



# **StanCorp Investment Advisers, Inc.**

## **Form ADV 2A Brochure**

March 2024

This brochure provides information about the qualifications and business practices of StanCorp Investment Advisers, Inc. If you have any questions about the contents of this brochure, please contact us at 800.858.5420. This brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority.

StanCorp Investment Advisers is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. Additional information about StanCorp Investment Advisers is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 – Material Changes

StanCorp Investment Advisers is required to make clients aware of information that has changed since the last annual update to the brochure and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

The last annual update of this brochure was in March 2023. Since the last update, the following changes were made to this brochure.

1. Updates to Item 4 – Advisory Business:
  - a. Two new investment advisory programs are now offered: Target Risk and Target Age Portfolios.
  - b. Additional information regarding the Mainspring Managed program was added to clarify StanCorp Investment Advisers' status as an ERISA 3(38) fiduciary and various risks and limitations related to the program.
2. Update to Item 5 – Fees and Compensation:
  - a. Participant fee schedule for Mainspring Managed was added. This does not represent new or a change in fees for existing participants.
  - b. A new disclosure was added to clarify that the impact of fees and compensation should be carefully considered in any evaluation of our services, and that plans and/or participants have the right to independently contract for advisory services by another adviser that has no material affiliation with and receives no compensation in connection with services we provide.
  - c. The maximum fee charged for the firm's investment advisory services was reduced to 5 basis points from 7 basis points.
  - d. Updated information regarding the retention of investment advisory fees by Standard Retirement Services.
3. Update to Item 16 – Investment Discretion:
  - a. Information regarding Target Age Portfolios was added to this item.

Additional non-material changes that update, enhance or further clarify existing language may have also been incorporated throughout the brochure since its prior version.

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## Item 4 – Advisory Business

In May 2000, StanCorp Investment Advisers was incorporated under the laws of the State of Oregon and registered with the Securities and Exchange Commission to act as a registered investment adviser under the Investment Advisers Act of 1940. StanCorp Investment Advisers is headquartered in Portland, Oregon.

StanCorp Investment Advisers is wholly owned by StanCorp Financial Group, Inc., which also owns several other investment-related and non-investment related subsidiaries. Subsidiaries of StanCorp Financial Group commonly operate under the marketing name, “The Standard.” StanCorp Investment Advisers and its supervised persons who are authorized to provide investment-related services may be referred to as “us,” “we,” or “our,” while clients (i.e., plan sponsors) may be referred to as “you,” and “your” throughout this brochure.

We offer investment management and advisory services to plan sponsors of employer-sponsored retirement plans that have retained Standard Retirement Services, Inc., an affiliated recordkeeper, to provide recordkeeping services for their employer-sponsored retirement plan. Our plan sponsor clients hire us to provide investment advice for the benefit of the plan and its participants. Individual participants cannot access our advisory programs unless our services are made available to them by their employer. Our services are available to defined contribution and benefit plans.

Our primary service consists of maintaining an approved list of funds that is curated through our continuous research and due diligence. The management of the plan’s investment lineup may be offered on a non-discretionary or discretionary basis. Once the plan sponsor has selected the investments for the plan, we may be hired to provide investment advisory or management services to the plan and/or its participants. Unless we otherwise mutually agree, we are generally not responsible for initial lineup selection, including the inclusion of any investments issued by Standard Insurance Company. If we are hired to provide non-discretionary services, we often do so as an ERISA 3(21)(A)(ii) fiduciary to your plan and our fiduciary status will be stated in the investment advisory agreement. In providing non-discretionary services, we will provide recommendations regarding your plan’s investment lineup periodically, but it is your responsibility to accept those recommendations and provide instructions to Standard Retirement Services which as recordkeeper for the plan, will transmit such instructions to the executing broker-dealer. If we are hired to provide discretionary services, we will serve as an ERISA 3(38) fiduciary to your plan. In this capacity, we are responsible for reviewing and updating the investment lineup for your retirement plan at any time and at our discretion in accordance with the investment advisory services agreement and your investment policy statement without prior notice to you or your prior input. Our practice, however, is to provide advance notice, to the extent that it is reasonably practical to do so, of any material changes to your lineup.

In addition to our investment lineup services, we also offer various asset allocation and investment advisory services to the plan and its participants as authorized by the plan sponsor. Through Target Risk™ Portfolios or Guided Portfolios, including any prior versions, we provide five non-discretionary asset allocation models that are based on risk tolerance and investment objectives only. These models are made available to plan sponsor clients of Standard Retirement Services. Neither Target Risk nor Guided Portfolios are based on the financial situation or investment need of any specific investor, and the model portfolios are not intended to be, and should be not construed as investment advice or a recommendation of any specific security or product. Our investment advisory services are solely limited to the creation and maintenance of these allocation models. You can choose to make them available to your plan participants so that they may elect to use them as a guide to assist them with making investment selections from the plan’s investment line up. By using Target Risk Portfolios, participants agree to authorize Standard Retirement Services to initiate rebalancing of their portfolio at a pre-determined time each year. In Guided Portfolios, participants are responsible for setting up rebalancing of their portfolio by contacting Standard Retirement Services or logging into their account online. In addition, both Target Risk and Guided Portfolio programs require that 100% of a participant’s account be invested in one portfolio. Making investment allocation changes, transfers, or auto-rebalancing requests will automatically remove a participant from the Target Risk or Guided Portfolio program.

We also offer a program called Target Age® Portfolios, which are a series of age-based investment allocation models that plan sponsors can build from the plan’s available investment options. Target Age Portfolios are designed to rebalance and reallocate participant accounts to a more conservative allocation model as they age. Investment transfer restrictions may apply. The plan’s available investment options used within the models are subject to change at the discretion of the plan sponsor or other external factors. Target Age Portfolios are not based on the financial situation or investment need of any specific investor, and the model portfolios are not intended to be, and should be not construed as investment advice or a recommendation of any specific security or product. Our investment advisory services are solely limited to the creation and maintenance of these allocation models and the associated glidepath. Target Age Portfolios are rebalanced annually

and requires that 100% of a participant's account be invested in one portfolio. Making investment allocation changes, transfers, or auto-rebalancing requests will automatically remove a participant from the Target Age Portfolio program.

Plan sponsors who want an investment solution that is constructed by us and periodically adjusts with the participant's retirement time horizon may elect to offer our Target-Date Portfolios to their participating employees. These are model portfolios that may be comparable to the investment allocations made by target date funds offered by individual mutual fund companies. The intent of our Target-Date Portfolios is to provide a single investment solution through a portfolio where asset allocation automatically becomes more conservative as the target date approaches. Transactions are initiated through a rebalancing of the model portfolio at least annually and are transmitted to the executing broker-dealer by Standard Retirement Services as recordkeeper for the plan. Target-Date Portfolio is not a fund. Rather, it is a portfolio of multiple funds. The use of Target-Date Portfolios is optional.

For plan sponsors who wish to offer a more customized investment solution for their employees, we offer Mainspring Managed, a discretionary asset allocation program, powered by a proprietary advice engine, that manages a participant's account on a continuous basis using our approved list of funds and provides contribution recommendations based on the participant's investment objectives. We act as an ERISA 3(38) fiduciary to the plan's participants who have enrolled in this program. Additionally, participants may provide information regarding assets held outside of their retirement plan to generate contribution recommendations that are tailored to their specific circumstances. Accounts invest in securities such as mutual funds, collective investment trusts, and cash equivalent options selected by the plan sponsor and/or their responsible fiduciary. Participants receive a quarterly progress report which details their investment strategy, profile, and action plan. Participation in Mainspring Managed is optional and participants may opt-in or out at any time. However, Mainspring Managed is only available to participants whose plan sponsor has elected to make the program available to its employees. The program may be terminated by the plan sponsor at any time in accordance with the agreement between the plan sponsor and us. Certain features offered through the retirement plan may affect the recommendations generated by the advice engine. For example, automatic escalation or contribution features as determined by the plan sponsor may not be consistent with the recommendations generated by the program. In these instances, the plan sponsor ultimately retains the responsibility for determining whether Mainspring Managed is appropriate for their plan considering any plan design features that may conflict with the program. In addition, Mainspring Managed is not available to plans that offer self-directed brokerage accounts. Plan sponsors should consult with their financial advisor or consult with a Standard Retirement Services consultant to understand any particular limitations of the program with respect to their retirement plan. At all times, plan sponsors and participants have the right to consult with their own financial advisor. However, these services are only available through us.

At a minimum, Mainspring Managed requires a participant's date of birth and current salary information to provide personalized recommendations. If no date of birth is provided by the employer, the account will not be invested, and Standard Retirement Services will place the account into a default fund chosen by the plan sponsor. If current salary information is not available, the program will assume the last known salary. A summary of the information that is used to develop and implement the program's investment strategy is provided each quarter on the Savings and Investment Plan document. Participants are encouraged to review this information and contact Standard Retirement Services with updated information as necessary. Mainspring Managed may not be appropriate for investors older than 85 years or younger than 16 years, as the program will not generate any deferral recommendations.

To the extent that a participant is contributing the maximum amount allowable by their plan but is still facing a shortfall with respect to their investment goals, the program will continue to generate contribution increase recommendations reflecting the increased amount needed to achieve the goal. Any such amount should be saved additionally outside of the plan and information regarding the amount of your outside assets should be updated on Personal Savings Center or by calling Standard Retirement Services. Participants may also choose to decline contribution increase recommendations generated through the program. By opting out of the contribution increase recommendation, participants may not be able to fully cover income needs at retirement, as calculated by the program and the management of your Mainspring Managed portfolio may not be consistent with your investment objectives. Participants should evaluate whether or not changes to their goals are necessary and/or whether the advisory program continues to be appropriate for their circumstances.

All of our plan sponsor clients receive our Quarterly Monitoring Report which provides performance information regarding each of the investment options in the plan as well as a summary of our Investment Committee's recommendations and decisions. Additionally, Mainspring Managed participants also receive a Savings and Investment Plan report each quarter which details the performance, activity, fees, investment goals for the account, as well as

information on how to update their personal information or whom to contact for assistance with their account.

We also provide sub-advisory services to the Reliance Advisory Portfolio Collective Investment Trusts, a series of 14 collective investment trusts sponsored by Reliance Trust Company. These portfolios consist of 10 fully diversified portfolios and four style-based portfolios which invest in various types of domestic and international equities and fixed income. These collective investment trusts are only available through Reliance Trust Company and retirement plan clients of Standard Retirement Services.

We do not participate in wrap fee programs. Our total Regulatory Assets Under Management as of December 31, 2023, was \$32,385,256,113.

## **Item 5 – Fees and Compensation**

Retirement plan clients pay Standard Retirement Services fixed and asset-based fees for administrative and recordkeeping services, and, if applicable, advisory services provided to plans and plan participants by us. We do not directly charge for our services. If any investment advisory fees are charged by Standard Retirement Services, such fees are charged and collected on our behalf. Generally, we are compensated by, and our operations are subsidized through, an intercompany agreement for the investment advisory services we provide to retirement plan clients of Standard Retirement Services and Standard Insurance Company. Fees, which may be invoiced or deducted from plan assets, are charged in arrears for each quarter.

Most of our clients pay a bundled asset-based fee to Standard Retirement Services which may include fees for ERISA 3(21) or 3(38) fiduciary services that we provide. You can choose to have these fees itemized. The fees you pay Standard Retirement Services, including the manner in which they are paid, are negotiated between you and Standard Retirement Services, and may vary from client to client. However, fees charged for investment advisory services will not exceed 5 basis points of the value of the plan assets. In some cases, you may not be charged any additional fees by Standard Retirement Services for the investment advisory services we provide. You should refer to the Administrative Services Agreement regarding specific information regarding the fees charged for any investment advisory services provided to your plan.

Participants enrolled in Mainspring Managed may be subject to the monthly fee schedule below. If Mainspring Managed is selected as the Qualified Default Investment Alternative for the plan, these fees will not apply.

<b>Account Balance</b>	<b>Fee</b>
\$0 - \$5,000	\$0
\$5,000 - \$10,000	\$5
\$10,000+	\$10

There are various factors considered and discussed with a plan sponsor when recordkeeping and, if applicable, investment advisory, fees for the retirement plan are proposed. These factors include, but are not limited to, the size of the plan, complexity of the services required, extent of the plan's relationship with us and our affiliates, competitive conditions in the marketplace, and whether a proprietary product is selected by the plan sponsor or its designated independent fiduciary as an investment option. At its discretion, Standard Retirement Services can also waive fees for ERISA 3(21) services and/or ERISA 3(38) services when pricing out a bundled service sought by a plan sponsor.

If a plan sponsor has elected Standard Stable Asset Fund as the investment option for its cash equivalent asset class, they can also select a lower crediting rate in order for Standard Retirement Services to propose lower administrative fees. Both the return and fee would reflect the reduction authorized by the plan sponsor and the rate of return for the Standard Stable Asset Fund could be below the guaranteed minimum rate after the offset is applied. If the plan sponsor had not elected to take a reduction in the return to offset against the fee, the assets in the account would earn a higher rate of return but the plan would pay a higher fee for services.

As described above, in accordance with an intercompany agreement between StanCorp Investment Advisers and Standard Retirement Services, Standard Retirement Services collects any fees that are charged for our services on our behalf and is contractually obligated to pay us a fixed annual fee for providing investment advisory services to all Standard Retirement Services clients who elect to receive such services.

We and/or our affiliates economically benefit from our clients' participation in our investment advisory services. In

addition, managed assets invested in the Standard Stable Asset Fund may be a significant source of revenue for Standard Insurance Company. The impact of any such fees and compensation should be carefully considered in any evaluation of our services. Plans and/or participants have the right to independently contract for advisory services by another adviser that has no material affiliation with and receives no compensation in connection with services we provide. The use of our services by any participant is optional and/or determined by the plan sponsor.

Portfolios that include mutual funds or other pooled investment vehicles can have a layered fee structure. The funds' expenses, including any management fees, are deducted from the value of the funds. These expenses are in addition to our fees, if any, for our services, and the fees reduce investment returns. We generally recommend mutual funds that are "no-load" and have the lowest expenses, net of any mutual fund expenses. StanCorp Investment Advisers does not receive or retain any compensation from mutual fund companies and any revenue sharing that is passed on to our affiliates, Standard Retirement Services or Standard Insurance Company, by the fund's issuer or a custodial platform is returned to the plan.

In addition, plans and participants are subject to additional fees charged by the custodian for various custodial services as further described in the custodial agreement and related fee schedules. Neither we nor any of our affiliates receive any portion of these fees. In addition, StanCorp Investment Advisers does not charge any trading-related fees.

Retirement plan clients may terminate our services in accordance with the terms in the investment advisory agreement. In addition, termination of Standard Retirement Services' Administrative Services Agreement will also terminate all investment advisory services offered through us under the investment advisory agreement. Participants enrolled in the Mainspring Managed program may withdraw their participation in the program by contacting Standard Retirement Services by telephone, written notice, online, or by withdrawing the entire vested balance from the plan. The Mainspring Managed service will also terminate upon transfer to a beneficiary or to an alternative payee pursuant to a Qualified Domestic Relations Order. Participants enrolled in Mainspring Managed who terminate from their employer will continue to participate in the program. However, in lieu of periodic contributions to their account, additional money will potentially need to be saved outside of the retirement plan to satisfy any shortfalls during retirement.

## **Item 6 – Performance-based Fees**

We do not charge performance-based fees.

## **Item 7 – Types of Clients**

We provide advisory services to the retirement plan clients of Standard Retirement Services and Standard Insurance Company. Retirement plan clients include tax-qualified corporate plans under Section 401 of the Internal Revenue Code of 1986, as amended, governmental plans qualified under Code Section 457, and custodial account plans described by Code Section 403(b)(7) as well as various types of defined benefit pension plans. To the extent that a plan sponsor client hires us to provide investment advisory services to plan participants through Mainspring Managed, we also provide portfolio management services to the plan's participants. We also provide investment management services to certain endowments and other entities, but those services represent a legacy program for which we no longer accept new clients.

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

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

For endowments and other organizations, we primarily invest in mutual funds but may include ETFs. These investments are used to populate allocations that are expected to produce returns and risk consistent with the client's long-term objectives and risk tolerance. Mutual funds are selected and retained based on their long-term adherence to specific performance and portfolio criteria. Our fixed income and equity selections are based on fundamental and quantitative analysis.

All investments present some risk of loss that clients should be prepared to bear. Equity funds have greater return potential but are more volatile than other investment types. Mutual funds and ETFs may focus on certain sectors that may involve a greater degree of risk than other funds that provide broader diversification. In addition to the normal risks associated with equity investing, investments in smaller and mid-cap companies and narrowly focused investments typically exhibit higher volatility and are less readily marketable than investments in larger companies or more diversified

strategies. Similarly, international investing involves certain risks, such as currency fluctuations, economic instability, and political developments. These risks may be accentuated in emerging markets. Real estate investment trusts are subject to special risks, such as tax law changes and general economic conditions that may affect the value of the underlying real estate assets. Bonds are subject to certain risks including interest rate, credit, and inflation. As interest rates rise, the prices of bonds fall. Derivatives are subject to a number of risks, such as liquidity, interest rate, market, credit, and management risk.

A collective investment trust fund is a pooled investment vehicle that is exempt from SEC registration as an investment company under Section 3(c)(11) of the Investment Company Act of 1940 and maintained by a bank or trust company for the collective investment of qualified retirement plans. Collective investment trust funds are not a mutual fund and not subject to the same registration requirements and restrictions as mutual funds. These funds are not bank deposits, FDIC-insured or guaranteed by any banking or governmental agencies. Collective investment trusts are subject to a variety of risks related to the securities invested by the trust, including possible loss of principal. Unit values will fluctuate and may be worth more or less when redeemed, so unit holders may lose money. Collective investment trusts are not sold by prospectus and are not available for investment by the public. Investors should carefully review all information, including the participation agreement, provided by the issuer for investment objectives, risks, charges and expenses associated with such investment vehicle before investing.

Standard Stable Asset Fund is a group annuity insurance product. It is neither a mutual fund nor a bank product and is not insured by the FDIC or any other federal governmental agency. Standard Insurance Company periodically resets the interest rate credited on contract balances, subject to a minimum rate specified in the group annuity contract. Past interest rates are not indicative of future rates. Amounts contributed and the fulfillment of any guarantees specified in the group annuity contract are insurance claims supported by the full faith and credit of Standard Insurance Company. Standard Stable Asset Fund may not be available in all states. Information on Standard Stable Asset Fund may be obtained by contacting your Standard Insurance Company representative. (See Item 5 for additional information on Standard Stable Asset Fund).

## **Item 9 – Disciplinary Information**

We have no disciplinary actions to disclose.

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

We are a subsidiary of StanCorp Financial Group, Inc., which is also the holding company for Standard Insurance Company; The Standard Life Insurance Company of New York; Standard Retirement Services; StanCorp Mortgage Investors, LLC, a commercial loan underwriter; StanCorp Real Estate, LLC, a real estate investment and property management company; and StanCorp Equities, Inc., a limited broker-dealer. Meiji Yasuda Life Insurance Company is the sole shareholder of StanCorp Financial Group, Inc.

Members of our senior management team are also officers of one or more of the sister subsidiaries and can be engaged in the business of those subsidiaries in addition to the responsibilities they have to our firm, which could also include serving as registered representatives or principals of StanCorp Equities.

Standard Retirement Services provides recordkeeping, administrative, and compliance services to retirement plans. It receives compensation for these services from plans in accordance with its Administrative Service Agreement with the plans. We are compensated for the investment advice we provide, if elected by plan sponsors, as part of a bundled service arrangement agreed to between the plan and Standard Retirement Services. As described in Item 5 above, we receive a flat fee from Standard Retirement Services to provide advisory services. We are not compensated based on any investments offered by the plan.

Standard Insurance Company is compensated as the issuer of the Standard Stable Asset Fund, if a plan sponsor or its designated fiduciary (other than us or our affiliates) selects it as an investment option for the plan. As the issuer of the Standard Stable Asset Fund, Standard Insurance Company may retain any tax credits for which it may be eligible. Our supervised persons and employees of StanCorp Equities, our broker-dealer affiliate, may receive additional compensation when the Standard Stable Asset Fund is included in the plan.

Some employees of StanCorp Equities may also be registered with us as investment adviser representatives. Due to ERISA restrictions, neither we nor any of our investment adviser representatives provide investment advice regarding



the Standard Stable Asset Fund as an investment option for the plan's lineup. Moreover, StanCorp Equities does not serve as a broker-dealer for plan assets and does not transmit, direct or execute trades.

Current regulations do not permit us or our affiliates to recommend the Standard Stable Asset Fund to plan sponsors and plan participants. In connection with Mainspring Managed, once a plan sponsor, or its designed fiduciary (other than we or our affiliates), selects the Standard Stable Asset Fund as the cash equivalent investment option for the allocation models in Mainspring Managed, we will allocate participant funds to the Standard Stable Asset Fund in accordance with the allocation percentage for the cash equivalent sleeve in the models.

As a fiduciary under the Employee Retirement Income Security Act of 1970, as amended, we mitigate any conflict of interest associated with our allocating assets to the Standard Stable Asset Fund by complying with the conditions of the statutory exemption for investment advisers provided in §408(b)(14) and §408(g) of ERISA and related regulations. The advice we give to plan participants with respect to Mainspring Managed is audited annually by an independent auditor for compliance with ERISA, and the auditor furnishes the plan's authorizing fiduciary a copy of their findings within sixty (60) days of completion of the audit.

### **Item 11 – Code of Ethics**

We have adopted and maintained a code of ethics that governs the actions of personnel in their dealings with clients. The code covers personal trading, gifts and gratuities and the protection of client information. Any client or prospective client may request a copy of our code of ethics at any time. From time to time, our personnel may purchase the same securities that are recommended to clients. This could present a potential conflict of interest by encouraging personnel to act on their own behalf before the clients. To overcome this possible conflict, personnel transactions are monitored to detect inappropriate trading activity.

### **Item 12 – Brokerage Practices**

We do not select or recommend any particular broker-dealers in return for client referrals. Unlike other advisers, our services are limited to certain retirement plan clients of Standard Retirement Services which has recordkeeping agreements with certain third-party broker-dealers to provide custodial and brokerage services. In general, by requiring the use of or by directing brokerage to specific broker-dealers, we may not be able to achieve most favorable execution for client transactions and clients may pay more for their transactions. For example, in a directed brokerage account, the client may pay higher brokerage commissions because orders may not be able to be aggregated to reduce transaction costs, or the client may receive less favorable prices. However, for clients whose retirement plans are record-kept by Standard Retirement Services, transactions are traded on an omnibus basis by the custodian of such plan assets and all customers of SRS, which include our clients, receive the same price for their mutual fund transactions on a given day.

### **Item 13 – Review of Accounts**

Our investment committee reviews our investment models regularly. Mutual funds and ETFs are monitored for changes in ownership, management, performance, or investment strategy. Mutual fund performance, selections and terminations are reviewed at least quarterly, and occasionally more often, by our investment committee.

Retirement plan clients receive a written Quarterly Monitoring Report comparing investment returns to appropriate benchmarks. In addition, Mainspring Managed participants receive a quarterly account statement which includes the performance and investment strategy of their account. Our investment adviser representatives who serve as Regional Investment Consultants may be available for consultation upon request with plan sponsors to review investment strategies and discuss any changes as necessary. Regional Investment Consultants are not authorized to provide investment advice to participants or meet with participants to review their accounts.

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

In the course of providing investment services, we may ask clients to consult with their own independent legal, accounting, tax or other professionals for additional advice. On occasions and as a courtesy only, we may provide a list of third-party professionals such as attorneys, CPAs, bookkeepers, etc. to clients as potential services providers that they may consider. Neither we nor our personnel receive any compensation from any party for providing this information. These entities are added to the list based on industry information or other sources available to us, and the list may not be regularly updated. We have not researched or otherwise conducted a due diligence review of these entities and do not make any representation or warranty of their ability to do any work that may be required by clients, the quality of their

work, or their qualifications to do any work that clients may need. These entities are not ranked, and the presence or absence of any firm from this list has no implications of any kind. We highly recommend clients conduct their own thorough due diligence review of their service providers when making hiring and retention decisions.

### **Item 15 – Custody**

We do not have physical custody of your assets but are deemed to have “custody,” as that term is defined under Rule 206(4)-2 of the implementing rules for the Investment Advisers Act of 1940, for certain client assets utilizing a group annuity issued by Standard Insurance Company and due to our affiliate, Standard Retirement Services, executing certain instructions related to plan assets from our clients in connection with the recordkeeping services. Plan assets are held by qualified custodians, as required, or by Standard Insurance Company for any clients that are using a group annuity contract. Plan participants receive plan account statements from our affiliate, Standard Retirement Services or Standard Insurance Company, as applicable, and plan sponsors receive plan account statements from the custodians and can access Standard Retirement Services PlanNet quarterly reports. Plan sponsors and plan participants should carefully review their account statements and notify us or Standard Retirement Services immediately upon discovery of any error. Plan sponsors should also compare the plan account statement they receive from the custodian against PlanNet quarterly reports and notify us or Standard Retirement Services and the custodian immediately upon discovery of any error.

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

We have investment discretion for participants in the Mainspring Managed service as authorized by the plan sponsor through the investment advisory agreement. In addition, unless Mainspring Managed is designated as a Qualified Default Investment Alternative, participants are also required to acknowledge in writing their participation in the Mainspring Managed program and the scope of our advisory services in connection with their assets in the plan. Mainspring Managed is powered by a proprietary advice engine that generates trade recommendations. Transaction instructions are transmitted by Standard Retirement Services, as recordkeeper for the plan, which transmits such instructions to the executing broker-dealer.

We also have investment discretion for retirement plan clients that select discretionary investment management services pursuant to ERISA 3(38). For these services, we select, monitor, and remove funds from our retirement plan lineups based on our fund selection and monitoring criteria as described in Item 4; provided, however, that such funds were made available as investment options in for the plan. Plan sponsors are responsible for selecting the initial investment lineup for the plan. Plan sponsors authorize us to have investment discretion through the investment advisory agreement.

Target Date and Target Age Portfolios are also designed to reallocate participant portfolios over time based on the participants time horizon (i.e., declining time to retirement). We develop and maintain the glidepaths which determines how the account will be allocated at any given point in time. While plan sponsors are responsible for making these programs available to the plan’s participants, in Target Date Portfolios, we also determine the securities that are used in the portfolio. Changes to Target Date or Target Age Portfolios are provided to Standard Retirement Services, as recordkeeper for the plan, which transmits such instructions to the executing broker-dealer. Plan sponsors provide Target Date or Target Age Portfolios to their employees through the investment advisory agreement.

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

We vote proxies for Standard Retirement Services’ clients who use the Standard Insurance Company group annuity contract but do not vote proxies for securities on the Standard Retirement Services NAV platform. In general, we vote with the boards of directors unless the item would significantly change the nature of the investment the clients hold as well as other criteria we deem to be in the client’s best interest. Clients may obtain a record of our votes as well as our proxy voting policies upon request.

### **Item 18 – Financial Information**

We have no financial impairment that would preclude the firm from meeting contractual commitments to clients. We do not require prepayment of fees of more than \$1,200, six months or more in advance; therefore, a balance sheet is not attached.