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Investment Operations and Client Services

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Every year, registered investment advisors are required to update a disclosure document that provides information regarding an advisor's qualifications, business practices, affiliates and potential conflicts of interest. The updated form is made available to all existing clients and provided to new clients prior to the client signing an investment advisory agreement.

This brochure is the StanCorp Investment Advisers, Inc., plain English disclosure brochure. If you have any questions about the contents of this brochure, please call 800.378.5742. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about StanCorp Investment Advisers, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. There were no material changes since March 31, 2013, which was our last delivery and posting on the SEC public website.

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Advisory Business

StanCorp Investment Advisers, Inc. is a wholly owned subsidiary of StanCorp Financial Group, Inc. (StanCorp). StanCorp is also the holding company for Standard Insurance Company; The Standard Life Insurance Company of New York; Standard Retirement Services, Inc.; StanCorp Mortgage Investors, LLC, a commercial loan underwriter; StanCorp Real Estate, LLC, a real estate investment and property management company; and StanCorp Equities, Inc., a limited broker-dealer. StanCorp Investment Advisers joined the family of subsidiaries under the StanCorp Financial Group umbrella in May 2000.

StanCorp Investment Advisers provides investment management services to clients with a variety of investment goals. Our largest client is Standard Insurance Company, for whom we manage more than \$6 billion of investment-grade, fixed income securities. The portfolio may include other investment vehicles as necessary to meet the investment objectives of Standard Insurance Company. We also manage third-party investment manager relationships for The Standard.

In addition, we offer investment consulting services to the retirement plan clients of Standard Insurance Company and Standard Retirement Services. These services include:

- fund selection and monitoring for group annuity separate accounts and the Standard Retirement Services Net Asset Value (NAV) platform
- development and maintenance of model asset allocations for defined contribution plans
- fund portfolio construction for defined benefit plans
- assistance in selecting funds for specific retirement plan menus and portfolios
- quarterly monitoring reports reflecting the performance of funds offered to Standard Insurance Company and Standard Retirement Services retirement plan clients
- participant-level advice through the Mainspring Managed service

We provide investment advice to the Reliance Advisory Portfolio Collective Trusts, a series of 14 collective trusts owned by Reliance Trust. These collective trusts invest in unaffiliated mutual funds representing a broad range of asset categories. There are 10 fully diversified portfolios and four style-based portfolios each representing the large-cap, small- and mid-cap, fixed income, and international equity categories, respectively. The Reliance Advisory Portfolio Collective Trusts are available only to clients of Standard Retirement Services.

Our private client service offers fee-only financial planning and investment management using mutual funds, exchange traded funds (ETFs), stocks and bonds. Investment counselors work directly with clients to assess their financial situations, set objectives and determine an investment approach for each individual. Investment portfolios are tailored to meet the needs of the specific client. Clients may place restrictions on the investments made in their accounts.

Total assets managed at Dec. 31, 2013, were \$21.4 billion. Of that, \$17.0 billion was managed on a discretionary basis, and \$4.4 billion was managed on a non-discretionary basis for retirement plan clients.

Fees and Compensation

Standard Insurance Company and Standard Retirement Services pay a fixed retainer to StanCorp Investment Advisers for services provided to all retirement plan clients of The Standard. In addition, retirement plan clients pay Standard Retirement Services an asset-based fee for administrative and recordkeeping services. In some cases, clients pay additional fees to the custodian. Participants enrolled in the Mainspring Managed service may pay Standard Retirement Services a per-participant fee. Retirement plan clients may terminate with a 60-day notice. Since no advisory fees are charged, there is no closing bill.

Portfolios that include mutual funds and/or ETFs have a layered fee structure. In addition to the management fees paid to StanCorp Investment Advisers, the funds' expenses are deducted the value of the mutual funds. StanCorp Investment Advisers may recommend mutual funds that are no-load or those having a 12b-1 fee. No load funds have no sales charges included in their expenses and 12b-1 fees are sales charges that are incorporated into the expense ratio and therefore the price of the fund. In no case does StanCorp Investment Advisers receive compensation from mutual fund companies. If a 12b-1 fee is paid it is returned to the plan sponsor as a reduction of their Standard Retirement Services asset-based fee.

StanCorp Equities, an affiliated limited broker dealer, does not process transactions. Clients purchase investments StanCorp Investment Advisers recommends through unaffiliated custodians or through the Standard Insurance Company group annuity contract.

Performance-Based Fees: We do not offer performance-based fee schedules.

Types of Clients

StanCorp Investment Advisers provides fixed income portfolio management services to our sister subsidiaries. In addition, we provide investment consulting services to the retirement plan clients of Standard Retirement Services and Standard Insurance Company as well as some retirement plan clients not administered by our sister subsidiaries. We are the investment advisor to the participants in the Mainspring Managed service offered by Standard Retirement Services and the Reliance Trust collective trust portfolios utilized in that service. Our private client service offers financial planning and investment management to individual investors. We also offer services to endowments and other organizations. We require a minimum asset balance of \$250,000 for our private client financial planning and investment management service.

Methods of Analysis, Investment Strategies and Risk Of Loss

The fixed income portfolio for The Standard is designed to meet asset liability management requirements of the various insurance product lines offered. Investments for this portfolio include U.S. government, municipal and corporate bonds, commercial paper, short-term investments as well as other income- generating investments. In addition, derivative investments may be used to manage asset/liability risk.

Retirement plan clients invest primarily in mutual funds, collective trusts and group annuity contracts. Investments are selected and retained based on their long-term adherence to specific performance and portfolio criteria. Portfolios are constructed based on mean return and variance analysis.

For private clients, we primarily invest in mutual funds, but may include stocks, bonds and/or ETFs. These investments are used to populate allocations that are expected to produce returns and risk consistent with the client's long-term objectives and risk tolerance. Mutual funds are selected and retained based on their long-term adherence to specific performance and portfolio criteria. Our fixed-income and equity selections are based on fundamental and quantitative analysis. Some clients participate in a collared portfolio strategy in which options on the clients' investment securities are purchased and sold to create a fully or partially funded floor on the portfolios' performance. In addition, some clients participate in a strategy in which covered call options are written in their portfolios to generate additional income.

All investments present some risk of loss that clients should be prepared to bear. Stocks have greater return potential but are more volatile than other investment types. Mutual funds and ETFs may focus on certain sectors that may involve a greater degree of risk than other funds that provide broader diversification. In addition to the normal risks associated with equity investing, investments in smaller and mid-cap companies and narrowly focused investments typically exhibit higher volatility and are less readily marketable than investments in larger companies or more diversified strategies. Similarly, international investing involves certain risks, such as currency fluctuations, economic instability, and political developments. These risks may be accentuated in emerging markets. Real estate investment trusts are subject to special risks, such as tax law changes and general economic conditions that may affect the value of the underlying real estate assets. Bonds are subject to certain risks including interest-rate risk, credit risk and inflation risk. As interest rates rise, the prices of bonds fall. Derivatives are subject to a number of risks, such as liquidity, interest rate, market, credit and management risk.

Disciplinary Information: We have no disciplinary actions to disclose.

Other Financial Industry Activities And Affiliations

StanCorp Investment Advisers, Inc., is one of six subsidiaries that are part of StanCorp Financial Group, Inc. (StanCorp). StanCorp is also the holding company for Standard Insurance Company; Standard Life Insurance Company of New York; Standard Retirement Services, Inc.; StanCorp Mortgage Investors, LLC, a commercial loan underwriter; StanCorp Real Estate, LLC, a real estate investment and property management company and StanCorp Equities, Inc., a limited broker-dealer.

The senior management team members of StanCorp Investment Advisers are also officers of one or more of the sister subsidiaries and may be engaged in the business of those subsidiaries in addition to the responsibilities they have to StanCorp Investment Advisers. Julie Grandstaff, CFA, vice president of StanCorp Investment Advisers, is also the president of StanCorp Equities. StanCorp Equities facilitates services to retirement plan clients of Standard Retirement Services and Standard Insurance Company. Neither StanCorp Equities nor Standard Insurance Company provides advice or service to the private clients of StanCorp Investment Advisers. Clients of StanCorp Investment Advisers may also be clients of Standard Insurance Company, Standard Retirement Services or StanCorp Mortgage Investors.

Code Of Ethics

StanCorp Investment Advisers maintains a code of ethics that governs the actions of personnel in their dealings with clients. The code covers personal trading, gifts and gratuities and the protection of client information. Any client or prospective client may request a copy of our code of ethics at any time.

From time to time, StanCorp Investment Advisers personnel may purchase the same securities that are recommended to clients. This could present a potential conflict of interest by encouraging personnel to act on their own behalf before the clients. To overcome this possible conflict, personnel transactions are monitored to detect inappropriate trading activity. In addition, personnel transactions are executed in the same block trades as client transactions, with personnel receiving pro-rata allocations in the same manner as clients.

Brokerage Practices

StanCorp Investment Advisers, when applicable, has the discretion to determine the broker and/or institution with which trades are executed, the specific securities that are purchased and the size of transactions without prior client consent, within client established guidelines. Transactions for the Standard Insurance Company portfolio are executed on a competitive basis when possible. If there is not more than one bid or offer, the transactions will be evaluated relative to a matrix of issuers with similar quality and maturity. Transaction size and issuer concentration are governed by the Standard Insurance Company investment policy, which may be changed at any time. Transactions for private clients are executed through a custodian platform. The basis for recommendation of the custodian includes availability of low-cost, high-quality mutual funds offered, transaction costs, and the accuracy and quality of trade execution and overall service to the client. StanCorp Investment Advisers does not execute trades for soft dollar benefits nor do we have directed brokerage arrangements.

In addition to Schwab, our private client assets may be custodied with T.D. Ameritrade, Fidelity, TIAA-CREF or other custodians. However, Schwab is our preferred custodian. Due to the size of the assets placed with Schwab, we are able to negotiate favorable transaction charges on behalf of our clients. In addition, Schwab provides a discount on Portfolio Center, the portfolio management software we use. This discount is an immaterial savings to our overall firm expenses. Transactions may be aggregated across multiple clients. This allows us to execute trades at a single price and may reduce the costs of transactions.

Review Of Accounts

Investment portfolios are reviewed regularly. Fixed-income holdings are monitored for changes in credit quality, business focus and merger activity using alert mechanisms from various information sources. Mutual funds and ETFs are monitored for changes in ownership, management or investment strategy.

Mutual fund performance, selections and terminations are reviewed at least quarterly, and occasionally more often, by StanCorp Investment Advisers' investment committee for both retirement plan and private clients. Investment management clients receive reports quarterly or more often, detailing holdings, market value and performance. All clients receive a quarterly performance review comparing investment returns to appropriate benchmarks. In addition, private client portfolios are reviewed regularly to determine whether rebalancing is required. Financial plans are also reviewed on a regular basis and updated as needed.

Client Referrals and Other Compensation

StanCorp Investment Advisers does not pay for referrals. In the past, we participated in the Schwab Advisor Network, a service designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with StanCorp Investment Advisers; does not supervise StanCorp Investment Advisers; and has no responsibility for StanCorp Investment Advisers' management of client portfolios or StanCorp Investment Advisers' other advice or services. While StanCorp Investment Advisers no longer pays Schwab fees to receive client referrals through the service, ongoing fees are paid for past referrals.

In the course of providing financial planning and investment services, we may refer clients to third party professionals such as attorneys, CPAs, bookkeepers and others. Neither the StanCorp Investment Advisers personnel providing the referral nor the firm receives any compensation from any party for these referrals. These recommendations are based on industry information or work related to other clients, however we have not researched or otherwise conducted a due diligence review of the referred professional and do not make any representation or warranty regarding the professional being referred. We highly recommend you conduct a thorough due diligence review to ensure the referred professional can adequately meet your needs.

Custody

StanCorp Investment Advisers is deemed to have custody of client assets because in some cases, we deduct our management fee directly from client accounts. However, we do not physically hold client assets. Our clients' custodians and brokers all provide monthly statements either electronically or in print. StanCorp Investment Advisers also provides a quarterly report. Clients are encouraged to compare balances between the custodian statements and StanCorp Investment Advisers' quarterly reports, taking into account possible timing differences.

Investment Discretion

StanCorp Investment Advisers takes investment discretion for most private clients and for participants in the Mainspring Managed service through a limited power of attorney in the case of private clients and via a participant agreement in the case of Mainspring Managed participants. We also take discretion for retirement plan clients using the group annuity contract and NAV plans who select discretionary management. For private clients, our investments are governed by the investment policy statement that the client develops with us when they engage our services. Clients have the opportunity to place restrictions on our authority. The Mainspring Managed service moves participant portfolios to more or less aggressive strategies based on the changes in the participants' situations, such as declining time to retirement, changes in assets relative to the retirement requirements, or other changes reported or requested by the participant. We select, monitor and remove mutual funds from our retirement plan client accounts based on our fund selection and monitoring criteria.

Voting Client Securities

StanCorp Investment Advisers may vote client securities for individual clients. In addition, we vote the securities on the Standard Insurance Company group annuity contract. We do not vote securities on the Standard Retirement Services NAV platform. In general, we vote with the boards of directors, unless the item would significantly change the nature of the investment the clients hold. Clients may obtain a record of our votes as well as our proxy voting policies upon request.

Financial Information

StanCorp Investment Advisers has no financial impairment that will preclude the firm from meeting contractual commitments to clients. Because StanCorp Investment Advisers does not require prepayment of fees of more than \$1,200 per client, six months or more in advance, a balance sheet is not attached.