

Ohio National Investments, Inc.  
One Financial Way, Cincinnati, OH 45242  
Phone: 877-781-6392

6/7/2017

This Brochure provides information about the qualifications and business practices of Ohio National Investments, Inc. (“ONII”). If you have any questions about the contents of this Brochure, please contact us at 877-781-6392 and/or [keith\\_dwyer@ohionational.com](mailto:keith_dwyer@ohionational.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.

ONII is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about ONII also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

The following material changes occurred since this Brochure’s last amendment, dated January 31, 2017:

On May 1, 2017, the International Portfolio, previously managed by Federated Global Investment Management Corp., became the ON International Equity Portfolio managed by Lazard Asset Management, LLC. The International Small-Mid Company Portfolio, also managed by Federated Global Investment Management Corp., became the ON Foreign Portfolio managed by Templeton Global Advisors Limited. Amended advisory and sub-advisory fee schedules and investment objectives and strategies are reflected below in Items 5 and 8, respectively.

On March 3, 2017, Ohio National began converting their previous Asset Allocation Models over to Model Portfolios, each consisting of a single fund that invests in underlying funds (a “Fund of Funds”). The transition was complete as of March 20, 2017. As a result of this conversion, the Asset Allocation Models became static and the advisory relationship that existed between ONII and clients in the Asset Allocation Models terminated on March 30, 2017, resulting in a substantial decrease in clients and changes to assets under management. ONII now has two clients, the Ohio National Fund and the general account of National Security Life and Annuity Company, an Ohio National Financial Services subsidiary.

On December 30, 2016, Suffolk Capital Management completed the reacquisition of the entire outstanding interest in Suffolk held by Ohio National Investment’s parent company, Ohio National Financial Services (“ONFS”). Going forward, Suffolk will operate independently as an employee-owned firm.

Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We will further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on material changes, at any time, without charge.

Currently, our Brochure may be requested by contacting Keith Dwyer, Chief Compliance Officer at 877-781-6392 or [keith\\_dwyer@ohionational.com](mailto:keith_dwyer@ohionational.com).

Additional information about Ohio National Investments, Inc. is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with ONII who are registered, or are required to be registered, as investment adviser representatives of ONII.

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## Item 4 – Advisory Business

Ohio National Investments, Inc. (“ONII”) is the investment adviser to mutual funds sponsored by ONII's parent, The Ohio National Life Insurance Company ("ONLIC"). Currently, ONII has one registered investment company client, Ohio National Fund, Inc. ("Ohio National Fund"), and one insurance company client, National Security Life and Annuity Company ("National Security"). ONII has been in business since 1996.

As of March 29, 2017, ONII has \$8,308,673,789 in assets under management. ONII manages \$8,252,325,770 in the Ohio National Fund and \$56,348,019 in National Security’s general account.

## Item 5 – Fees and Compensation

Contract owners will pay fees and expenses under the terms of their variable contracts. For information regarding those fees and expenses, you should refer to the prospectus that describes the pertinent variable contract. Owners indirectly bear the expenses of the Portfolios to which they allocate their contract values. The net asset value of the Portfolios reflects the investment advisory fees and other expenses that are deducted from the assets of the Portfolio. The advisory fees and other expenses are not fixed or specified under the terms of the variable contracts, and they may vary from year to year. The fees and expenses for Portfolios are described in their respective fund prospectuses.

### Mutual Funds

As compensation for its services under the investment advisory agreements, ONII is paid the following fees:

#### **From the Ohio National Fund, ONII receives the following fees:**

<b>Portfolio Name</b>	<b>Annual Fees</b>
<b>Equity Portfolio</b>	0.79% of first \$200 million 0.74% of next \$800 million 0.70% over \$1 billion
<b>Small Cap Growth Portfolio</b>	0.80% of first \$150 million 0.75% of next \$150 million 0.70% of next \$300 million 0.65% over \$600 million

<b>Mid Cap Opportunity Portfolio</b>	0.85% of first \$100 million 0.80% of next \$100 million 0.75% of next \$300 million 0.70% over \$500 million
<b>Capital Appreciation Portfolio</b>	0.80% of first \$100 million 0.75% of next \$300 million 0.65% of next \$600 million 0.60% over \$1 billion
<b>Aggressive Growth Portfolio</b>	0.80% of first \$100 million 0.75% of next \$400 million 0.70% over \$500 million
<b>S&amp;P 500® Index Portfolio</b>	0.40% of first \$100 million 0.35% of next \$150 million 0.33% over \$250 million
<b>Bristol Portfolio</b>	0.80% of first \$100 million 0.70% of next \$400 million 0.65% over \$500 million
<b>Bond Portfolio</b>	0.60% of first \$100 million 0.50% of next \$150 million 0.45% of next \$250 million 0.40% of next \$500 million 0.30% of next \$1 billion 0.25% over \$2 billion
<b>Omni Portfolio</b>	0.60% of first \$100 million 0.50% of next \$150 million 0.45% of next \$250 million 0.40% of next \$500 million 0.30% of next \$1 billion 0.25% over \$2 billion
<b>ON International Equity</b>	0.85% of first \$100 million 0.80% of next \$100 million 0.70% of next \$800 million 0.67% over \$1 billion
<b>ClearBridge Small Cap Portfolio</b>	0.85% of first \$200 million 0.80% of next \$300 million 0.75% over \$500 million
<b>Strategic Value Portfolio</b>	0.75% of first \$100 million 0.70% of next \$400 million 0.65% over \$500 million
<b>ON Foreign Portfolio</b>	0.85% of first \$100 million 0.80% of next \$100 million 0.70% of next \$800 million 0.67% over \$1 billion
<b>High Income Bond Portfolio</b>	0.75% of first \$75 million 0.70% of next \$75 million 0.65% of next \$75 million 0.60% over \$225 million
<b>Nasdaq 100® Index Portfolio</b>	0.40% of first \$100 million 0.35% of next \$150 million 0.33% over \$250 million

<b>Balanced Portfolio</b>	0.65% of first \$200 million 0.60% of next \$300 million 0.55% over \$500 million
<b>Bryton Growth Portfolio</b>	0.85% of first \$100 million 0.75% of next \$400 million 0.70% over \$500 million
<b>Bristol Growth Portfolio</b>	0.80% of first \$100 million 0.70% of next \$400 million 0.65% over \$500 million
<b>S&amp;P MidCap 400® Index Portfolio</b>	0.40% of first \$100 million 0.35% of next \$150 million 0.33% over \$250 million
<b>Risk Managed Balanced Portfolio</b>	0.90% of first \$500 million 0.75% over \$500 million
<b>ON Conservative Model Portfolio</b>	0.40% of portfolio assets
<b>ON Moderately Conservative Model Portfolio</b>	0.40% of portfolio assets
<b>ON Balanced Model Portfolio</b>	0.40% of portfolio assets
<b>ON Moderate Growth Model Portfolio</b>	0.40% of portfolio assets
<b>ON Growth Model Portfolio</b>	0.40% of portfolio assets

The investment advisory agreement also provides that if the total expenses applicable to any portfolio of the Ohio National Fund during any calendar quarter (excluding taxes, brokerage commissions, interest and investment advisory fees) exceed 1%, on an annualized basis of such portfolio's average daily net asset value, ONII will reimburse said portfolios for expenses in excess of 1%.

ONII's advisory fees are subject to negotiation. None of the fees are payable in advance of any services being rendered. ONII bills the Fund on a monthly basis. The agreement described above may be terminated by the investment company party (the Ohio National Fund) at any time, without the payment of any penalty, on 60 days' written notice. Such termination may be initiated by the investment company's board of directors or, as to any portfolio, by the vote of a majority of such portfolio's outstanding securities.

ONII's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. 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 ONII's fee, and ONII shall not receive any portion of these commissions, fees, and costs.

The Brokerage Practices section (Item 12) further describes the factors that ONII considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

For services rendered to National Security, ONII charges the company for actual expenses incurred in the delivery of services including manpower, brokerage commissions and research services, all in accordance with Regulation No. 33, 11 NYCRR 91 of the New York Insurance Department.

ONII has sub-advisory agreements in place with multiple investment advisers to manage the assets of certain portfolios of the Ohio National Fund.

**In accordance with the agreements, ONII pays the sub-advisors as follows:**

<b>Portfolio Name</b>	<b>Sub-advisor Name</b>	<b>Annual Fees</b>
<b>Equity Portfolio</b>	ClearBridge Investments	0.40% of the first \$200 million 0.38% over \$200 million
<b>Small Cap Growth Portfolio</b>	Janus Capital Management	0.55% of the first \$150 million 0.45% over \$150 million
<b>Mid Cap Opportunity Portfolio</b>	Goldman Sachs Asset Management, L.P.	0.60% of the first \$100 million 0.55% of the next \$100 million 0.50% over \$200 million
<b>Capital Appreciation Portfolio</b>	Jennison Associates, LLC	0.75% of the first \$10 million 0.50% of the next \$30 million 0.35% of the next \$25 million 0.25% of the next \$335 million 0.22% of the next \$600 million 0.20% over \$1 billion
<b>Aggressive Growth Portfolio</b>	Janus Capital Management	0.55% of the first \$100 million 0.50% of the next \$400 million 0.45% over \$500 million
<b>S&amp;P 500® Index Portfolio</b>	Geode Capital Management, LLC	0.025% of the first \$100 million 0.02% of the next \$150 million 0.015% over \$250 million
<b>Bristol Portfolio</b>	Suffolk Capital Management, LLC	0.45% of the first \$100 million 0.40% of the next \$400 million 0.35% over \$500 million
<b>Omni Portfolio (Equity)</b>	Suffolk Capital Management, LLC (Based on value of Equity Positions only)	0.30% of the first \$100 million 0.25% of the next \$150 million 0.225% of the next \$250 million 0.20% of the next \$500 million 0.15% of the next \$1 billion 0.125% over \$2 billion
<b>ON International Equity Portfolio</b>	Lazard Asset Management, LLC.	0.40% of the first \$500 million 0.35% of the next \$500 million 0.32% over \$1 billion
<b>ClearBridge Small Cap Portfolio</b>	ClearBridge Investments	0.55% of the first \$200 million 0.50% over \$200 million
<b>Strategic Value Portfolio</b>	Federated Equity Management Company	0.50% of the first \$35 million 0.35% of the next \$65 million 0.25% over \$100 million
<b>ON Foreign Portfolio</b>	Templeton Global Advisors Limited	0.43% of the first \$500 million 0.38% of the next \$500 million 0.35% over \$1 billion

<b>High Income Bond Portfolio</b>	Federated Investment Management Company	0.50% of the first \$30 million 0.40% of the next \$20 million 0.30% of the next \$25 million 0.25% over \$75 million
<b>Nasdaq 100® Index Portfolio</b>	Geode Capital Management, LLC	0.05% of the first \$100 million 0.04% of the next \$150 million 0.03% over \$250 million
<b>Balanced Portfolio</b>	ICON Advisers, Inc.	0.40% of the first \$200 million 0.35% of the next \$300 million 0.30% over \$500 million
<b>Bryton Growth Portfolio</b>	Suffolk Capital Management, LLC	0.50% of the first \$100 million 0.45% of the next \$400 million 0.40% over \$500 million
<b>Bristol Growth Portfolio</b>	Suffolk Capital Management, LLC	0.45% of the first \$100 million 0.40% of the next \$400 million 0.35% over \$500 million
<b>S&amp;P MidCap 400® Index Portfolio</b>	Geode Capital Management, LLC	0.039% of the first \$100 million 0.038% of the next \$150 million 0.037% of the next \$250 million 0.036% of the next \$500 million 0.035% over \$1 billion
<b>Risk Managed Balanced Portfolio</b>	Janus Capital Management	0.35% of the first \$500 million 0.25% over \$500 million
<b>Risk Managed Balanced Portfolio</b>	AnchorPath Financial, LLC	0.20% of the first \$500 million 0.15% over \$500 million

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

ONII does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

The portfolio managers for the Bond Portfolio and the bond portion of the Omni Portfolio are also responsible for purchasing bonds for Ohio National Financial Services, and the general accounts of Montgomery Re, Sycamore Re, Kenwood Re, Camargo Re Captive, ONLIC, ONLAC and National Security (collectively, the "insurance companies"). Occasionally, the portfolio manager will request a bond purchase for the portfolios and the general accounts of the insurance companies together. If the bond order is only partially filled, the bonds are not allocated on pro rata basis to the accounts. Smaller accounts are frequently allocated a higher percentage of the amount (greater than their pro rata share). For the smaller accounts, this percentage can be as high as 100% of the original amount requested. If the small accounts received an allocation that was less than requested in a bond offering, it would be difficult to add to the position or to dispose of it because the position would be an odd lot. For the reasons stated, management believes that it is uneconomical and impractical for



a small account to receive a very small allocation of bonds that would result if the total amount of bonds was allocated pro rata. Overall, management believes the allocation policy for bonds is fair to the portfolios.

## **Item 7 – Types of Clients**

ONII has two clients, one of whom is a registered investment company, the Ohio National Fund, and one of whom is an insurance company, National Security.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

Ohio National Fund is a registered open-end investment company that consists of multiple Portfolios. ONII is the investment adviser to Ohio National Fund. ONII and the Ohio National Fund have retained other portfolio managers, or sub-advisers, to manage some of the Portfolios of the Ohio National Fund. The Portfolios are managed in a variety of investment strategies and invest in various types of securities depending on their investment strategy, including, among others, U.S. and non-U.S. equity, derivatives and fixed income securities. The Portfolios of the Ohio National Fund are only available as an underlying investment option for the variable annuity and variable life insurance products issued by Ohio National Life and its affiliates. Portfolios may be added to or eliminated from the Ohio National Fund in the future. Information regarding the Ohio National Fund and the investment strategies of the Ohio National Fund's Portfolios is available in the Ohio National Fund's prospectus. For more complete information on each Portfolio, including a discussion of the Portfolio's investment techniques and the risks associated with its investments, see the Ohio National Fund's prospectus. No assurance can be given that a Portfolio will achieve its investment objective. Owners should read the Ohio National Fund's prospectus carefully before investing.

### The Model Portfolios

There are currently five Model Portfolios in the Ohio National Fund. Each Model Portfolio is a Fund of Funds that invests in a carefully selected combination of underlying funds based on each Portfolio's target asset allocation.

ONII develops the Model Portfolios' asset allocation strategies based on the individual Portfolios' investment strategies. Once a target asset allocation is determined, a Model Portfolio will invest in shares of underlying funds based on that Portfolio's particular asset allocation strategy, desired level of asset class exposure, and the investment style, risk profile, and performance of the underlying funds. The underlying funds include, but are not limited to, other Ohio National Fund portfolios

that are also advised by the Portfolio's Adviser. This process often results in the inclusion of an investment option in a Model Portfolio based on its specific asset class exposure or other specific optimization factors, even where other investment options have better historical performance. Additionally, the Model Portfolios invest in other portfolios of the Ohio National Fund even where comparable portfolios of other mutual funds have better historical performance.

ONII reassesses the Model Portfolios' asset allocation strategies periodically, but no less frequently than quarterly, based on each Portfolio's investment objective. ONII may add or delete asset classes, add or delete underlying funds, and/or revise the target and actual weightings among the asset classes and the underlying funds without notice or shareholder approval. Furthermore, ONII will periodically rebalance the weightings in the underlying funds to each Portfolio's current asset allocation strategy.

#### Model Portfolios - Risks

Although the Model Portfolios are designed to optimize returns given the various levels of risk, there is no assurance that a Model Portfolio will not lose money or that investment results will not experience volatility. Investment performance of an owner's contract value could be better or worse by participating in a Model Portfolio than if the owner had not participated. A Model Portfolio may perform better or worse than any single investment option or asset class or other combinations of investment options or asset classes. Performance is dependent upon the performance of the underlying portfolios. The timing of the owner's investment and the frequency of automatic rebalancing may affect performance. The owner's contract value will fluctuate, and when redeemed, may be worth more or less than the original cost.

Although the Model Portfolios are intended to optimize returns given various levels of risk tolerance, underlying portfolio, market and asset class performance will likely differ in the future from the historical performance and assumptions upon which the Model Portfolios are based, which could cause the Model Portfolios to be ineffective or less effective in reducing volatility.

#### Mutual Fund

Under the investment advisory agreement, ONII provides investment advice and invests the Ohio National Fund's assets. ONII follows the investment policies of the Ohio National Fund and is subject to the supervision of the board of directors of the Ohio National Fund. ONII and the Ohio National Fund have retained other portfolio managers, or sub-advisers, to manage some of the Portfolios of the Ohio National Fund. The Portfolios are managed in a variety of investment strategies and invest in various types of securities depending on their investment strategy. The Portfolios of the Ohio National Fund are only available as an underlying investment option for the variable annuity and variable life insurance products issued by Ohio National Life and its affiliates. Portfolios may be added to or eliminated from the Ohio National Fund in the future. Information regarding the Ohio National Fund and the investment strategies of the Ohio National Fund's Portfolios is available in the Ohio National Fund's prospectus. For more complete information on

each Portfolio, including a discussion of the Portfolio's investment techniques and the risks associated with its investments, see the Ohio National Fund's prospectus. No assurance can be given that a Portfolio will achieve its investment objective or will not lose money. Owners should read the Ohio National Fund's prospectus carefully before investing. ONII implements the Ohio National Fund's investment programs by executing the purchase and sale of securities for the Ohio National Fund or overseeing those functions performed by the sub-advisers. ONII also provides executive officers for the Ohio National Fund.

The Ohio National Fund consists of twenty five separate investment portfolios that seek the following objectives and strategies:

- Equity Portfolio - Long-term growth of capital by investing at least 80% of its assets in equity securities.
- Bond Portfolio - High level of income and opportunity for capital appreciation consistent with preservation of capital by investing primarily in intermediate-term and long-term fixed income securities.
- Omni Portfolio - High level of long-term total return consistent with preservation of capital by investing in stocks, bonds, and money market instruments.
- ON International Equity Portfolio - Long term growth of capital by investing at least 80% of its net assets (plus borrowings for investment purposes, if any) in securities of foreign companies.
- Capital Appreciation Portfolio – Long-term capital growth by investing primarily in equity and equity related securities of established companies with either current or emerging earnings growth not fully appreciated or recognized by the market.
- ON Foreign Portfolio - Long-term growth of capital by investing at least 80% of its net assets (plus borrowings for investment purposes, if any) in foreign securities.
- Aggressive Growth Portfolio – Long-term capital growth by investing primarily in domestic and foreign equity securities selected for growth potential.
- Small Cap Growth Portfolio - Long-term capital appreciation by investing at least 80% of its net assets in stocks of small companies.
- Mid Cap Opportunity Portfolio - Long-term total return by investing at least 80% of its net assets in equity securities of mid-cap companies, primarily those that are strategically positioned for long-term growth.
- S&P 500® Index Portfolio - Total return that approximates the total return of the Standard & Poor's 500® Index, at a risk level consistent with that of the Standard & Poor's 500® Index.

- Strategic Value Portfolio - Growth of capital and income by investing primarily in high dividend yielding common stocks with dividend growth potential.
- High Income Bond Portfolio - High current income by investing at least 80% of its net assets in lower rated corporate debt obligations commonly referred to as "junk bonds". The Portfolio's investments are generally rated Ba or lower by Moody's, or BB or lower by Standard & Poor's or Fitch.
- ClearBridge Small Cap Portfolio – Long-term capital appreciation by investing at least 80% of its net assets in common stocks and other equity securities of small capitalization companies or in other investments that have similar economic characteristics.
- Nasdaq-100<sup>®</sup> Index Portfolio - Long-term growth of capital by investing primarily in stocks that are included in the Nasdaq-100<sup>®</sup> Index. Unlike the other Portfolios of the Fund, the Nasdaq-100<sup>®</sup> Index Portfolio is a non-diversified portfolio for purposes of Section 5(b) of the Investment Company Act of 1940.
- Bristol Portfolio - Long-term growth of capital by investing primarily in common stocks of the 1,000 largest publicly traded U.S. companies in terms of market capitalization.
- Bryton Growth Portfolio - Long-term growth of capital by investing primarily in common stocks of growth-oriented U.S. companies smaller than the 500 largest publicly traded U.S. companies in terms of market capitalization.
- Balanced Portfolio – Capital appreciation and income by investing normally up to 75% of its assets in equity securities of domestic and foreign securities of any market capitalization while maintaining a minimum of 25% of its assets in fixed income securities.
- S&P MidCap 400<sup>®</sup> Index Portfolio - Total return that approximates the total return of the Standard & Poor's MidCap 400<sup>®</sup> Index, at a risk level consistent with that of the Standard & Poor's MidCap 400<sup>®</sup> Index.
- Bristol Growth Portfolio – Long-term growth of capital by investing primarily in common stocks of the 1,000 largest publicly traded U.S. companies in terms of market capitalization.
- Risk Managed Balanced Portfolio – Long-term capital growth, consistent with preservation of capital and balanced by current income. The Portfolio invests in a balanced portfolio of equity and fixed-income securities and a risk management portfolio intended to enhance the risk adjusted return of the Portfolio.
- ON Conservative Model Portfolio - Current income and preservation of capital consistent with its target allocation.

- ON Moderately Conservative Model Portfolio - Current income and moderate growth of capital with a greater emphasis on current income consistent with its target allocation.
- ON Balanced Model Portfolio - A balance between growth of capital and current income with a greater emphasis on growth of capital consistent with its target allocation.
- ON Moderate Growth Model Portfolio - Growth of capital and moderate current income with a greater emphasis on growth of capital consistent with its target allocation.
- ON Growth Model Portfolio - Growth of capital and some current income consistent with its target allocation.

Investing in securities involves risk of loss that clients should be prepared to bear. While we believe our investment strategies are designed to optimize returns given various levels of risk, there is no assurance that the investment objective or goal will be achieved. Some investment decisions made by ONII or its sub-advisers may result in loss, including the original principal amount invested. You must be able to bear the various risks involved in investing, which include market risk, liquidity risk, interest rate risk, foreign investment risk, derivatives risk, and financial risk, among others. Please carefully read the Fund's prospectus for more information about the risks involved with investing in the Fund.

The investment advisory agreement authorizes ONII, at its expense, to employ one or more sub-advisors, subject to the approval of the board of directors of the Ohio National Fund. The investment advisory agreement also requires ONII to perform ongoing due diligence of any sub-advisor in order to assure continuing quality of performance. ONII has entered into sub-advisory agreements with the following registered investment advisors:

(a) Federated Equity Management Company ("Federated Equity") and Federated Investment Management Company ("Federated Investment") are located in Pittsburgh, Pennsylvania and are affiliated with Federated Investors, Inc. Federated Equity manages the assets of the Strategic Value Portfolio and Federated Investment manages the assets of the High Income Bond Portfolio.

(b) Jennison Associates LLC ("Jennison") is located in New York, New York and is controlled by The Prudential Insurance Company of America. Jennison manages the assets of the Capital Appreciation Portfolio of the Ohio National Fund.

(c) Janus Capital Management LLC ("Janus") is located in Denver, Colorado. Janus manages the assets of the Aggressive Growth and Small Cap Growth Portfolios as well as the equity and fixed-income portion of the Risk Managed Balanced Portfolio of the Ohio National Fund.

(d) Goldman Sachs Asset Management, L.P. ("GSAM") is located in New York, New York. The general partner of the partnership is The Goldman Sachs Group, Inc. GSAM manages the assets of the Mid Cap Opportunity Portfolio of the Ohio National Fund.

(e) ClearBridge Investments ("ClearBridge") formerly Legg Masson, Inc. is located in New York, New York. ClearBridge manages the assets of the Equity and the ClearBridge Small Cap Portfolios of the Ohio National Fund.

(f) Suffolk Capital Management, LLC ("Suffolk") is located in New York, New York.. Suffolk manages the assets of the Bristol, Bryton Growth, and Bristol Growth Portfolios, as well as the equity portion of the Omni Portfolio of the Ohio National Fund.

(g) ICON Advisers, Inc. ("ICON") is located in Greenwood Village, Colorado. ICON manages the assets of the Balanced Portfolio of the Ohio National Fund.

(h) AnchorPath Financial, LLC ("AnchorPath") is located in Stamford, Connecticut. AnchorPath manages the risk managed portion of the Risk Managed Balanced Portfolio.

(i) Geode Capital Management, LLC ("Geode") is located in Boston, Massachusetts. Geode manages the assets of the Nasdaq 100® Index, S&P MidCap 400® Index and S&P 500® Index Portfolios of the Ohio National Fund.

(j) Lazard Asset Management, LLC ("Lazard") is located in New York, New York. Lazard manages the ON International Equity Portfolio of the Ohio National Fund.

(k) Templeton Global Advisors Limited ("Templeton") is located in Nassau, Bahamas. Templeton manages the assets of the ON Foreign Portfolio.

Under the sub-advisory agreements, each sub-adviser agrees to manage the assets of the respective portfolio(s) in accordance with the investment objectives, policies, and restrictions for those portfolios. On a daily basis each sub-adviser is required to provide ONII and the custodian(s) of the portfolios with documentation to enable ONII and the custodian(s) to perform their administrative responsibilities. Each sub-adviser is also required to maintain all applicable records and render reports as may be required by ONII or the board of directors of the Ohio National Fund. ONII pays the sub-advisers in accordance with the fee schedule provided in response to Item 5 for their services to the Ohio National Fund.

Each of the sub-advisory agreements may be terminated by either the respective sub-advisor or ONII, without the payment of any penalty, on 90 days' written notice to the other party and to the Ohio National Fund. Or on 60 days' notice to the sub-advisor and ONII, the sub-advisory

agreements may be terminated by the investment company's board of directors or by a vote of the majority of the Portfolio's outstanding voting securities. Each agreement will terminate automatically in the event of its assignment.

ONII has entered into a service agreement with ONLIC with respect to the Ohio National Fund, effective May 1, 1996. The Ohio National Fund is also a party to its respective service agreements. Under the terms of the agreement, ONLIC has agreed to furnish ONII, at cost, such research facilities, services and personnel as may be needed by ONII in order for it to perform its obligations under the investment advisory agreements. ONII reimburses ONLIC for the expenses. The relationships among ONII, ONLIC and the Ohio National Fund have been identified in response to said Item 10. The service agreement may be terminated on 60 days' written notice by the board of directors of the investment company or by a vote of a majority of the investment company's outstanding voting securities. The agreement may be terminated by ONII or by ONLIC on 90 days' written notice to the investment company and the other party. The agreement will terminate automatically in the event of its assignment. The agreement must be approved by the shareholders of the Ohio National Fund before taking effect. They will continue in effect only so long as such continuation is approved at least annually either by the board of directors of the investment company or by a vote of a majority of such investment company's outstanding voting securities.

## **Item 9 – Disciplinary Information**

ONII is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of ONII or the integrity of ONII's management. ONII has no disciplinary history and consequently is not subject to any disciplinary disclosures.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Ohio National Life owns 100% of the common stock of ONII. The Ohio National Fund is a related person of ONII in that, as of March 29, 2017: 97.4% of the voting securities of Ohio National Fund are owned by Ohio National Life; 1.5% of such securities are owned by Ohio National Life's wholly-owned subsidiary, Ohio National Life Assurance Corporation; 1.1% of such securities are owned by National Security. The Ohio National Fund is also a signatory to the sub-advisory agreements between Ohio National Fund and ONII. Fees received under the Advisory Agreement for the Fund and National Security are the only source of ONII's income from its investment advisory business.

Under the investment advisory agreements, ONII provides investment advice and invests the Ohio National Fund's assets. ONII follows the investment policies of the Fund and is subject to the

supervision of the board of directors. ONII also provides executive officers for the Ohio National Fund. In addition, ONII furnishes to the Ohio National Fund, or pays its expenses for, clerical and administrative service, office space and other facilities and equipment. The Ohio National Fund pays corporate expenses incurred in its own operations, including taxes, certain printing costs, brokerage commissions on portfolio transactions, custodial fees, auditing fees, legal fees, registration fees, directors' fees and shareholders' meetings.

ONII and Ohio National are subject to competing interests that have the potential to influence its decision making with regard to the Model Portfolios. ONII includes within the Model Portfolios certain portfolios which it advises, resulting in investment advisory fees to ONII. This provides ONII with incentive to include Ohio National Fund Portfolios in the Model Portfolios.

Pursuant to the terms of the Purchase and Sale Agreement between ONFS and Suffolk Capital Management, ONFS is entitled to potential Earn-Out payments based on Suffolk's annual revenues for a period of five calendar years following the sale. Because ONFS is ONII's parent company, this provides ONII with incentive to include portfolios sub-advised by Suffolk in the Model Portfolios.

ONII has three employees who are Registered Representatives of its affiliate broker/dealer, The O.N. Equity Sales Company. The employees are not actively involved in soliciting or recommending securities to clients and currently have no clients.

## **Item 11 – Code of Ethics**

ONII has adopted a Code of Ethics which mandates high standards of business conduct and professionalism and establishes rules of conduct for the Advisor's employees. A copy of the Advisor's Code of Ethics is available to customers or prospective customers upon request.

ONII 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, restrictions on the acceptance of significant gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at ONII must acknowledge the terms of the Code of Ethics annually, or as amended.

ONII anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which ONII has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which ONII, its affiliates and/or clients, directly or indirectly, have a position of interest. ONII's employees and persons associated with ONII are required to follow ONII's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of ONII and its affiliates may trade



for their own accounts in securities which are recommended to and/or purchased for ONII's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of ONII will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of ONII's clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, to reasonably prevent conflicts of interest between ONII and its clients.

Certain affiliated accounts trade in some fixed income securities with client accounts on an aggregated basis when consistent with ONII's obligation of best execution. In such circumstances, the affiliated and client accounts will receive securities at a total average price. Partially filled equity orders will be allocated in accordance with ONII's allocation policies as outlined under Item 6 of this brochure. Any exceptions will be explained on the Order.

ONII's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Keith Dwyer at (877) 781-6392.

It is ONII's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. However, sub-advisers will participate in these types of transactions within the limits of the rules. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

ONII, in its discretion and consistent with the investment policies and restrictions of the Ohio National Fund, will regularly buy and sell the portfolio securities for the Ohio National Fund and select the brokers to handle such transactions. In selecting brokers, ONII will attempt to place purchase and sale orders with the primary objective of obtaining the most favorable security price

consistent with good brokerage service. The cost of securities transactions will consist primarily of brokerage commissions or dealer or underwriter spreads.

Occasionally, some securities are purchased directly from the issuer. For securities traded primarily in the over-the-counter market, ONII, where possible, will deal directly with dealers who make a market in the securities unless better prices and execution are available elsewhere. In selecting brokers or dealers, ONII will consider such factors as the value, quality, efficiency of execution and research, statistical, quotation and valuation services provided. ONII or its sub-advisers may use a broker whose commission for effecting a securities transaction is in excess of the commission another broker would charge, if ONII or the sub-adviser determines, in good faith, that the commission rate is reasonable in relationship to the value of brokerage and research services provided. Factors considered in making such evaluation include quality of execution and the quality and timeliness of research services. When client brokerage commissions are used to obtain research, products or services, ONII or the sub-adviser receives a benefit because they do not have to produce or pay for the research, products or services. Therefore, ONII or its sub-adviser has an incentive to select a broker-dealer based on the research, products or services it receives rather than on the client's interests. Specific research services furnished by executing brokers include: advice, either directly or through publications or writings, as to the value of securities; the advisability of investing in, purchasing or selling securities; the availability of securities or purchasers or sellers of securities; analyses and reports concerning issuers, industries, securities, economic factors and trends; and portfolio strategies. The research, products or services received through these types of arrangements will benefit all client accounts of ONII or the sub-adviser.

Although ONII did not direct client transactions to a particular broker-dealer in return for the receipt of research, products or services during fiscal year 2016, certain sub-advisers of ONII did. Each sub-adviser engaging in these types of transactions has established policies and procedures to review, monitor and evaluate the execution services of the broker-dealers that they utilize, their commissions paid and the types of benefits received.

### **Item 13 – Review of Accounts**

ONII's investment advisory accounts are reviewed each business day by one or more of ONII's President, Vice-President, portfolio manager or a sub-adviser. Each portfolio security owned by a client company, other than short-term debt securities, is reviewed, as are various items being considered for purchase by a client account. Subsequent to purchase, short-term debt securities which are carried by client accounts at amortized cost are reviewed in the event of a change in a nationally recognized statistical rating organization's quality rating for such an item, a change in creditworthiness of an issuer, or a change in prevailing interest rates. Short-term debt securities are also compared to the market values weekly.

At each meeting of the board of directors of the Ohio National Fund and National Security, ONII's investment advisory personnel furnish reports regarding each account's portfolio and its performance, as well as reports of the general economic climate, the markets' outlook and proposed investment strategy.

#### **Item 14 – Client Referrals and Other Compensation**

ONII does not receive, nor does it pay, any fees for client referrals.

#### **Item 15 – Custody**

ONII and ONII's affiliates no longer have custody of client assets. The cash and securities for the Ohio National Fund are maintained by an unaffiliated, qualified custodian.

#### **Item 16 – Investment Discretion**

##### Mutual Fund

ONII has discretionary authority for managing the assets of the Ohio National Fund and the National Security Life and Annuity Company general account. With such authority, ONII is able to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for each fund.

When selecting securities and determining amounts, ONII observes the investment policies, limitations and restrictions of the funds for which it advises. Additionally, ONII'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.

Investment guidelines and restrictions are provided to ONII in writing. Investment guidelines and restrictions related to the Ohio National Fund can be reviewed in the Fund's prospectus and Statement of Additional Information.

#### **Item 17 – Voting Client Securities**

ONII has adopted written Proxy Voting Policies and Procedures that govern how it votes proxies relating to securities owned by the Fund for which ONII exercises voting authority and discretion.

Proxy voting has been delegated to the Adviser by the Fund's Board of Directors. The Adviser shall vote proxies relating to the securities owned by the Fund in accordance with these proxy voting policies established by the Fund's Board of Directors, subject to the continued review and oversight of the Board of Directors.

The Adviser has established a Proxy Committee to implement these policies, and to develop and maintain the Adviser's Proxy Voting Guidelines, which are also approved by the Board of Directors. The Proxy Committee makes the decision whether to vote on a proposal and, if so, how to vote, in each case based on and pursuant to these policies.

These policies require proxy voting only for proposals that the Adviser believes may have an impact on the long term economic value of the securities involved, or may otherwise affect the interests of the Fund's shareholders and underlying contract owners. It is not necessary to vote all proxies, and the Adviser has the discretion to limit voting to those proxy proposals that the Adviser believes may have such an impact. Generally, such proposals would include proposals that affect a company's capital structure (such as mergers, acquisitions and corporate restructurings), affect voting rights or preferences, involve shareholder rights plans or other anti-takeover proposals, involve authorization of additional capital or debt, or involve equity compensation plans.

The Fund has engaged Glass Lewis & Co. to obtain, vote, and record proxies in accordance with the approved Proxy Voting Guidelines. For proxy proposals that require case-by-case direction from the Proxy Committee, due to their non-routine, complex, or subjective nature, Glass Lewis provides the Proxy Committee with research and analysis that it has obtained or formulated. The Proxy Committee may use such information, along with other sources of information, for guidance in making its voting decisions. To the extent the Adviser chooses to vote on proxy proposals on matters that are clearly defined and directed by objective and observable parameters as prescribed by the Proxy Voting Guidelines, Glass Lewis & Co. is given discretion by the Adviser to vote without further guidance from the Proxy Committee.

In all cases, the Proxy Committee and Adviser are obligated to vote in the interests of shareholders and underlying contract owners. If a potential conflict arises between the interests of the Adviser (or members of the Proxy Committee) and those of the shareholders and underlying contract owners, the Proxy Committee shall refer the issue to the Board to decide whether to vote and how to vote. The committee may also refer issues to the Board whenever the committee sees fit or when a majority of the committee is unable to resolve an issue.

## **Item 18 – Financial Information**

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