the benchmark and to seek to exhibit significant out performance in negative market environments. The strategy utilizes exchange traded and Treasury securities only and seeks to capitalize on the historically observed persistent overpricing of index options. It employs disciplined implementation with no market timing.
- **Global Balanced Risk Funded Product** – a risk parity strategy that seeks to achieve excess returns through investment in a diversified risk balanced portfolio. The Global Balanced Risk portfolio is expected to seek to produce superior risk adjusted returns versus the more traditional 60% Equity / 40% Fixed balanced portfolio. The Clifton Group Investment Management Company's approach combines a proprietary risk allocation structure implemented passively through the exclusive use of non-OTC instruments. The strategy will employ leverage to achieve a balance of risk across various risk exposures.

- **Global Balanced Risk Completion Manager** – a more concentrated portfolio of risk positions designed to seek superior risk adjusted returns through investment in a diversified risk balanced portfolio as measured from a total fund perspective. The completion manager strategy is implemented via physical securities and overlay exposure on a partially funded asset base, unlike the Global Balanced Risk Funded Product described above.
- **Liability Hedging** – designed to modify a portfolio’s fixed income duration to better match that of its liabilities. Positions can be managed to maintain target hedge position or may be implemented using a schedule based upon various factors such as time or a reference interest rate.

B. Options – Based Strategies

- **Equity Option Hedging** – Exchange traded and OTC options on indexes, exchange traded futures, or ETFs are used to help clients manage their equity risk or to enhance portfolio yield. Leverage, as specifically defined in The Clifton Group Investment Management Company management guidelines, is not employed unless desired by the client. An analysis of potential gains and losses for the hedge structure under a variety of market levels is provided and discussed with the client in connection with protection initiation.
- **Interest Rate Option Strategies** – Options on exchange traded futures or OTC swaps are used to help clients manage their risk to interest rates or to enhance portfolio yield. For example, pension plans might utilize this strategy to manage the duration risk associated with their estimated liabilities. This type of option overlay can be customized to the specific needs of a given fund. The Clifton Group Investment Management Company will assist with the design and, if desired by the client, handle all aspects related to the implementation and ongoing management of the hedge program.
- **Dynamic Call Selling** – Improve expected fund performance through the “harvesting” of overvalued index option premium. Portfolio volatility is reduced in exchange for the willingness to limit upside profit potential.
- **Dynamic Put Selling** – Improve expected fund performance through the “harvesting” of overvalued index option premium. Portfolio volatility is increased in exchange for premium income associated with the willingness to own equities at lower price levels.

4. Legacy Assets

The Clifton Group Investment Management Company provides investment advice to a small amount of assets under management that are managed in strategies that we no longer offer. These assets are managed as a service to previously existing long term clients only.

The Clifton Group Investment Management Company does not participate in wrap fee programs.

As of December 31, 2011, total assets under management were \$30,897,518,017 (25,832,233,213 discretionary and \$5,065,284,804 non-discretionary).

FEES AND COMPENSATION

The specific manner in which fees are charged by The Clifton Group Investment Management Company is established in a client's written agreement with The Clifton Group Investment Management Company. While the fees and payment terms indicated are standard, fees and payment terms may be negotiated from time to time. Clients may elect to be billed directly for fees or to authorize The Clifton Group Investment Management Company to directly debit fees from client accounts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Fees are due and payable quarterly in arrears unless otherwise negotiated. Minimum fee levels may be waived for related or affiliated parties when the fee of one party is more than the minimum fee. In the event of fee schedule changes, The Clifton Group Investment Management Company reserves the right to continue a fee schedule with current clients which is more advantageous to them than the new or changed schedule.

The Clifton Group Investment Management Company's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and ETFs also charge internal management fees, which are disclosed in a fund's ETFs prospectus. Such charges, fees and commissions are exclusive of and in addition to The Clifton Group Investment Management Company's fee, and The Clifton Group Investment Management Company does not receive any portion of these commissions, fees, and costs.

External legal fees incurred by The Clifton Group Investment Management Company associated with over-the-counter documentation are generally billed to client separately.

The Brokerage Practice Section of this Brochure further describes the factors that The Clifton Group Investment Management Company considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (i.e. commissions).

Traditional Overlay (PIOS®): Fees for this service are typically charged as a percentage of plan assets and include a minimum quarterly fee payable with or without positions in place during the period. A monthly reporting fee may also be charged in certain situations when the client requests full reporting. This monthly fee may be applied to the minimum quarterly fee. A fixed dollar fee pricing custom quotation is also available.

Core Exposure, Passive Beta: Fees for this service are typically charged as a percentage of plan assets and include a minimum annual fee. A fixed dollar fee pricing schedule is also available.

Core Exposure, Enhanced Beta: Fees for this service are typically charged as a percentage of plan assets and include a minimum investment. A fixed dollar fee pricing schedule is also available.

Intelligent Risk Management, Custom Solutions: Fees for this service are typically charged as a percentage of plan assets and include a minimum investment or annual fee. A fixed dollar fee pricing schedule is also available.

Intelligent Risk Management, Options – Based Strategies: Fees for this service are typically charged as a percentage of plan assets and include a minimum investment or annual fee. A fixed dollar fee pricing schedule is also available.

Legacy Assets: Fees for this service are typically charged as a percentage of plan assets and include a minimum investment or annual fee.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance Based Fee:

In some cases, The Clifton Group Investment Management Company has entered into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. The Clifton Group Investment Management Company will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions there under, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, The Clifton Group Investment Management Company shall:

- include, for securities for which market quotations are readily available, the realized capital losses and unrealized capital depreciation over the period;
- include, for securities for which market quotations are not readily available, the realized capital losses of securities over the period and, if the unrealized capital appreciation of the securities over this period is included, the unrealized capital depreciation of securities over the period; and

The compensation paid to The Clifton Group Investment Management Company is based on the gains less the losses in the client's account for a period of not less than one year.

Performance based fee arrangements may create an incentive for The Clifton Group Investment Management Company to recommend investments which may be riskier or more speculative

than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. The Clifton Group Investment Management Company has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

The performance based component of a fee may be negotiated for any part of the fee up to 100%. Performance based fees are dependent on the achievement of an annualized performance objective relative to an agreed external index or benchmark (e.g., S&P 500 Index, Barclays Capital Intermediate Government Corporate Index or 90 Day Treasury Bills). Fees for custom designed or created strategies, and strategies using more than one The Clifton Group Investment Management Company product in combination are negotiable and are dependent on the degree of complexity and creativity involved, the expected time period over which the service is to be performed and the value of portfolio assets to be managed.

Side-by-Side Management:

In some cases, The Clifton Group Investment Management Company manages private funds (“funds”) and separately managed accounts (“accounts”) in the same or similar strategies. This may give rise to potential conflicts of interest if the funds and accounts have, among other things, different objectives, benchmarks or fees (i.e. performance fees). For example, potential conflicts may arise in the following examples:

- The portfolio manager must allocate time and investment ideas across funds and accounts,
- Funds’ or accounts’ orders do not get fully executed,
- Trades may get executed for an account that may adversely impact the value of securities held by a fund,
- There will be cases where certain accounts or funds receive an allocation of an investment opportunity when other accounts may not, and/or,
- Trading and securities selected for a particular fund or account may cause differences in the performance of different accounts or funds that have similar strategies.

The Clifton Group Investment Management Company has adopted trade allocation procedures and monitors such transactions to help ensure The Clifton Group Investment Management Company is not favoring funds or accounts over each other as well as help ensure fair and equitable treatment of both the funds and accounts. During periods of unusual market conditions, The Clifton Group Investment Management Company may deviate from its normal trade allocation practices. There can be no assurance, however, that all conflicts have been addressed in all situations.

TYPES OF CLIENTS

The Clifton Group Investment Management Company provides portfolio management services to investment companies, pensions and profit-sharing plans, Taft-Hartley plans, other pooled investment vehicles, charitable organizations, foundations, endowments, corporations, state and municipal government entities, and some legacy individual accounts.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investing in securities and other financial instruments involves risk of loss that clients should be prepared to bear.

At the beginning of any advisory relationship, The Clifton Group Investment Management Company will work with the client to create detailed and unique investment guidelines. This document serves as a blueprint for program implementation. Investment guidelines drive specific portfolio objectives including (among other items as directed by the client) assets to be incorporated in the program, target allocations, asset class benchmarks, and reporting needs.

Risk management is highly important at The Clifton Group Investment Management Company. The risk management process is designed to seek to mitigate risks involved in the implementation of any of the strategies offered by The Clifton Group Investment Management Company.

Material risks inherent in The Clifton Group Investment Management Company's services include:

Data/Communication Risk: the risk that information received from outside sources is inaccurate, incomplete, or stale.

Margin/Liquidity Risk: the risk that market movements will result in the need for the posting of incremental variation margin or the accumulation of excess collateral in the margin pool.

Leverage Risk: the risk that excess market exposure is created.

Tracking Error Risk: the risk that overlay investments will have some tracking error versus underlying investments.

Trading risk: the risk that an error is made in the execution of a trade on behalf of the client.

Specific to an Enhanced US Large Cap, Enhanced US Small Cap and Enhanced Core Fixed Income, and cash management strategies, the major risks are:

Credit Risk: the risk of negative relative performance arising from credit related issues.

Regulatory Risk: the risk that a change in laws and regulations will materially impact a service.

Interest Rate Risk: the risk that a sharp rise in short term rates could negatively affect performance.

Liquidity Risk: the risk that excessive market volatility could create the need for high levels of liquidity.

Additional information regarding the material risks of the investment strategies offered by The Clifton Group Investment Management Company is contained in the investment guidelines and related materials. Such information is provided to clients in connection with execution of the investment management agreement.

DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of The Clifton Group Investment Management Company or the integrity of The Clifton Group Investment Management Company's management. The Clifton Group Investment Management Company has no material information responsive to this Item.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Other Investment Adviser: Segall Bryant & Hamill (SBH), a Minnesota partnership registered under the Investment Advisers Act of 1940, as amended, is approximately 35% owned by Dougherty Advisory Services LLC (DAS), which is wholly owned by Dougherty Financial Group LLC (DFG). The members of DFG also own The Clifton Group Investment Management Company. SBH is a partnership among DAS, and Ralph M. Segall and C. Alfred Bryant, both former investment managers with Stein Roe and Farnham, an investment adviser based in Chicago, and SBHE LLC, an entity owned by a group of employees of SBH.

Other Investment Adviser: Somerset Advisers LLC, a Delaware limited liability company and registered investment adviser that provides financial planning is based in Minneapolis, Minnesota. Somerset Advisers LLC is transitioning to state registration.

Broker-Dealer: Dougherty Financial Group LLC owns approximately 91% of Dougherty & Company LLC, an SEC registered broker-dealer. Dougherty & Company LLC will not be used to execute transactions for The Clifton Group Investment Management Group's clients unless the resulting transaction provides the best combination of net price and execution. Dougherty & Company LLC is also an SEC registered investment adviser which is transitioning to state registration.

The Clifton Group Investment Management Company does business with J.P. Morgan Securities Inc. The Clifton Group Investment Management Company's affiliate, Dougherty & Company LLC, clears transactions through J.P. Morgan Clearing Corp.

The Clifton Group Investment Management Company acts as a general partner and investment adviser of the Clifton Commodities Fund LP (“Commodity Fund”). The Commodity Fund’s objectives and strategies are to seek to provide enhanced commodities exposure through individual futures contracts. Additional information regarding the Fund, including a description of the special risks associated with the Fund, is available on request.

The Clifton Group Investment Management Company acts as a general partner and adviser of the Clifton Defensive Equity Fund LLC (“Defensive Equity”). The Defensive Equity Fund’s objectives and strategies are to seek to provide favorable risk adjusted performance and risk dampening by utilizing index options to overlay a base portfolio comprised of equity index options and cash equivalents. Currently, Defensive Equity LLC has no investors. Additional information regarding the Fund, including a description of the special risks associated with the Fund is available upon request.

The Clifton Group Investment Management Company acts as investment manager of the Clifton Global Balanced Risk Fund Ltd (“GBR”). GBR’s objectives and strategies are to seek to deliver higher risk-adjusted returns for a comparable level of risk to that of a defined benchmark. Additional information regarding the Fund, including a description of the special risks associated with the Fund is available upon request.

DFG provides certain administrative services to The Clifton Group Investment Management Company for a fee, such as legal, compliance, financial accounting, and human resources.

The Clifton Group Investment Management Company does not do business with any of its registered affiliates.

CODE OF ETHICS

The Clifton Group Investment Management Company has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, guidance on certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at The Clifton Group Investment Management Company must acknowledge the terms of the Code of Ethics. The Clifton Group Investment Management Company or its principal employees may from time to time maintain a position, either directly or indirectly, in the same securities which are recommended to investment advisory clients. In order to avoid potential conflicts of interest, controls are enforced on the timing and size of purchases or sales of securities by the firm or its principals via the Code of Ethics.

The Clifton Group Investment Management Company requires prompt reports on all transactions covered by the Code of Ethics. The Clifton Group Investment Management Company further requires that all personal investment account relationships be disclosed, that The Clifton Group Investment Management Company receive duplicate confirmations of transactions and custodial

account statements, and certifications of compliance with the Code of Ethics from all covered persons.

In addition to reporting and record keeping requirements, the Code of Ethics imposes various substantive and procedural restrictions on covered transactions, including the following:

1. All transactions in securities covered by the Code of Ethics should be preapproved, unless an exemption or exception applies. Transactions will be approved and executed only if there are no conflicting orders pending for the accounts of clients.
2. Purchase of new equity issues on the initial underwriting by employees is prohibited. A further restriction placed on portfolio managers is that they, or any member of their immediate family, shall not purchase/sell securities of an issuer for their personal account(s) within seven (7) calendar days prior to or after a managed account they manage purchases/sells that issuer's same security. There is a de minimis exemption for transactions involving a small number of shares of companies with very large market capitalization and high average daily trading volume.

A copy of the Code of Ethics will be provided upon request to clients and prospective clients by contacting Kelly Shelquist at 612-870-8800 or info@thecliftongroup.com.

The Clifton Group Investment Management Company may invest in securities of which related persons of its employees are insiders. The Clifton Group Investment Management Company's trading and research will not be based on inside information.

The Clifton Group Investment Management Company may buy, sell and perform research on or through companies for whom a client may be the company, an employee, officer or director.

The Clifton Group Investment Management Company may give charitable contributions to client organizations through sponsorships at golf tournaments or other events. The Clifton Group Investment Management Company may also support educational endeavors of industry or client trade organizations.

BROKERAGE PRACTICES

Subject to a client's direction to use particular broker or dealer for the execution of transactions for that client's account, The Clifton Group Investment Management Company's overriding objective in selecting brokers and dealers to effect client transactions is to seek the best combination of net price and execution. The best net price, giving effect to brokerage commission, if any, is an important factor in this decision; however, a number of other judgmental factors also may enter into the decision. These factors include The Clifton Group Investment Management Company knowledge of negotiated commission rates currently available and other current transaction costs; the nature of the security being purchased or sold;

the size of the transaction; particular security; confidentiality; the execution, clearance and settlement capabilities of the broker or dealer selected and others considered; The Clifton Group Investment Management Company's knowledge of the financial condition of the broker or dealer selected and such other brokers and dealers; and, The Clifton Group Investment Management Company's knowledge of actual or apparent operational problems of any broker or dealer. Recognizing the value of these factors, The Clifton Group Investment Management Company may cause a client to pay brokerage commission in excess of that which another broker might have charged for effecting the same transaction. The Clifton Group Investment Management Company attempts to negotiate the lowest brokerage rate possible from major brokerage firms that is still consistent with good order execution and service. While all investment accounts are held and managed on an individual basis, the commission rates charged reflect the leverage of all accounts managed by The Clifton Group Investment Management Company with the resulting savings prorated by account and trade size. The commission rates paid may be somewhat higher than those charged by limited service discount brokers but, based on the foregoing factors, The Clifton Group Investment Management Company feels that superior execution justifies a slightly higher commission rate.

Research service received from brokers is of secondary importance to the quality of order execution, as The Clifton Group Investment Management Company relies most heavily on its own research. Therefore, the commissions paid by an account do not necessarily bear any direct relationship to the research used for that or other accounts.

In accordance with applicable law, soft dollars may be used from time to time to pay for a portion of the research used by the firm. This is the practice whereby an investment manager uses client commission dollars to pay for research services provided by outside companies. At times, the commissions paid under such arrangements are higher than the commission paid to a broker/dealer who provides no research capabilities or services.

The Clifton Group Investment Management Company sometimes suggests brokers as FCM for which it is familiar and provides services to The Clifton Group Investment Management Company such as electronic connectivity to facilitate transaction execution for the benefit of clients.

The Clifton Group Investment Management Company manages different types of accounts. Clifton may manage private investment funds and mutual funds and or other types of accounts "side by side". In providing management for these accounts (clients), Clifton adheres to its Aggregation and Allocation Trading Procedures.

It is the policy of Clifton to seek best execution for all accounts and to treat all accounts fairly and equitably.

Clifton may combine orders for the purchase and sale of securities (the use of "securities" throughout includes those instruments that are not technically deemed a "security" under the definition of law, e.g., futures). These combinations may include individual investment accounts and collective investment vehicles in which Clifton or its associated persons might have an interest.

Trading Practices

Portfolio Managers and Analysts work in teams which are based on firm wide mandates.

Trades are executed when necessary information is confirmed. Necessary information includes, but is not limited to, cash balances and asset allocation. When information is confirmed in advance, any required trades are executed simultaneously, seeking to ensure that all accounts get comparable execution. When information is not known in advance, transactions are implemented as information is confirmed on a real-time basis. Factors that may come in to play in this instance include access to custodial data or independent confirmation by client. Due to this process, accounts may have similar transactions, executed at different times, and thus different market levels.

Clifton seeks to manage accounts with similar objectives in a similar fashion. To that end on any given day, Clifton attempts to purchase or sell securities that, at the margins, bring an account closer to the composite allocation.

Aggregation of Trades

Orders that are made for more than one account may be aggregated prior to being placed with the intermediary (broker/dealer). The decision to aggregate trades is made by the portfolio manager (“trader”). In deciding whether or not to aggregate a trade, the overall fairness to each account that may be involved in the aggregated transaction will be considered. If a team decides to exclude certain accounts from an aggregated transaction, the team will act in a manner that is consistent with its fiduciary duty in making this determination.

Clifton will remain responsible for, among other things, ensuring that no account is consistently favored over any other client account and ensuring that no account will bear more than its pro rata expense in an aggregated transaction

Non-Aggregation. Orders for an account need not be aggregated if: (i) the team believes that aggregation is not consistent with the best interests of that account; (ii) aggregation would be inconsistent with an investment management agreement, statute or regulation (to the extent that the client has notified Clifton in writing); (iii) a client has directed Clifton in writing to execute all or a portion of the trades for that client’s account through a particular broker-dealer; (iv) aggregation is impractical, such as when a security is included with a program trade, basket trade or index trades, or is of modest size; or (v) for private placement securities.

Generally, if the trading desk holds non-aggregated orders for the same security, those non-aggregated orders will be allocated based on the time in which the client’s trade was placed.

Allocation of Trades

This section discusses the priority and allocation rules among orders to trade the same security or other instruments in the same way. Once a team and/or portfolio manager has identified the accounts to be aggregated consideration will be given to the priority for filling orders and the methods to be used to allocate trades.

Priority For Filling Orders

- Fiduciary account orders shall be subject to aggregation and traded first, excluding any account where special trading instructions apply for that order;
- To the extent step-outs may be used, accounts with special trading instructions due to client directions or guidelines will be traded with the above fiduciary accounts. If step-outs cannot be used, accounts with special trading instructions will be traded after the above fiduciary accounts; and
- Proprietary accounts are traded after the above accounts;
- Provided, however, if consistent with seeking best execution, orders for the Fiduciary accounts and Proprietary accounts may be executed simultaneously and priority implemented when allocating trades.

“Fiduciary accounts” shall include: all third party accounts including registered investment companies and private funds (except companies and funds where all of their equity securities are owned by Clifton or an affiliate of Clifton), employee benefit plans, occupational pension schemes, and any other ERISA Accounts or other structured products in which Clifton has been appointed investment manager, including any accounts that contain both proprietary and third party funds.

“Proprietary accounts” include any account held by Clifton including investments made by its respective employees, excluding ERISA accounts, if any are so managed by Clifton. Proprietary Accounts do not include any account containing third-party or client assets, unless that account is specifically designated as a Proprietary account by a Compliance Officer based upon a determination that the account would otherwise circumvent the trading priority rules or the intent and purposes of these Procedures.

Order Allocation Methods

In making allocation decisions, Clifton generally allocates to all participating accounts on a pro rata basis, or to true up the holdings of accounts with similar investment mandates. The portfolio manager may consider other factors in allocating to accounts. The basis for the allocation is discussed by team members. Under no circumstances may a team make any allocation decisions based on price movements of a security, or anticipated price movements, occurring after the trade or otherwise systematically disadvantage any account in allocating trades.

Investment Research Products and Services Furnished by Brokers and Dealers

When more than one broker or dealer is believed to be capable of providing a combination of best net price and execution with respect to a particular portfolio transaction, The Clifton Group Investment Management Company may select a broker or dealer which furnishes to The Clifton Group Investment Management Company investment research products or services, such as: economic, industry or company research reports or investment recommendations; subscriptions to financial publications or research data compilations; compilations of securities prices, earnings, dividends and similar data; computerized databases; quotation equipment and services; research or analytical computer software and services; or services of economic and other consultants. However, The Clifton Group Investment Management Company does in some instances request a broker to provide a specific research product or service which may be proprietary to the broker or produced by a third party and made available by the broker and, in such instances, the broker, in agreeing to provide the research product or service frequently, will indicate to The Clifton Group Investment Management Company a specific or minimum amount of commissions which it expects to receive by reason of its provision of the product or service. The Clifton Group Investment Management Company does not agree with any broker to direct such specific or minimum amounts of commissions; however, The Clifton Group Investment Management Company does maintain an informal internal procedure to identify those brokers which provide it with research products or services and The Clifton Group Investment Management Company endeavors to direct sufficient commissions on client transactions to ensure the continued receipt of research products and services The Clifton Group Investment Management Company feels are useful.

In certain instances, The Clifton Group Investment Management Company may receive from brokers products or services which are used by The Clifton Group Investment Management Company both for investment research and for administrative, marketing or other non-research purposes. In such instances, The Clifton Group Investment Management Company makes a good faith effort to determine the relative proportion of its use of such product or service which is for investment research, and that portion of the cost of obtaining such product or service may be defrayed through brokerage commissions generated by client transactions, while the remaining portion of the cost of obtaining the product or service is paid by The Clifton Group Investment Management Company in cash.

While it is permissible to do so under the rules of the Securities and Exchange Commission, The Clifton Group Investment Management Company does not believe it pays brokerage commissions higher than those obtainable from other brokers in return for research products or services provided by brokers. Research products or services provided by brokers may be used by The Clifton Group Investment Management Company in servicing any or all of the clients of The Clifton Group Investment Management Company, and such research products or services may not necessarily be used by The Clifton Group Investment Management Company in connection with the client accounts which paid commissions to the brokers providing such products or services.

Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

REVIEW OF ACCOUNTS

Portfolio managers make specific investment decisions within parameters established by and monthly reviewed and discussed by investment staff. Asset allocation is jointly agreed upon by the client and the investment adviser and is reviewed for compliance at least weekly. Individual client performance is evaluated relative to mutually agreed upon objectives on a monthly basis and more frequently should market actions dictate. Investment staff meets monthly to review market activity, discuss developments affecting short-term strategies, present updated market outlooks, discuss potential strategy changes and discuss matters affecting client portfolios. The Senior Portfolio Managers have primary responsibility for the specific investments in client portfolios. Investment staff includes: Jack L. Hansen (Principal), E.V.P. and Chief Investment Officer; Thomas B. Lee (Principal), Senior Portfolio Manager; Jay H. Strohmaier, Senior Portfolio Manager; Andy Spellar, Portfolio Manager Risk Parity Strategies; Daniel M. Wamre, Portfolio Manager; Justin Henne, Senior Portfolio Manager; Jeffrey Rodgers, Portfolio Manager; Christopher W. Haskamp, Portfolio Manager, Alex Zweber, Portfolio Manager; Matthew Leibl, Portfolio Manager; Andy Foster, Assistant Portfolio Manager. Portfolio managers utilize third party services in valuing most securities.

Investment clients of The Clifton Group Investment Management Company receive (directly or via access to password protected internet site) a comprehensive reporting of their account on at least a calendar quarter basis. These reports detail all of the account's current holdings broken down by type of investment, list all cash transactions for the past quarter, summarize all transactions which resulted in realized gain or loss and summarizes the account performance for the current period and year to date. Indexed equity, fixed income and specialty derivative securities accounts may elect to receive reporting on a monthly basis. If the client requests not to receive a statement, the firm has a reasonable belief that the custodian is sending statements in accordance with SEC Rule 206.

CLIENT REFERRALS AND OTHER COMPENSATION

In recognition of the value of account referrals, The Clifton Group Investment Management Company may direct brokerage to the referring broker as long as execution services are comparable in quality to those available from other brokers, and the commission rates charged conform to The Clifton Group Investment Management Company's prescribed discount schedule. While the practice of using the referring broker is favored by The Clifton Group Investment Management Company, the ultimate decision is made at the discretion of the investment advisory client.

While The Clifton Group Investment Management Company does not generally make a practice of accepting client directed brokerage requests, if the situation were to arise, the client needs to be aware of certain limitations of such directions. These limitations include:

- No attempt is being made to negotiate commissions on the client's behalf.
- Best execution is not being obtained and there is an inability to obtain volume discounts.

- Lower commission rates may be available elsewhere.

Clients may also be clients of unaffiliated investment advisers that trade through The Clifton Group Investment Management Company's affiliate broker dealer.

The Clifton Group Investment Management Company may pay cash referral fees to third party solicitors for business referred to Clifton. When it does so, the referral relationship is described to prospective clients through the use of a disclosure form. Currently, The Clifton Group Investment Management Company pays cash referral fees to one third party solicitor firm for existing clients only.

CUSTODY

Reports or statements produced by The Clifton Group Investment Management Company are provided to Clients. Clients should also be receiving at least quarterly statements from a qualified custodian. The client should compare the information provided by The Clifton Group Investment Management Company with the statements provided by the custodian.

INVESTMENT DISCRETION

The Clifton Group Investment Management Company usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold, subject to investment guidelines. In all cases such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, The Clifton Group Investment Management Company observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, The Clifton Group Investment Management Company's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Certain client relationships are non-discretionary. In these cases, The Clifton Group Investment Management Company is executing transactions as specifically directed by the client.

Investment guidelines and restrictions must be provided to The Clifton Group Investment Management Company in writing.

VOTING CLIENT SECURITIES

I. POLICY

The Clifton Group Investment Management Company (“Adviser”) acts as a discretionary investment adviser for various clients, which may include clients governed by the Employee Retirement Income Security Act of 1974 (“ERISA”). While the Adviser’s standard policy is to not vote proxies for clients, Adviser’s authority to vote proxies or act with respect to other shareholder actions may be established through the delegation of discretionary authority under our investment advisory contracts. Therefore, unless a client (including a “named fiduciary” under ERISA) specifically reserves the right, in writing, in the investment management agreement or in a supplemental written communication, to vote its own proxies or to take shareholder action with respect to other corporate actions requiring shareholder actions, Adviser will vote all proxies and act on all other actions in a timely manner as part of its full discretionary authority over client assets in accordance with these Policies and Procedures. Corporate actions may include, for example and without limitation, tender offers or exchanges, bankruptcy proceedings and class actions.

When voting proxies or acting with respect to corporate actions for clients, Adviser’s intent is that all decisions be made solely in the best interest of the client (and for ERISA accounts, plan beneficiaries and participants, in accordance with the letter and spirit of ERISA). Adviser will seek to act in a prudent and diligent manner intended to enhance the economic value of the assets of the client’s account.

II. PURPOSE

The purpose of these Policies and Procedures is to memorialize the procedures and policies adopted by Adviser to enable it to comply with its fiduciary responsibilities to clients and the requirements of Rule 206(4)-6 under the Investment Act of 1940, as amended (“Advisers Act”). These Policies and Procedures are also intended to reflect the fiduciary standards and responsibilities set forth by the Department of Labor for ERISA accounts.

III. PROCEDURES

For proxies voted by Adviser, Adviser receives proxies and votes them in a timely manner and in a manner consistent with the determination of the client’s best interests. Although many proxy proposals can be voted in accordance with established guidelines (see Section V below, “Guidelines”), it is recognized that some proposals require special consideration which may dictate that an exception is made to the Guidelines.

A. Conflicts of Interest

Where a proxy proposal raises a material conflict Adviser’s interests and a client’s interest, Adviser will resolve such a conflict in the manner described below:

1. **Vote in Accordance with the Guidelines.** To the extent that the Adviser has little or no discretion to deviate from the Guidelines with respect to the proposal in question, the Adviser shall vote in accordance with such pre-determined voting policy.
2. **Obtain Consent of Clients.** To the extent that Adviser has discretion to deviate from the Guidelines with respect to the proposal in question, Adviser will disclose the conflict to the relevant clients and obtain their consent to the proposed vote prior to voting the securities. The disclosure to the client will include sufficient detail regarding the matter to be voted on and the nature of Adviser's conflict that the client would be able to make an informed decision regarding the vote. If a client does not respond to such a conflict disclosure request or denies the request, Adviser will abstain from voting the securities held by the client's account.
3. **Client Directive to Use an Independent Third Party.** Alternatively, a client may, in writing specifically direct Adviser to forward all proxy matters in which Adviser has a conflict of interest regarding the client's securities to an identified independent third party for review and recommendation. Where such independent third party's recommendations are received on a timely basis, Adviser will vote all such proxies in accordance with such third party's recommendation. If the third party's recommendations are not timely received, Adviser will abstain from voting the securities held by that client's account.

Adviser will review the proxy proposal for conflicts of interest as part of the overall vote review process. All material conflict of interest so identified by Adviser will be addressed as described above in this Section III.A.

B. Limitations

In certain circumstances, in accordance with a client's investment advisory contract (or other written directive) or where Adviser has determined that it is in the client's best interest, Adviser will not vote proxies received. The following are certain circumstances where Adviser will limit its role in voting proxies.

1. **Client Maintains Proxy Voting Authority:** Where client specifies in writing that it will maintain authority to vote proxies itself or that it has delegated the right to vote proxies to a third party, Adviser will not vote the securities and will direct the relevant custodian to send the proxy material directly to the client. If any proxy material is received by Adviser, it will promptly be forwarded to the client or specified third party.
2. **Terminated Account:** Once a client account has been terminated with Adviser in accordance with its investment advisory agreement, Adviser will not vote any proxies received after the termination. However, the client may specify in writing that proxies should be directed to the client (or a specified third party) for action.
3. **Limited Value:** If Adviser determines that the value of a client's economic interest or the value of the portfolio holding is indeterminable or insignificant, Adviser may abstain from voting a client's proxies. Adviser also will not vote proxies received for securities which are no longer held by the client's account.

4. Securities Lending Programs: When securities are out on loan, they are transferred into the borrower's name and are voted by the borrower, in its discretion. However, where Adviser determines that a proxy vote (or other shareholder action) is materially important to the client's account, Adviser may recall the security for purposes of voting.
5. Unjustifiable Costs: In certain circumstances, after doing a cost-benefit analysis, Adviser may abstain from voting where the cost of voting a client's proxy would exceed any anticipated benefits to the client of the proxy proposal.

IV. RECORD KEEPING

In accordance with Rule 204-2 under the Advisers Act, Adviser will seek to maintain for the time periods set forth in the Rule (i) these proxy voting procedures and policies, and all amendments thereto; (ii) a record of all proxy statements received regarding client securities (provided however, that Adviser may rely on the proxy statement filed on EDGAR as its records); (iii) a record of all votes cast on behalf of clients; (iv) records of all client requests for proxy voting information; (v) any material documents prepared by Adviser were material to making a decision how to vote or that memorialized the basis for the decision; and (vi) all records relating to requests made to clients regarding conflicts of interest in voting the proxy. Currently the requirement is 5 years, 2 of which shall be in the office.

Adviser will describe in its Part II of Form ADV its proxy voting policies and procedures. Clients may obtain information on how proxies were voted with respect to the clients' portfolio securities or a copy of Adviser's Policies and Procedures by written request to the Adviser.

V. GUIDELINES

Each proxy issue will be considered individually. Proxy voting may be different for different types of clients. The following guidelines are a partial list to be used in voting proposals contained in the proxy statements but will not be used as rigid rules.

Legal Actions and Class Actions. Unless otherwise agreed, The Clifton Group Investment Management Company will not advise or act on behalf of a client in any legal proceedings including bankruptcies or class actions involving assets held in portfolios advised by The Clifton Group Investment Management Company.

FINANCIAL INFORMATION

The Clifton Group Investment Management Company has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.

THE CLIFTON GROUP INVESTMENT MANAGEMENT COMPANY CLIENT PRIVACY PLEDGE

At The Clifton Group Investment Management Company our clients' trust is important to us. Because you trust us with your financial and other information, we take the safeguarding and respect of this information very seriously. In order to maintain that trust we pledge to protect your privacy by striving to adhere to the policy outlined below.

The information we obtain is limited but may come to us through account opening documents and custodial statements. The type of information collected is financial information, transaction and various other information and is important to our providing the best services to you.

There may be times when client information is provided to our affiliates to enable us to receive services such as accounting, legal and compliance matters. Also, we provide such client information to other third party services providers when it is essential for the servicing of your account (e.g., transactional services). We may disclose such information to other third parties that we believe it necessary for the conduct of our business or where disclosure is required by law. We will subject such disclosures to confidentiality agreements.

It is our policy that we do not provide current and former customer names and account information to any outside firms or organizations (such as catalogue or direct mail companies) unless there is a pre-existing relationship you have established such as a custodian or professional service provider (i.e. attorney, accountant) or in situations where we have a legal or regulatory obligation to provide such information.

It is our policy to not provide any other businesses with any information specific to accounts maintained at Clifton for the purpose of marketing or business leads.

It is our policy regarding documentation containing sensitive client information (i.e. name, address, ssn, account number, credit information, etc.) to dispose of it in a manner whereby the information cannot be read or reconstructed. This includes shredding the information on a timely basis.

It is our policy to remove all data from computers so that the information cannot be restored or reconstructed before the computer is donated or disposed. Information is protected in various manners. All employees are subject to a policy regarding confidentiality. They are subject to disciplinary action for violating this confidence. In addition, our internal systems are secured through encryption technology and passwords and physical safeguards.

We strive to maintain the confidentiality of your account and any other information.