



Questar Asset Management
5701 Golden Hills Drive
Minneapolis MN 55416-1297

888.446.5872
questarcapital.com
March 30, 2015

*This Brochure provides information about the qualifications and business practices of Questar Asset Management (QAM). If you have any questions about the contents of this Brochure, please contact us at **888.446.5872**. 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.*

Questar Asset Management 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 with which you determine whether to hire or retain an Adviser. Additional information about Questar Asset Management also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

There have been no material changes that have occurred since the last annual update of our Brochure in 2014.

QAM appreciates your business and will ensure that you receive a summary of any material changes to its Brochure and WRAP Brochure within 120 days of the close of our business fiscal year. QAM will provide ongoing disclosure information about material changes as necessary. Updated Brochures and WRAP Brochures will be provided as necessary based on changes or new information without charge. You can request a copy of QAM's Brochure and WRAP Brochure at any time without charge by contacting us at 888.446.5872. Additional information about Questar Asset Management is available via the SEC's website at www.adviserinfo.sec.gov.

The SEC's website also provides information about any persons affiliated with QAM who are registered, or are required to be registered, as investment adviser representatives of QAM.

Item 3 -Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes	ii
Item 3 – Table of Contents	iii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation	5
Item 6 – Performance-Based Fees and Side-By-Side Management.....	5
Item 7 – Types of Clients	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Item 9 – Disciplinary Information	7
Item 10 – Other Financial Industry Activities and Affiliations	8
Item 11 – Code of Ethics	9
Item 12 – Brokerage Practices.....	10
Item 13 – Review of Accounts.....	10
Item 14 – Client Referrals and Other Compensation.....	11
Item 15 – Custody	12
Item 16 – Investment Discretion	12
Item 17 – Voting Client Securities.....	13
Item 18 – Financial Information	13

Item 4 – Advisory Business

Questar Asset Management, Inc. ("QAM") is an investment adviser with its headquarters located in Minneapolis, Minnesota. As of December 31, 2014, QAM had assets under management (AUM) of \$623,636,764, as reported on Form ADV Part 1. QAM offers a variety of advisory services to individuals, pension and profit-sharing plans, trusts, estates and corporations through its investment adviser representatives. Besides being qualified to give investment advice, the firm's representatives may also be licensed as securities and insurance agents to sell securities and insurance products to Clients through affiliates of QAM, including Questar Capital Corporation ("Questar Capital"), a securities broker/dealer and Questar Agency, Inc., an insurance agency. Questar Asset Management and Questar Capital Corporation are affiliates of Allianz Life Insurance Company of North America and Allianz SE.

Investment Management Programs

1. Representative-Managed Accounts

QAM affiliated representatives provide account management services for clients who have invested or wish to invest in stocks, bonds, exchange-traded funds and income-oriented securities, or invest in "no-load," "load-waived" families of mutual funds, or in subaccounts of variable annuities. The mutual funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each Client's individual needs and circumstances.

QAM will assist the client in reviewing the Client's income and expenditures, investment objectives, risk tolerance, liquidity requirements, investment restrictions and other relevant factors to determine the Client's financial objectives. Investment recommendations are then made to Clients about the structuring of a portfolio of investments and about the specific investment strategies to follow. Account management for this type of account is based on the individual Client's needs, investment goals and objectives, and tolerance for risk. A Client then authorizes QAM to manage the Client's account by monitoring account positions and buying and selling investments as QAM deems appropriate. To make its decisions, QAM relies on its own judgments and on the services of third parties who specialize in providing investment strategies and specific buy/sell recommendations. Monthly or quarterly statements of all account activity are also included as part of the service. The firm will provide management services on either a discretionary or non-discretionary basis. After a Client's account is established, the investments in the account are monitored by the QAM Representative or by other QAM staff. Transactions are placed by the Representative or QAM staff members on either a discretionary or non-discretionary basis depending on the contract signed by the Client. Clients are encouraged to contact the QAM Representative in the event they have questions regarding their account.

2. Third-Party Asset Management

In addition to its own portfolio management services, QAM also provides access to investment service programs in which client accounts are managed by independent third-party investment advisers. These programs provide additional investment opportunities among mutual funds, variable annuities, stocks, bonds, and additional securities. Based on a client's individual circumstances and needs, QAM will recommend an appropriate investment program to the client. Factors considered in making this recommendation include account size, the risk

tolerance and objectives of each client and the investment philosophy of the independent third-party adviser. QAM will assist the client in reviewing the client's income and expenditures, investment objectives, risk tolerance, liquidity requirements, investment restrictions and other relevant factors. QAM will provide this information to program sponsors selected by the client. QAM will meet with the client at least annually to review the account. QAM will also provide updated information about clients' financial circumstances, as necessary, to program sponsors. During regular account reviews, if QAM believes a different program becomes more suitable for a client's particular needs, then QAM may suggest that the client contract with a different program sponsor. Under this scenario, QAM will assist the client in selecting a new program. However, any move to a new program is solely at the discretion of the client. Third-party investment programs generally consist of two types:

1. The first type of program includes services by independent investment advisers and consists of proprietary model portfolios. The independent investment advisers manage model portfolios based on the goals of the portfolio rather than the individual circumstances of any client account. Model portfolios may include mutual funds, individual stocks, bonds, and exchange-traded funds. Depending upon the program, QAM may also assist the client in determining the appropriate asset allocation among the available portfolios.
 2. In the second type of program, the program sponsors have performed their due diligence on various third-party independent money managers that are made available to clients through the programs. In this second type of program, QAM will assist the client in determining an appropriate asset allocation among available independent money managers based on the investment style and asset classes employed by the money managers. Clients will receive separate disclosure documents for any particular program recommended. Clients are encouraged to review each disclosure document regarding the particular characteristics of any program and managers recommended. The services, reports and contract termination provisions provided by these programs vary as do the costs. Clients are encouraged to obtain and carefully review the contracts and disclosure documents of the third-party manager and/or program sponsor whose services they are considering, including Part II of Form ADV, so they understand fully the services being provided and fees being charged. Clients are also encouraged to compare programs.
3. **WRAP Fee Programs:** QAM manages the following WRAP fee programs and receives a portion of the management fee paid by the client. This management fee, and the amount received by QAM, varies by program. Clients who invest in any WRAP fee program offered by QAM receive a copy of the QAM WRAP Fee Program Brochure. This brochure provides a detailed description of all WRAP fee programs offered by QAM, including the fees associated with each program.
1. **Portfolio Designs Accounts**
Questar Portfolio Designs (Portfolio Designs) accounts are opened by clients who wish to have a portfolio of securities managed on a non-discretionary basis by Questar Asset Management (QAM) affiliated representatives. To establish a Portfolio Designs account a client must consult with an affiliated representative and complete a risk-based questionnaire. The risk-based questionnaire is used to help determine the client's risk tolerance, time horizon and investment objectives. The client's risk tolerance, time horizon and investment objectives are used to help match a client's portfolio allocation with an asset allocation strategy. Although QAM has developed "model portfolios" designed to help a client match their investment objectives with an asset allocation

strategy, the firm may deviate from the model portfolio based on each individual client's needs. Any deviation from the "model recommendation" is authorized by the client in advance.

QAM has established a relationship with Pershing, LLC to provide clearing and custodial services, including delivery of statements and confirmations, for Portfolio Designs accounts and with Lockwood Advisors Inc. to provide managed account services. Lockwood Advisors and Pershing, LLC are affiliated companies but are not affiliated with QAM. Pershing LLC carries the Portfolio Designs accounts on their records, processes transactions on behalf of clients pursuant to instructions provided by affiliated representatives, and provides various software and computer support services.

2. Lockwood AdvisorFlex Portfolios

AdvisorFlex Portfolios ("AFP") offer clients a series of objectives-based strategies, managed by Lockwood, that provide investors with access to professionally managed, discretionary accounts. The AFP product includes three (3) objectives-based strategies, Appreciation, Income and Preservation (the "Strategies"), with multiple models within each strategy, as described below. AFP consists of sixteen (16) models/asset allocation strategies ("Models").

- a. The Appreciation Strategy is designed to provide the long-term level of returns associated with equity and fixed income asset classes, while seeking above-average risk-adjusted levels of appreciation.
- b. The Preservation Strategy is designed to provide the long-term level of returns typically associated with equity and fixed income asset classes, while seeking downside protection and a lower level of long-term volatility, relative to respective standard capitalization-weighted indices.
- c. The Income Strategy is designed to provide an above-average level of yield while maintaining a diversified portfolio.

Within each Model, there will be primary investment selections ("Primary Selections") and alternate investment selections ("Alternate Selections") from which the Client and his/her Consultant may choose.

3. Questar Asset Designs ("QAD") Accounts Mutual Fund and Exchange-Traded Fund Portfolios

These accounts are opened by clients who wish to have a portfolio of mutual funds or exchange-traded funds managed by QAM. QAM will assist the client in reviewing the client's income and expenditures, investment objectives, risk tolerance, liquidity requirements, investment restrictions and other relevant factors and will help the client select an appropriate investment strategy and portfolio. QAM utilizes portfolio recommendations made by third-party firms which may or may not be investment advisers. A portion of the investment management fee paid by the client is paid to these third parties as payment for portfolio recommendations. Clients should be aware that an active management strategy, often referred to as tactical asset allocation, is employed within this program. A tactical asset allocation strategy attempts to create extra value by taking advantage of potential market pricing anomalies or market sectors that are perceived to be strong. This means that certain sectors within a tactical asset allocation strategy may be over-weighted or under-weighted at certain times and that a tactical asset allocation strategy may employ more risk than a traditional buy-and-hold strategy.

QAM has established a relationship with Lockwood Advisors Inc. and Pershing, LLC to provide clearing and custodial services, including delivery of statements and confirmations, for QAD mutual fund and exchange-traded fund portfolios. Lockwood Advisors and Pershing, LLC are affiliated companies but are not affiliated with QAM.

4. Questar Asset Designs Accounts Variable Annuity Subaccount Portfolios

These accounts are opened by clients who wish to have variable annuity subaccounts managed by QAM. QAM will assist the client in reviewing the client's income and expenditures, investment objectives, risk tolerance, liquidity requirements, investment restrictions and other relevant factors and will help the client select an appropriate investment strategy and portfolio. QAM utilizes portfolio recommendations made by third-party firms which may or may not be investment advisers. A portion of the investment management fee paid by the client is paid to these third parties as payment for portfolio recommendations. Clients should be aware that an active management strategy, often referred to as tactical asset allocation, is employed within this program. A tactical asset allocation strategy attempts to create extra value by taking advantage of potential market pricing anomalies or market sectors that are perceived to be strong. This means that certain sectors within a tactical asset allocation strategy may be over-weighted or under-weighted at certain times and that a tactical asset allocation strategy may involve more risk than a traditional buy-and-hold strategy.

4. Financial Planning

QAM provides financial planning services, typically for either an hourly or flat fee. Services can include a complete analysis of a Client's financial circumstances and insurance needs, or can be limited to a specific project, such as estate planning, retirement planning, education funding, investment analysis, tax planning and other areas of financial planning specialization. While providing advice, QAM may provide a financial plan to the Client which, depending upon the Client's circumstances, includes an analysis of insurance products and estate planning tools, such as wills and trusts. Legal and accounting services are provided by third-party attorneys and accountants not affiliated with QAM.

Fees: QAM's fee for financial planning services is determined after evaluation of the Client's circumstances and plan request. Thus, each Client pays a different fee which is negotiated between the Client and QAM. Hourly rates usually vary from \$75-\$400 per hour depending upon the complexity of a project, and are subject to a maximum of \$500 per hour. Clients also reimburse out-of-pocket expenses. As an alternative to an hourly charge, QAM and a Client may agree upon a flat fee for financial planning services. Fees for comprehensive planning and advice involving a specific project are quoted in advance. One-half (1/2) of the quoted fee is payable upon the signing of QAM's Financial Planning Services Agreement with the balance payable upon completion of the plan delivery interview at which time the advisory relationship ends. In no event will an amount in excess of \$10,000 be charged to a Client for financial planning services. If a Client or Questar terminates the advisory relationship after the Agreement has been in effect for more than five (5) business days, which can be accomplished by 15 days advance written notice, charges will be made based on the percentage of work completed. The balance of any prepaid fee is refunded to the Client. Clients who have already

received QAM's comprehensive or project advisory services may wish to retain QAM on an annual basis to receive advice during the year as the need for advice arises. Ongoing services include periodic consultations between QAM and a Client designed to update the Client on the progress of the Client's financial plan and to adjust it as necessary to attempt to meet the Client's future objectives. Fees for ongoing services are quoted in advance and paid on terms determined in advance between QAM and each Client.

Item 5 – Fees and Compensation

Advisory fees are subject to negotiation and typically fall within a range of 0.5%-2.00% annually. The specific manner in which fees are charged by QAM is established in a client's written agreement with QAM. QAM will generally bill its fees on a quarterly basis in advance of each calendar quarter. Some programs may bill after the quarter is complete. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). 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.

QAM'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 exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to QAM's fee, and QAM shall not receive any portion of these commissions, fees, and costs. Item 12 further describes the factors that QAM considers in selecting or recommending broker/dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

Item 6 – Performance-Based Fees and Side-By-Side Management

QAM does not charge any performance-based fees which are fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7 – Types of Clients

QAM provides portfolio management services to individuals, high-net-worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, and trust programs. The minimum account size varies by program but is typically \$30,000. QAM may consider aggregated assets of a household to meet this requirement. Occasionally, QAM may consider amounts less than \$30,000 for the establishment of a management account.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Client portfolios may include the following types of securities: individual equities, mutual funds, exchange-traded funds, options contracts, futures contracts, fixed income securities, and variable annuities. Investing in securities involves risk of loss that clients should be prepared to bear. QAM, and investment adviser representatives affiliated with QAM, may use a variety of analysis and research sources to identify securities to purchase and sell in the various investment programs available through

QAM, in an effort to help clients meet their investment objectives. These types of analysis and research may include:

1. **Fundamental Analysis:** this type of analysis typically focuses on both qualitative and quantitative criteria, such as earnings, growth and value in the market, of specific companies.
2. **Technical Analysis:** this type of analysis typically focuses on statistics generated by market activity, such as price movement and volume of specific securities, to identify trading patterns that can suggest future activity.

Various independent research sources may be used to aid in decisions related to security selection for the investment programs available through QAM. These sources may include, but are not limited to:

1. **Argus Analyst Reports:** Argus employs a fundamental, top-down system that analyzes industry, growth, financial strength, management assessment, risk analysis and valuation of specific equities. Argus uses three ratings for stocks: Buy, Hold, and Sell.
2. **S&P Analyst Report:** Analysts rank stocks according to their individual forecasts of a stock's future potential versus the expected total return of a relevant benchmark. S&P has 5 different ratings from 5-Stars (Strong Buy) to 1-Star (Strong Sell).

QAM, and the investment managers available through QAM, may employ various investment strategies to help clients meet their investment objectives and goals including, but not limited to:

1. **Tactical Asset Allocation or Management:** Clients should be aware that an active management strategy, often referred to as tactical asset allocation, attempts to create extra value by taking advantage of potential market pricing anomalies or market sectors that are perceived to be strong. This means that certain sectors within a tactical asset allocation strategy may be over-weighted or under-weighted at certain times and that a tactical asset allocation strategy may involve more risk than a traditional buy-and-hold strategy. These managers may utilize technical market indicators to aid buy and sell decisions within the portfolios they manage.
2. **Strategic Asset Allocation or Management:** managers that employ a strategic approach to asset management typically believe that the capital markets are efficient and that the best way to maximize returns, while minimizing potential risk, is to diversify a portfolio among many different asset classes. Modern Portfolio Theory (MPT), recognized as one of the most influential economic theories of finance, is based upon the idea that diversification can produce superior returns for less risk, as measured by the standard deviation. MPT is a mathematical formulation of the concept of diversification in investing with the aim of selecting a collection of investment assets that has collectively lower risk than any individual asset. A strategic asset allocation manager may utilize fundamental analysis and historical asset class statistics to select individual portfolio holdings.

Clients selecting investment management programs offered by an independent, third-party money manager, available through QAM, should read the disclosure documents of the respective third party to understand the investment strategy and methods of analysis employed by the third party, and the risks associated with these.

Item 9 – 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 QAM or the integrity of QAM's management. The following events are responsive to this item:

- I. QAM is part of a large holding company with several affiliates in the securities and insurance business. The affiliate to which the following orders relate, Allianz Life Insurance Company of North America, is not registered in any jurisdiction as a broker/dealer or investment adviser.
 - a. A stipulation and consent order with the California Department of Insurance was agreed to by the affiliate on February 13, 2008. The order pertained to a state inquiry that resulted in allegations the affiliate failed to comply with sections of the California Insurance Code pertaining to the sale of fixed annuities. The affiliate agreed to pay a total monetary amount of \$10,050,000, revise and clarify forms, create a process for enhancement of suitability review and offer to rescind annuities purchased by certain policyholders.
 - b. An order with the State of Colorado Division of Insurance was agreed to by the affiliate on December 20, 2006. The order pertained to a state inquiry that resulted in allegations that the affiliate was not in compliance with Colorado insurance laws regarding advertising and issuance of replacement notices. The affiliate agreed to pay a fine of \$34,800.
 - c. A stipulation and consent order with the State of Minnesota was agreed to by the affiliate on October 8, 2007. The order pertained to a state inquiry that resulted in allegations that the affiliate and its agents sold deferred annuities to senior citizens that were not suitable for the seniors' particular circumstances, and/or misrepresented the terms and conditions of the deferred annuity products. The affiliate agreed to revise procedures for determining whether a deferred annuity is suitable and agreed to offer a claims review process to Minnesota policyholders aged 65 and older.
 - d. A consent order with the State of Nevada Division of Insurance was agreed to by the affiliate on January 10, 2008. The order pertained to the affiliate's failure to file with the State of Nevada Division of Insurance, the annual quality of health care report, annual complaint report and annual certification of advertisement report for 2006. The affiliate agreed to pay a fine of \$2,500 and submitted the required documents.
 - e. A consent order with the State of Utah Insurance Department was agreed to by the affiliate on May 16, 2011. The order pertained to allegations related to annuities being sold to Utah residents using forms that were not appropriately filed with the State of Utah prior to these sales. The affiliate agreed to pay a fine of \$50,000.
 - f. As a result of a regulatory review conducted jointly by the insurance departments of 44 states and the District of Columbia, on August 24, 2012, the advisory affiliate agreed to pay a total monetary penalty of \$10,000,000, to be divided among the jurisdictions, and to undertake certain remedial actions in regard to the sale of its fixed annuities. No allegations of wrongdoing were made.
 - g. As a result of a regulatory review conducted by the Insurance Commissioner of the State of Washington, on June 12, 2013, the affiliate agreed to pay a total monetary

penalty of \$300,000 with \$150,000 suspended and to undertake certain remedial actions in regard to the sale of its annuities to residents of Washington.

2. QAM is part of a large holding company with several affiliates in the securities and insurance business. The affiliate to which the following orders relate, Questar Capital Corporation, is registered as a broker/dealer. Additional information about Questar Capital Corporation can be found at www.FINRA.org.
 - a. A censure and monetary fine of \$12,500 was levied by FINRA against the affiliate on June 19, 2007. This censure relates to failure on the part of the affiliate to report transactions in TRACE-eligible securities within the required time frame. TRACE stands for Trade Reporting Compliance Engine and FINRA member firms have an obligation to report corporate bond transactions to TRACE under an SEC-approved set of rules.
 - b. A settlement agreement and order was agreed to by the affiliate and the Commonwealth of Kentucky, Department of Financial Institutions on April 28, 2009. This order relates to allegations that the affiliate did not adequately supervise the activities of a registered representative. The affiliate agreed to pay an aggregate fine of \$60,918 to settle this matter.
 - c. A settlement offer was agreed to by the affiliate and the Commonwealth of Pennsylvania Securities Commission on January 21, 2010. This settlement offer relates to allegations that the affiliate violated certain provisions of the Pennsylvania Securities Act of 1972 in connection with the sale of securities. The affiliate agreed to pay a fine and legal fees totaling \$235,000 and agreed to comply with the Pennsylvania Securities Act to settle this matter.

Item 10 – Other Financial Industry Activities and Affiliations

QAM is an investment adviser registered with the SEC and is an affiliate of Allianz SE, a large, multinational financial services provider. Allianz SE, through its subsidiaries, is the sole owner of QAM. Through Allianz SE, QAM is under common control and ownership with many other investment advisers, broker/dealers, insurance companies, and other financial services firms worldwide. QAM does not have a material business relationship with most of these related firms. However, QAM does have such a relationship with the following related subsidiaries of Allianz SE: Questar Capital Corporation ("Questar Capital"), a FINRA member broker/dealer that sells stocks, bonds, options, mutual funds, variable annuities and some limited partnerships to retail clients throughout the United States; Questar Agency, Inc. ("Questar Agency"), an insurance agency licensed to sell insurance throughout the United States; and Allianz Life Insurance Company of North America ("Allianz Life"), an insurance company that provides fixed and variable annuities, life insurance policies, and long term care insurance products in the United States. QAM will recommend the brokerage and insurance services of Questar Capital, Questar Agency, and Allianz Life to its advisory clients.

The officers and directors of QAM are also officers and directors of Questar Capital and Questar Agency. In addition, the officers, directors, and Representatives of QAM may also be separately licensed as registered representatives of Questar Capital and as insurance agents for Questar Agency, Allianz Life, and other related and unrelated insurance companies. As such, these individuals, in their separate capacities as registered representatives and/or insurance agents, will be able to effect securities transactions and/or purchase insurance and insurance-related investment products for clients, for which they will receive separate and customary compensation. These individuals, in their separate capacities as

registered representatives and/or insurance agents, may spend up to 90 percent or more of their time on these activities. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client. QAM may also recommend that its clients invest in mutual funds from the PIMCO and Allianz families of funds. Some of these mutual funds are managed by the following SEC-registered investment advisers that are related to QAM through its parent company, Allianz SE:

1. Pacific Investment Management Company LLC
2. NFJ Investment Group LLC
3. Allianz Global Investors U.S. LLC

QAM clients who invest in a mutual fund(s) from the PIMCO and/or Allianz families of funds will be charged an asset-based management fee by both QAM and by the mutual fund. As a result, QAM has a conflict of interest in recommending these funds. While QAM and its associated persons endeavor at all times to put the interest of the clients first as part of QAM's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations. QAM is an affiliate of Allianz Life and Allianz SE. Prospective and existing clients should be aware that QAM affiliated representatives may recommend securities offered by companies affiliated with QAM. If a security offered by an affiliated company of QAM is purchased within a managed account held by QAM, the overall compensation to QAM and affiliated companies may be greater than if a security offered by a non-affiliated company is purchased within the account.

Item II – Code of Ethics

QAM's code of ethics is based on the principle that access persons, affiliated representatives and QAM employees owe a fiduciary duty to its clients. This duty includes the obligation to conduct their personal securities transactions in a manner that does not interfere with the transactions of any client or otherwise take unfair advantage of their relationship with clients. QAM has adopted policies and procedures governing personal securities transactions by persons who have knowledge of securities transactions for QAM client accounts ("Access Persons"). These policies are designed to ensure that clients of QAM are treated fairly and equitably, and that QAM upholds its obligations to its clients. Each Access Person must receive prior approval for opening a personal securities account and report securities transactions to the firm on a quarterly basis. Access Persons are required to direct broker/dealers where they maintain accounts to send duplicate confirmations and account statements to QAM.

QAM periodically reviews the trades of Access Persons to detect any violations of QAM's code of ethics and insider trading policies and procedures. Access Persons who commit violations are subject to disciplinary actions, including monetary penalties, suspension or termination. Access Persons of QAM may invest in the same securities as clients of QAM, including options and derivatives. In addition, Access Persons may have an interest or position in certain securities that may also be recommended to clients. Such positions present a conflict of interest between personnel of QAM and clients. QAM addresses this conflict through the procedures described above, which are designed to ensure that no

client is disadvantaged in any way by trades of QAM. QAM's code of ethics emphasizes the importance of the firm's reputation, as well as principles of honesty, integrity, and professionalism, which include the firm's overarching obligation to fulfill its fiduciary duty to clients.

Item 12 – Brokerage Practices

QAM will usually recommend that Clients establish custodial accounts with Questar Capital, other broker/dealers or with a mutual fund family or variable annuity issuer. However, neither QAM nor its representatives exercise discretion to secure any broker. These firms carry Client accounts on their records, process transactions ordered by QAM Representatives, provide computer access to QAM for Client positions and provide quotes and data needed by QAM for its reports to Clients. Although a Client is not obligated to utilize the services of these firms, QAM believes that the use of them is a convenient means for obtaining efficient transaction executions, account reference and reporting services for mutual fund and other positions. However, receipt of such services by QAM also creates an inducement and conflict of interest for QAM since referring Clients to any other firm may result in higher reporting and overhead costs to QAM.

When exercising discretion, QAM may combine orders for more than one Client's account to form a "block" order for the purpose of obtaining a better price and execution. When a block order is executed, the broker/dealer executing the order typically allocates an average execution price to each customer's position within the block on a pro rata basis.

Clients should be aware that although QAM may place a block order to purchase or sell a large number of shares of a specific security, the executing broker may "unbundle" the order and execute each order for a client's account on an individual basis resulting in different execution prices to each client. Also, an exact average price may not occur as a result of the brokerage firm applying varying commission discounts to client accounts. Clients should be aware that designation of a single broker/dealer, including Questar Capital, for execution of securities transactions may not allow QAM to receive research from other broker/dealers in return for commission business, to combine transaction orders with those of other Clients for volume commission discounts, or to allow QAM to exercise discretion to evaluate the quality of execution services and commissions of other broker/dealers. Thus, designating a single broker/dealer, including Questar Capital, may not result in best price or execution of Client transactions. QAM and its Representatives do not have authority to withdraw funds or take custody of Client funds or securities, except for payment of advisory fees due QAM.

Item 13 – Review of Accounts

All managed accounts are reviewed by the Chief Compliance Officer of the firm, or designee, prior to account inception. After account inception, affiliated representatives who manage the account are responsible for reviewing accounts on a periodic basis, no less than annually. In connection with its financial planning services, QAM analyzes a wide variety of information regarding the Client's present and anticipated financial situation, financial needs/objectives, tax status, and cash flow, among other things. All plans for comprehensive services are reviewed by a supervisor at QAM. It is recommended that Clients have their plans reviewed at least annually. Because the comprehensive financial planning service relationship ends with the presentation of the completed plan, review of a Client plan requires

execution of a new financial planning agreement at the fee structure in effect at that time. On no less than an annual basis, QAM will review with the Client the Client's investment objectives and verify that the current asset allocation is in line with such objectives. Financial Planning Clients receiving comprehensive services are given a completed financial plan whereupon, after delivery and payment of the fee, the advisory relationship ends. Clients receiving managed account services receive monthly or quarterly reports of assets holdings, valuation, and activity and, depending on the manager, may receive other reports as well. Reports are usually prepared by the account custodian.

Item 14 – Client Referrals and Other Compensation

Some vendors may provide funds to help defray the expenses incurred by Questar Capital Corporation (a broker/dealer) for meetings held periodically throughout the year. These payments may or may not be related to specific securities business. In 2012 Questar Capital Corporation received the following payments from the following vendors for this purpose:

Firm Name	Amount	Firm Name	Amount
Advisors Asset Management	\$5,000.00	Passco	\$4,050.00
Allianz Life Insurance of NA	\$83,881.69	Pershing	1,500.00
Allianz Global Investors	\$24,725.61	PieTech	\$750.00
American Realty Capital	\$457,871.68	PIMCO	\$25,265.00
AXA Equitable	\$9,217.53	Prudential	\$17,566.45
COLE Capital	\$3,908.85	Redtail Technology	\$750.00
Ebix CRM	\$750.00	Reef Exploration	\$134.74
Flexible Plan Investments, LTD	\$3,500.00	Sammons Retirement	\$25,237.92
Forefield/Broadridge	\$3,500.00	SC Distributors	\$285,176.82
Griffin Capital	\$2,750.00	Securian	\$22,856.27
Hanlon Investment Management	\$7,750.00	SEI	\$4,000.00
Hines	\$32,113.74	Steadfast	\$11,601.50
ING/VOYA	\$17,778.00	Tactical Allocation Group	\$2,000.00
Inland (INL)	\$21,925.00	US Energy	\$53,240.00
Jackson National Life	\$173,827.57	USS Select Securities	\$2,600.00
Laser App	\$750.00	Vertical Capital	\$5,000.00
Lindner Capital Advisors	\$750.00	Walton International Grp	\$36,010.40

Oppenheimer Funds (OPP)	\$750.00	Wealth2k	\$3,500.00
--------------------------------	----------	-----------------	------------

QAM receives from certain broker/dealers, trust companies, mutual funds, variable annuities, and other investment advisers, computer software and services related to account management which permits QAM to electronically transmit trading instructions and to receive account information, including trade confirmations and account inventories. Occasionally, these entities will provide financial assistance to advisers for conferences, sales or employee training programs, travel and lodging expenses for meetings and seminars held at various locations and gifts of nominal value as permitted under applicable regulations. The services received by QAM are not related to the amount of transaction fees paid by clients and therefore clients are not charged increased transaction fees by such persons by reason of the services provided by them to QAM. QAM may also suggest that clients use a custodian other than a broker/dealer, such as a bank or trust company. All such custodians are unaffiliated with QAM. Any such custodian is under separate contracts with clients.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker/dealer, bank or other qualified custodian that holds and maintains client's investment assets. QAM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

When discretionary contracts are used, QAM is granted authority from a Client to exercise discretion in the selection of securities, the amount of securities to buy and sell and when to buy and sell them. QAM Representatives will therefore place orders for client accounts without contacting the client on a trade-by-trade basis for permission to enter a transaction order. QAM will also exercise discretion to liquidate securities in amounts sufficient to cover its expenses. For clients granting QAM discretionary authority to determine (1) the securities to be bought or sold and (2) the amounts of the securities that are to be bought or sold for the client's account(s), QAM requests that such authority be granted in writing. Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations as desired. Such amendments shall be submitted in writing. Advisory clients who elect not to grant such discretionary authority to QAM are advised that trades in their accounts will typically be executed subsequent to trades affected in discretionary accounts due to the time involved in obtaining the requisite client approval. Consequently, these clients may not participate in blocked trades and there may be a difference in the price paid per share of a given security and the commission rates paid by these clients as compared to other clients. QAM and its Representatives suggest brokers to Clients, thus do not exercise discretion to secure any broker. QAM will usually recommend that Clients establish custodial accounts with Questar Capital, other broker/dealers or with a mutual fund family or variable annuity issuer.

These firms carry Client accounts on their records, process transactions ordered by QAM Representatives, provide computer access to QAM for Client positions and provide quotes and data needed by QAM for its reports to Clients. Although a Client is not obligated to utilize the services of these firms, QAM believes that the use of them is a convenient means for obtaining efficient transaction executions, and account reference and reporting services for mutual fund and other positions. However, receipt of such services by QAM also creates an inducement and conflict of interest for QAM since referring Clients to any other firm may result in higher reporting and overhead costs to QAM. When exercising discretion, QAM may combine orders for more than one Client's account to form a "block" order for the purpose of obtaining a better price and execution. When a block order is executed, the broker/dealer executing the order typically allocates an average execution price to each customer's position within the block on a pro rata basis. Clients should be aware that although QAM may place a block order, the executing broker may unbundle the order and execute each order for a client's account on an individual basis resulting in different execution prices to each client. Also, an exact average price may not occur as a result of the brokerage firm applying varying commission discounts to client accounts. Clients should be aware that designation of a single broker/dealer, including Questar Capital, for execution of securities transactions may not allow QAM to receive research from other broker/dealers in return for commission business, to combine transaction orders with those of other Clients for volume commission discounts, or to allow QAM to exercise discretion to evaluate the quality of execution services and commissions of other broker/dealers. Thus, designating a single broker/dealer, including Questar Capital, may not result in best price or execution of Client transactions. QAM and its Representatives do not have authority to withdraw funds or take custody of Client funds or securities, except for payment of advisory fees due QAM.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, QAM does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. QAM may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about QAM's financial condition. QAM 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.