



Questar Asset Management, Inc.
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This Brochure provides information about the qualifications and business practices of Questar Asset Management, Inc. ("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.

QAM is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. Additional information about QAM also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

There have been material changes that have occurred since the last update of our Brochure on March 1, 2019. Material changes have been made to:

- Item 4 - Advisory Business WRAP Fee programs offered
- Item 9 – Disciplinary Information

On March 1, 2019 Questar Asset Management, Inc. completed a transaction in which certain client and advisor assets were transferred to Woodbury Financial Services, LLC. Woodbury Financial Services, Inc. Woodbury is a registered broker-dealer, member of FINRA and SIPC, and registered investment adviser. As a result of the transaction, Questar Asset Management, Inc. ceased operations as a registered investment adviser and discontinued all programs effective March 1, 2019.

Additional information about Questar Asset Management is available via the SEC's website at www.adviserinfo.sec.gov.

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Item 4 – Advisory Business

Questar Asset Management, Inc. ("QAM") is an investment adviser with its headquarters located in Minneapolis, Minnesota and has been in business since December 15, 2004. As of December 31, 2018, QAM had discretionary assets under management ("AUM") of \$182,591,566 and non-discretionary AUM of \$871,507,085. QAM offers a variety of advisory services to individuals, pension and profit-sharing plans, trusts, estates and corporations. QAM is a wholly-owned subsidiary of Yorktown Financial Companies, Inc. and is an indirect, wholly-owned subsidiary of Allianz SE, a diversified global financial institution. QAM offers the advisory services described below.

On March 1, 2019 Questar Asset Management, Inc. completed a transaction in which certain client and advisor assets were transferred to Woodbury Financial Services, LLC. Woodbury Financial Services, Inc. Woodbury is a registered broker-dealer, member of FINRA and SIPC, and registered investment adviser. As a result of the transaction, Questar Asset Management, Inc. ceased operations as a registered investment adviser and discontinued all programs effective March 1, 2019.

WRAP Fee Programs

QAM sponsors the Portfolio Designs, Questar Strategic Designs and Questar Asset Designs wrap fee programs. QAM also co-sponsors the Lockwood AdvisorFlex portfolios wrap fee program. Additionally, QAM makes available various Fund Strategist Portfolios (FSP) and Separately Managed Accounts (SMA). Some IARs are authorized to offer one or more of these programs under one Unified Managed Account (UMA). Questar Strategic Designs, Questar Asset Designs, and Lockwood AdvisorFlex portfolios Programs are no longer accepting new investors.

QAM receives a portion of the wrap fee paid by the client. This fee, and the amount received by QAM, varies by program. Information about these wrap programs is provided in QAM's Wrap Brochure. This brochure will be provided to clients who invest in any wrap program offered by QAM. The QAM wrap fee program brochure is also available at www.adviserinfo.sec.gov.

Third-Party Asset Management

QAM provides access to investment advisory programs in which client accounts are managed by third-party investment advisers. These are referred to herein as "Third Party Asset Management Programs." These Third Party Asset Management Programs provide additional investment opportunities among mutual funds, stocks, bonds and other securities. QAM may assist a 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. Based on the client's individual circumstances and needs, the QAM IAR will recommend a Third Party Asset Management Program to the client. Such a recommendation factors in a client's account size, the risk tolerance and objectives and the investment philosophy of the independent third-party adviser to the Third Party Asset Management Programs. QAM will provide this information to Third Party Asset Management Programs' sponsors selected by the client. QAM may also provide updated information about the client's financial circumstances, to the extent applicable depending on the Third Party Asset Management Programs, to Third Party Asset Management Programs providers. The QAM IAR will meet with the client at least annually to review the account. During regular account reviews, if the IAR believes a different Third Party Asset Management Program becomes more suitable for a client's particular needs, then the IAR will suggest that the client contract with that Third Party Asset

Management Program's provider. However, any move to a new Third Party Asset Management Program is solely at the discretion of the client. Third Party Asset Management Programs generally consist of two types:

- A. The first type of Third Party Asset Management 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 Third Party Asset Management Program, the QAM IAR may also assist the client in determining the appropriate asset allocation among the available portfolios within the Third Party Asset Management Programs.
- B. In the second type of Third Party Asset Management Programs, the Third Party Asset Management Programs sponsors have performed their due diligence on various third-party independent money managers that are made available to clients through the Third Party Asset Management Programs. In this second type of Third Party Asset Management Programs, the QAM IAR 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 from the Third Party Asset Management Program sponsor for any particular Third Party Asset Management Program recommended. Clients are encouraged to review each disclosure document regarding the particular characteristics of any Third Party Asset Management Program and managers recommended. The services, reports and contract termination provisions provided by these Third Party Asset Management 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 Third Party Asset Management Program sponsor whose services they are considering, including Part 2 of Form ADV, or the equivalent brochure, so they understand fully the services being provided and fees being charged. Clients are also encouraged to compare programs.

Retirement Plan Services

QAM provides Nondiscretionary Investment Advisory Services and/or Retirement Plan Consulting Services to employer-sponsored retirement plans (Sponsor) and their employees (participants). Depending on the type of the plan and the specific arrangement with the Sponsor, we may provide one or more of these services.

We provide the following Retirement Plan Services, as identified below:

Nondiscretionary Fiduciary Services

These services are designed to allow the Sponsor to retain full discretionary authority or control over assets of the Plan. We will solely be making recommendations to the Sponsor. We will perform these nondiscretionary investment advisory services through our IARs, and may charge a fee for these fiduciary services, as described in this Form ADV and the Agreement. We will perform these investment advisory services to the Plan as a fiduciary defined under ERISA Section 3(21) and will act with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar

circumstances.

The Sponsor may engage us to perform one or more of the following nondiscretionary investment advisory services:

Investment Policy Statement (“IPS”)

Advisor will review with Sponsor the investment objectives, risk tolerance and goals of the Plan. If the Plan does not have an IPS, Advisor will provide recommendations to Sponsor to assist with establishing an IPS. If the Plan has an existing IPS, Advisor will review it for consistency with the Plan’s objectives. If the IPS does not represent the objectives of the Plan, Advisor will recommend to Sponsor revisions to align the IPS with the Plan’s objectives.

Advice Regarding Designated Investment Alternatives (“DIAs”)

Based on the Plan’s IPS or other guidelines established by the Plan, Advisor will review the investment options available to the Plan and will make recommendations to assist Sponsor with selecting DIAs to be offered to Plan participants. Once Sponsor selects the DIAs, Advisor will, on a periodic basis and/or upon reasonable request, provide reports and information to assist Sponsor with monitoring the DIAs. If a DIA is required to be removed, Advisor will provide recommendations to assist Sponsor with replacing the DIA.

Advice Regarding Model Asset Allocation Portfolios (“MODELS”)

Based on the Plan’s IPS or other guidelines established by the Plan, Advisor will make recommendations to assist Sponsor with creating risk-based Models comprised solely among the Plan’s DIAs. Once Sponsor approves the Models, Advisor will provide reports, information and recommendations, on a periodic basis, designed to assist Sponsor with monitoring the Models. Upon reasonable request, and depending upon the capabilities of the recordkeeper, Advisor will make recommendations to Sponsor to reallocate and/or rebalance the Models to maintain their desired allocations.

Advice Regarding Qualified Default Investment Alternative(s) (“QDIA(s)”)

Based on the Plan’s IPS or other guidelines established by the Plan, Advisor will review the investment options available to the Plan and will make recommendations to assist Sponsor with selecting or replacing the Plan’s QDIA(s).

Participant Investment Advice

Advisor will meet with Plan participants, periodically and upon reasonable request, to collect information necessary to identify the participant’s investment objectives, risk tolerance, time horizon, etc. Advisor will provide written recommendations to assist the participant with creating a portfolio using the Plan’s DIAs or Models, if available. The participant retains sole discretion over the investment of their account.

Investment Advice

Based on the Plan’s IPS, Advisor will review the investment options available to the Plan and will make recommendations to assist Sponsor with selecting investments that meet the IPS criteria. Once Sponsor selects the investment(s), Advisor will, on a periodic basis and/or upon reasonable request, provide reports and information to assist Sponsor with monitoring the investment(s). If the IPS criteria require any investment(s) to be replaced, Advisor will provide recommendations to assist Sponsor with replacing the investment(s).

Advice Regarding Third Party Managers

Based on the Plan's IPS or other investment guidelines established by the Plan, Advisor will review the third-party investment managers available to the Plan and will make recommendations to assist Sponsor with selecting a manager to manage some or all of the Plan's investments. Once Sponsor approves the manager(s), Advisor will provide reports, information and recommendations, on a periodic basis, designed to assist Sponsor with monitoring the managers. If the IPS criteria require any manager to be removed, Advisor will provide recommendations to assist Sponsor with evaluating replacement managers.

Retirement Plan Consulting Services

Retirement Plan Consulting Services are designed to allow our IARs to assist the Sponsor in meeting his/her fiduciary duties to administer the plan in the best interests of plan participants and their beneficiaries. Retirement Plan Consulting Services may only be performed so that they would not be considered fiduciary services under ERISA. The Sponsor may elect for our IARs to assist with any of the following services:

Administrative Support

- ✓ Assist Sponsor in reviewing objectives and options available through the plan
- ✓ Review plan committee structure and administrative policies/procedures
- ✓ Recommend participant education and communication policies under ERISA 404(c)
- ✓ Assist with development/maintenance of fiduciary audit file and document retention policies
- ✓ Deliver fiduciary training periodically or upon reasonable request
- ✓ Assist with coordinating participant disclosures under 404(a)(5)
- ✓ Recommend procedures for responding to participant requests

Oversight Of Relationship With Service Provider

- ✓ Assist fiduciaries with a process to select, monitor and replace service providers
- ✓ Assist fiduciaries with review of Covered Service Providers ("CSP") and fee benchmarking
- ✓ Provide reports and/or information designed to assist fiduciaries with monitoring CSPs
- ✓ Assist with preparation and review of Requests for Proposals (RFPs) and/or Information
- ✓ Coordinate and assist with CSP replacement and conversion

Investments

- ✓ Periodic review of investment policy in the context of plan objectives
- ✓ Assist the plan committee with monitoring investment performance
- ✓ Provide analysis of investment managers and model portfolios
- ✓ Assist with Designated Investment Managers (DIMs) and/or third-party advice providers as necessary
- ✓ Educate plan committee members, as needed, regarding replacement of DIA(s) and/or QDIA(s)

Participant Services

- ✓ Facilitate group enrollment meetings
- ✓ Assist plan participants with financial wellness education, retirement planning and/or gap analysis

Potential Additional Retirement Services Provided Outside of the Agreement

In providing Retirement Plan Services, QAM and its IARs may establish a client relationship with one or more plan participants or beneficiaries. Such client relationships develop in various ways, including, without limitation:

1. as a result of a decision by the participant or beneficiary to purchase services from not involving the use of plan assets;
2. as part of an individual or family financial plan for which any specific recommendations concerning the allocation of assets or investment recommendations relate exclusively to assets held outside of the plan; or
3. through an Individual Retirement Account rollover ("IRA Rollover").

If an IAR is providing Retirement Plan Services to a plan, IARs may, when requested by a Plan participant or beneficiary, arrange to provide services to that participant or beneficiary through a separate agreement that excludes any investment advice on plan assets (but may consider the participant's or beneficiary's interest in the plan in providing that service). If a Plan participant or beneficiary desires to affect an IRA Rollover, IAR will obtain a written acknowledgement from the Plan participant known as part of the IRA Rollover/Transfer Form. Any decision to affect the rollover or about what to do with the rollover assets remain that of the participant or beneficiary alone.

In providing these optional services, we may offer employers and employees information on other financial and retirement products or services offered by QAM and our IARs.

Financial Planning

QAM provides financial planning services, typically for either an hourly fee 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 module, such as estate planning, retirement planning, education funding, investment analysis, tax impact planning, or other areas of financial planning specialization. While providing advice, the QAM Investment Advisory Representative (IAR) may provide a financial plan to the client which, depending upon the client's circumstances, may include an analysis of insurance products and estate planning tools, such as wills and trusts. Financial planning typically involves providing a variety of services to individuals or entities regarding the management of their financial resources based upon an analysis of their individual needs.

The advice that is provided to a financial planning client by an IAR may include general recommendations for a course of activity, or specific actions to be taken by the client. Traditional financial planning involves a client meeting with an IAR so the IAR may determine the client's financial goals and objectives. The IAR will develop and deliver written financial advice to the client. Once the financial plan is delivered to the client the advisory relationship is typically concluded.

Initial Client Meeting

The purpose of the initial meeting is to discuss specific areas of financial concern and potential planning areas. During this meeting, the IAR will work with the client to determine whether or not a financial plan is appropriate based on the client's specific circumstances. As part of the initial meeting, or as a separate meeting, the IAR will review all necessary documents for him/her to develop a financial plan for the client. These documents may include, among other things, brokerage statements, income tax statements, insurance policies, a current will, other financial plans, business agreements, retirement information, etc.

Developing a Financial Plan

Based on the information that the IAR gathers regarding the client's specific circumstances, a financial plan will be developed for the client. The IAR may use various computer software tools to assist in the creation of the financial plan. While the IAR will not provide tax or legal advice, with written permission from the client, the IAR may speak with the client's attorney and/or tax professional.

Financial plans may consist of:

1. **Financial Position Analysis** – Financial position analysis encompasses a review of the client's current financial position, including a review of the client's current cash flow. This type of review typically involves reviewing the client's net worth, cash flow, budget, debt, and investment accounts.
2. **Retirement Planning** – Retirement planning typically consists of analyzing the client's current or expected future retirement needs. Based on the client's current level of retirement savings, additional retirement accounts (such as an IRA or Roth IRA) may be recommended, or additional contributions to existing company retirement plan may be recommended. If the client has an account in an ERISA covered company sponsored retirement plan (such as a 401(k), defined benefit plan, etc.), the IAR may provide education related to the client's retirement plan or may provide investment advice related to the client's retirement plan. Education is typically limited to general principles regarding investing, overall asset allocation strategies, and general information about the options currently available in the plan. Investment advice may include specific investment recommendations regarding investment options available within the plan.
3. **Insurance Analysis** – Insurance analysis typically consists of analyzing the client's current or expected insurance needs. Based on the client's specific circumstances, such as, number of dependents and the age of the members in the client's household, the IAR may suggest the need to increase or decrease the amount of insurance coverage held by the client. To the extent state regulations permit, IAR's with insurance licenses may provide specific amounts of coverage recommendations.
4. **Education Planning** – The IAR may review the client's current or future needs as it relates to paying for education expenses for the client or dependents. This type of review typically analyzes the amount of money the client is saving for education expenses.
5. **Tax Efficient Investing Strategies** – As part of the planning services, the IAR may not provide tax advice. However, the IAR may assist the client in designing an investment strategy to maximize the tax efficiency of the client's portfolio.

Advice Provided

The financial plan will provide the client with recommendations and advice tailored to the client's specific financial goals, objectives, and situation. The client is under no obligation to act on the

advice that is provided by the IAR. If the client chooses to act on any of the advice provided, the client is under no obligation to purchase insurance or open any investment accounts with QAM. The client may open and hold investment accounts with investment advisers not affiliated with QAM.

Delivering the Plan

The IAR will deliver and explain the financial plan or a letter summarizing the financial advice provided to the client.

Fees

QAM's and the IAR's fees for financial planning services are determined after evaluation of the client's circumstances and plan request. Thus, each client pays a different fee which is negotiated between the client, the IAR and QAM. Hourly rates usually vary from \$150-\$350 per hour depending upon the complexity of a project, and are subject to a maximum of \$750 per hour.

As an alternative to an hourly charge, QAM, the IAR and the client may agree upon a flat fee for financial planning services. This fee is agreed to in advance. In no event will a flat fee in excess of \$15,000 be charged to a client for comprehensive financial planning services. If a client, IAR or QAM terminates the planning 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, the final charge will be assessed based on the percentage of work completed. The balance of any prepaid fee is refunded to the client.

Ongoing Planning Services

Ongoing planning services, while similar to traditional financial planning, provide clients with several distinct services. These include the ability for the IAR to provide a broader range of financial advice and services, including the ability to provide specific security recommendations. The services are offered to the client over a longer period of time, and can be structured at the clients request to renew annually.

Ongoing planning services allow IARs to provide continuous, ongoing advice to the client for the duration of the consulting service contract until cancelled. The contract may be terminated at the request of the client or QAM. If the client decides to amend the consulting relationship with the IAR and QAM after the contract expires, the client will need to execute a new contract.

Subsequent Review Meetings

Based on the services provided to the client, the IAR will schedule subsequent meetings to discuss the status of recommended actions. These meetings may occur via telephone, in person, or via email.

Item 5 – Fees and Compensation

Advisory fees for the Third-Party Asset Management programs are subject to negotiation and typically fall within a range of 0.5%-2.00% annually, but can be up to 3.0% for some Separately Managed Account (SMA) or Unified Managed Account (UMA) services. The specific Third Party Asset Management Program fees will be provided in the account opening paperwork for the Third Party Asset Management Programs.

Some Third Party Asset Management Programs may deduct fees from accounts or bill after the quarter is complete. Management fees are typically prorated for each capital contribution or 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. With the Third Party Asset Management Programs, QAM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients of the Third Party Asset Management Programs may incur certain charges imposed by custodians, brokers, third-party investment managers 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.

Advisory fees for the wrap fee programs are also subject to negotiation and typically fall within a range of 0.5%-2.00% annually. Specific details on the fees charged in the wrap fee programs are provided in the wrap fee brochure.

Fee Invoices

Advisory fees for Financial Planning and Ongoing Planning Services may be invoiced in installments by the IAR at their negotiated agreement. On a quarterly, semi-annual or annual basis, the client will receive an invoice for consulting services provided during the preceding period from the IAR describing the consulting services provided during the most recent billing cycle and the associated consulting fee. The consulting fee is quoted in advance and paid in arrears. This means that the consulting fee covers the consulting services received in the prior quarter, six months or 12 months. QAM does not limit the fees that can be charged for ongoing services. Fees for ongoing services typically vary and must be commensurate with the services offered. There is no maximum fee. Consulting advice clients are required to sign a new Financial Planning Services Agreement and to adjust it as necessary to attempt to meet the client's future objectives. Consulting advice clients may decide to pay the consulting advice fee from a non-advisory, non-qualified investment account held at Questar Capital Corporation, an affiliated broker/dealer. The client will be required to execute a letter of instruction describing this fee arrangement.

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 advisory 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 \$10,000 for Strategic Designs accounts, \$25,000 for each FSP account, \$30,000 for Portfolio Designs and Asset Designs accounts, \$100,000 for each SMA account, and \$150,000 for a UMA account. QAM may consider aggregated assets of a household to meet these requirements. Occasionally, QAM may consider amounts less than the minimum for the establishment of an investment advisory wrap fee account.

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

QAM and its IARs divide the design and implementation of the advisory programs into three steps:

1. Allocation across asset classes (e.g., stocks, bonds, domestic, overseas, large companies, small companies, real estate, commodities);
2. Strategy/manager selection within each asset class; and
3. Executing the program.

QAM and its IARs review and monitor the investments chosen for clients to make sure the investments are meeting the clients' performance objectives. The majority of the investments are made using third party sub-advisors, including mutual funds, exchange-traded funds, separate account managers and other investment pools. IARs also make recommendations regarding certain individual securities.

IARs have access to a variety of investment analysis and research sources as well as model portfolios that may be used when providing investment advice to clients. IARs do not employ a standard investment strategy across all accounts. Instead, the IAR chooses his/her own investment strategy, research methods and portfolio management philosophy.

QAM offers certain Services that are available through a web-based platform offered by Envestnet Asset Management, Inc. ("Envestnet"). Envestnet is a non-affiliated registered investment adviser. The Envestnet platform provides access to Separately Managed Account ("SMA") investment managers, and Fund Strategist Account ("FSP") managers. SMA and FSP investment managers offered to investors through the Envestnet platform have entered into a sub-management agreement with Envestnet to provide discretionary investment services. SMA investment managers may offer equity, fixed income, balanced, or other investment strategies and may invest in mutual funds, ETFs, individual securities, among other investment types. If a FSP or SMA investment manager invests in mutual funds, advisory class funds are offered. QAM relies upon Envestnet for analysis and information and the identified selection and monitoring of the various FSPs and SMAs offered through the platform. Envestnet seeks to offer a wide variety of FSPs and SMAs with a wide range of investment objectives and risk tolerances. Review Envestnet's Form ADV, Part 2A Appendix I for more information about its investment advisory business.

QAM has contracted with PMC, an affiliate of Envestnet, to conduct initial and ongoing analysis on the FSP and SMA investment managers available through the platform. PMC will conduct different levels of initial and ongoing diligence on investment managers available through Envestnet. QAM only makes available FSP and SMA investment managers that have been "approved" by PMC. "Approved" is the highest level of diligence and ongoing monitoring offered by PMC. PMC reviews the investment strategies and performance of FSP and SMA investment managers and in its sole discretion determines if a FSP or SMA investment manager will be considered "approved". Note: There is no guarantee that a FSP or SMA investment manager will reach its investment goal or performance target solely because it has been "approved" by PMC.

Clients participating in Third-Party Asset Management Programs 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.

Investing in securities involves risk of loss that clients should be prepared to bear. As with any investment, there can be no assurance that a client will achieve its investment objective or that a client will not lose a portion or all of its investment.

Because QAM does not employ a standard investment strategy across all accounts, the material risks

attached to each tailored investment strategy will vary to the extent the strategy uses different investment allocations or approaches. Each of the following risks is material to the extent a client's investment strategy uses such investment allocations or approaches.

Stock market risk: the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Fixed income risks: including: *interest rate risk*, which is the chance that bond prices overall will decline because of rising interest rates; *income risk*, which is the chance that a strategy's income will decline because of falling interest rates; *credit risk*, which is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline; and *call risk*, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. The strategy would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the strategy's income.

Municipal security risks: municipal bonds are subject to the fixed income risks described above as well as the following risks: legislative risk – the risk that a change in the tax code could affect the value of tax-exempt interest income; and liquidity risk – the risk that investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Liquidity risk is greater for thinly traded securities such as lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer.

Foreign investment risk: investments in foreign securities involve considerations and risks not typically associated with investments in securities of domestic companies. These include, for example, unfavorable changes in currency exchange rates, substantial changes in governmental policies, political and economic instability and changes in relations between nations. Foreign markets are not subject to the same regulation as domestic markets. In addition, there is often less publicly available information about foreign markets and issuers than about domestic markets and issuers.

Asset allocation risk: asset allocation may have a more significant effect on account value when one of the more heavily weighted asset classes is performing more poorly than the others. Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Options risk: QAM allows certain types of options trading, specifically the selling, or writing, of covered call options for the purpose of generating income in clients' advisory accounts. The use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply causing the security to be called away, which results in the client account no longer holding the security.

Additionally, there are material risks involved in QAM's selection of third-party asset managers. Although QAM's selection methodology is thorough, there are general business and operational risks associated with firms that manage money on your behalf that could lead to unexpected and unfavorable developments, including but not limited to: unethical or unlawful behavior by the manager, staff turnover which disrupts the investment decision-making process at the manager, and/or a change in control of the manager including sale or dissolution. Other material risks include returns being significantly different from a corresponding benchmark as well as the risk of underperforming the benchmark in any time period and currency risk.

As noted above, QAM and its IARs utilize economic, financial and market data from third-party sources

believed to be reliable but QAM generally does not seek to independently confirm the accuracy of such information. Similarly, QAM and its IARs rely on a variety of third-party financial applications to perform numerous financial calculations related to asset allocation, financial planning projections, and investment manager evaluations. Although QAM reviews the quality of these services, there can be no guarantee the calculations will be performed correctly going forward.

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 and its IARs or the integrity of QAM's management.

Securities and Exchange Commission Censure Cease and Desist Order Dated 03/11/2019

The Firm self-reported to the Securities and Exchange Commission (SEC) as part of the SEC's Share Class Selection Disclosure Initiative (SCSDI) possible violations of the Investment Advisers Act of 1940 (Advisers Act) relating to the firm's failure to make necessary disclosures concerning mutual fund share class selection. Without the firm admitting or denying the findings, on March 11, 2019, the SEC entered an order against the firm alleging breaches of fiduciary duty and inadequate disclosures in connection with the firm's mutual fund and money market share class selection practices and fees it received pursuant to Rule 12B-1 under the Investment Company Act of 1940. At times during the period January 1, 2014 to March 1, 2019, the Firm purchased, recommended, or held advisory clients mutual fund share classes that charged 12B-1 fees instead of lower-cost share-classes of the same funds for which the clients were eligible. The Firm received 12B-1 fees in connection with these investments. The Firm failed to disclose in its Form ADV or otherwise the conflicts of interest related to its receipt of 12B-1 fees and/or its selection of mutual fund share classes that pay such fees.

The Firm was censured and ordered to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 207 of the Advisers Act. The Firm was also required to pay disgorgement and prejudgment interest to affected investors totaling \$527,566.52, as well as to take other remedial actions.

Item 10 – Other Financial Industry Activities and Affiliations

QAM is an investment adviser registered with the SEC and is an indirect wholly-owned subsidiary of Allianz SE, a large, multinational financial services provider. 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, 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, and life insurance policies in the United States. QAM recommends the brokerage and insurance services of Questar Capital, Questar Agency, and Allianz Life to its advisory clients.

With limited exceptions, the officers and directors of QAM are also the officers and directors of Questar Capital and Questar Agency. In addition, the officers and IARs of QAM are generally also separately licensed as registered representatives of Questar Capital. Some officers and IARs of QAM may also be licensed 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 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 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.

Questar Capital receives payments from mutual fund companies, alternative investment companies and third-party asset managers for the sales of securities and insurance products. Questar Capital also receives payments from software and research vendors. These payments help defray the expenses incurred by Questar Capital for educational meetings and sales conferences held for Questar Capital registered representatives and QAM IARs periodically throughout the year. While payments are not made directly to QAM, payments may or may not be related to securities business in advisory accounts. In the event recommendations leading to a payment to Questar Capital present a conflict of interest to a QAM client, QAM maintains policies and procedures to require that all recommendations are in the best interest 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:

1. Pacific Investment Management Company LLC ("PIMCO")
2. Allianz Global Investors U.S. LLC

QAM and these investment advisers are all indirect, wholly-owned subsidiaries of Allianz SE. 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. QAM recommendations to purchase mutual funds managed by these investment advisers will benefit affiliates of QAM. 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 QAM IARs when making recommendations. In addition, if a mutual fund offered by an affiliate is purchased within a QAM advisory account, the overall compensation to the affiliate may be greater than if a mutual fund offered by a non-affiliated company is purchased within the account. QAM has policies and procedures in place to routinely surveil for possible conflicts and address these as they arise in the best interests of clients.

Item II – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

QAM's code of ethics is based on the principle that access persons, IARs and QAM employees owe a fiduciary duty to QAM's clients. 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. 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 disclose all new personal brokerage accounts upon opening, and certify all transaction activity 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.

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 periodically reviews the trades of Access Persons to detect any violations of QAM's code of ethics and insider trading policies and procedures designed to ensure that no client is disadvantaged in any way by trades of QAM. Access Persons who commit violations are subject to disciplinary actions, up to and including monetary penalties, suspension or termination.

You can request a copy of QAM's Code of Ethics at any time without charge by contacting us at 888.446.5872.

Item 12 – Brokerage Practices

QAM does not select or recommend broker/dealers for client transactions in the Third-Party Asset Management Programs available to clients. Certain Third-Party Asset Management Programs will allow clients to choose the broker- dealer that is used while other programs will not allow such a choice. QAM does not receive soft dollar benefits nor does QAM receive client referrals from broker/dealers.

Clients participating in the QAM sponsored and co-sponsored wrap fee accounts will establish custodial accounts with Pershing, LLC. Pershing carries the wrap fee accounts on its records, processes transactions ordered by QAM IARs, provides computer access to QAM for client positions and provides quotes and data needed by QAM for any reporting to clients. Transactions executed through Pershing, LLC are subject to QAM's duty to obtain best execution. While QAM makes every attempt to obtain the best execution possible, there is no assurance that it will be obtained. As a result, clients should consider whether QAM's programs result in costs or other disadvantages as a result of possibly less favorable trade executions.

On a limited basis, QAM IARs may be allowed to use discretion in client wrap fee accounts. When IARs are exercising discretion, QAM or its IARs may combine orders for more than one client's account to form a "block" order. When a block order is executed, Pershing, LLC allocates an average execution price to each client's position within the block on a pro rata basis.

Item 13 – Review of Accounts

All advisory accounts are reviewed prior to account inception by, among others, the IAR that will manage the account and one or more supervisory or compliance personnel. After account inception, IARs who manage the account are responsible for reviewing with the client the client's investment objectives and verify that the current asset allocation is in line with such objectives on a periodic basis, no less than annually. Clients receiving advisory services receive monthly or quarterly reports of assets holdings, valuation, and activity and, depending on the type of account (i.e., managed by a third-party asset manager, a wrap fee account, etc.), may receive other reports as well. Reports are usually prepared by the account custodian.

All plans for comprehensive financial planning services are subject to review by a supervisor at QAM. It is recommended that clients have their plans reviewed at least annually with their respective IARs. If the comprehensive financial planning service relationship ends with the presentation of the completed plan, subsequent review of a client plan requires execution of a new financial planning agreement at the fee structure in effect at that time.

Item 14 – Client Referrals and Other Compensation

QAM does not participate in any client referral programs from sources other than affiliated IARs, directly or indirectly.

QAM and its IARs may receive an economic benefit from the third-party asset managers with whom we do business for referring clients to the third-party asset managers' Third Party Asset Management Programs. These are called "solicitor arrangements" and there are potential conflicts of interest with these arrangements. One potential conflict includes arrangements where the compensation earned by QAM or its IARs may differ with each third-party asset manager. The differences may be attributed to varying expenses in investments selected by third-party asset managers with respect to Third Party Asset Management Programs, and are described in detail in each third-party asset manager's disclosure documents and account inception agreements.

QAM will receive an economic benefit in the form of distribution assistance fees paid in connection with assets placed in money market sweep vehicles. This additional compensation is paid by advisers or the fund, to the money market funds. Such compensation is directed to us through Pershing which serves as custodian in the QAM sponsored and co-sponsored wrap fee accounts. Such compensation is paid to QAM but not passed on to any of our IARs. The amount of such payment differs with respect to each particular money market fund serving as a sweep vehicle. As a result of this compensation, QAM has an economic incentive to recommend investments in these sweep vehicles and a further conflict to recommend one sweep vehicle over another. QAM addresses this conflict by maintaining policies and procedures to ensure that recommendations related to sweep vehicles are suitable for the client and that the overall compensation received by QAM is reasonable in relation to advisory services provided.

As a result of varied product partner relationships, QAM and its IARs may have an economic incentive to recommend one third-party asset manager or Third Party Asset Management Program over another. QAM addresses this potential conflict by maintaining policies and procedures to ensure all recommendations are suitable for the client and all compensation to QAM and the IAR is reasonable.

QAM or its affiliate, Questar Capital, provides loans to certain IARs, as an incentive to establish, maintain, or expand their relationship with QAM or Questar Capital. The repayment of such loans is typically dependent on the IAR remaining in good standing with QAM or Questar Capital for a specified period of time. For IARs who are also registered representatives of QAM or Questar Capital, these loans could incentivize the IAR to recommend products and/or services to clients in an effort to remain in good standing, which could create a conflict of interest. To address this potential conflict, QAM maintains policies and procedures to ensure all recommendations are suitable.

Item 15 – Custody

All client funds and securities are maintained by a qualified custodian. Clients should receive at least quarterly statements from the broker/dealer, bank or other qualified custodian that holds and maintains

clients' investment assets. QAM urges you to carefully review such statements and compare such official custodial records to the account statements that we provide to you and notify both the qualified custodian and us on any discrepancies. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Upon client consent, QAM allows its IARs to use discretion in some wrap fee accounts. When discretionary investment advisory agreements are used, QAM is granted written 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 IARs 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. 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 or revoke limitations on discretionary authority by submitting the change/amendment in writing. Such changes will be reviewed and, if acceptable, approved by QAM 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 and likely will 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.

Item 17 – Voting Client Securities

As a matter of firm policy, QAM does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving from their custodian and voting proxies for any and all securities maintained in client portfolios.

Item 18 – Financial Information

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.