

Investment Operations And Client Services



March 31, 2012

StanCorp Investment Advisers, Inc.

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This brochure is the StanCorp Investment Advisers, Inc., plain English disclosure brochure. If you have any questions about the contents of this brochure, please call 800.378.5742. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about StanCorp Investment Advisers, Inc., is also available on the SEC's website at www.adviserinfo.sec.gov.



March 31, 2012

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

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Additional information about StanCorp Investment Advisers, Inc., is also available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

There were no material changes since March 31, 2011, which was our last delivery and posting on the SEC's public website.

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Advisory Business

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

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

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

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

We provide investment advice to the Reliance Advisory Portfolio Collective Trusts, a series of 15 collective trusts owned by Reliance Trust. These collective trusts invest in unaffiliated mutual funds representing a broad range of asset categories. There are 10 fully diversified portfolios and five style-based portfolios each representing the large-cap, small- and mid-cap, fixed income, short-term fixed income and international equity categories respectively.



The Reliance Advisory Portfolio Collective Trusts are available only to clients of Standard Retirement Services, Inc.

Our private client service offers fee-only financial planning and investment management using mutual funds, stocks and bonds. Clients work directly with an investment counselor to assess their financial situations, set objectives and determine the most appropriate investment approach for each individual.

Investment portfolios are tailored to meet the needs of the specific client. Clients may place restrictions on the investments made in their accounts.

Total assets managed at Dec. 31, 2011, were \$18.1 billion. Of that, \$8.8 billion was managed on a discretionary basis, and \$9.3 billion was managed on a non-discretionary basis for retirement plan clients.

Fees And Compensation

Our fee schedule for individual accounts managed primarily using mutual funds is 1.00 percent for assets up to \$1 million, 0.50 percent for assets between \$1 million and \$5 million and 0.25 percent for assets greater than \$5 million.

Our fee schedule for individual accounts utilizing our active management strategies with mutual funds is 1.00 percent for assets up to \$1 million, 0.85 percent for assets from \$1 million to \$3 million, 0.75 percent for assets from \$3 to \$5 million and 0.50 percent for assets greater than \$5 million.

Our fee schedule for individual accounts utilizing one of our equity strategies is 1.25 percent for assets up to \$1 million, 1.10 percent for assets from \$1 million to \$3 million, 1.00 percent for assets from \$3 million to \$5 million and 0.75 percent for assets greater than \$5 million.

Financial planning only engagements generally have a minimum fee of \$2,500.

Standard Insurance Company and Standard Retirement Services, Inc., pay a fixed retainer to StanCorp Investment Advisers, Inc., for services provided to all of the retirement plan clients of The Standard. In addition, retirement plan clients pay Standard Retirement Services, Inc., an asset based fee. In some cases, clients pay additional fees to the custodian. Participants enrolled in the Mainspring Managed service may pay Standard Retirement Services, Inc., a per participant fee.

Fees are negotiable. Retainer and hourly fees are negotiated at the time of engagement. Asset-based and retainer fees are charged quarterly for services rendered in the previous quarter. Hourly fees are charged within 30 days of the provision of services. Clients may terminate their contracts at any time. The client will be billed from the beginning of the quarter to the termination date.

Portfolios that include mutual funds have a layered fee structure. In addition to the management fees paid to StanCorp Investment Advisers, Inc., the mutual funds' expenses are netted out of the value of the mutual funds.

Individual clients may incur transaction charges from their custodian whenever transactions are placed for their accounts. Please see the Brokerage Practices section of this brochure. Clients may choose to have their StanCorp Investment Advisers, Inc., fees deducted from their custody account or they may choose to pay their fees directly.

StanCorp Investment Advisers, Inc., may recommend mutual funds that are no-load or those having a 12b-1 fee. In no case does StanCorp Investment Advisers, Inc., receive compensation from mutual fund companies. If a 12b-1 fee is paid, in the case of retirement plans, it is returned to the plan sponsor as a reduction of their Standard Retirement Services, Inc., asset based fee. For private clients, the 12b-1 fee may be retained by the custodian in lieu of transaction fees.

StanCorp Equities, Inc., an affiliated broker dealer, does not process transactions. In some cases, it serves as a pass-through for 12b-1 fees for retirement plan clients of Standard Retirement Services, Inc. Clients purchase investments StanCorp Investment Advisers, Inc., recommends through unaffiliated custodians or through the Standard Insurance group variable insurance contract.

Performance Based Fees

We do not offer performance based fee schedules.



Types Of Clients

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



Methods Of Analysis, Investment Strategies And Risk Of Loss

The fixed income portfolio for The Standard is designed to meet asset liability management requirements of the various insurance product lines offered. Investments for this portfolio include U.S. government, municipal and corporate bonds, commercial paper and other short-term investments and options on the S&P 500 index to hedge specific exposure created by The Standard's equity index annuity product.

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

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



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

We rely on a variety of sources of information including but not limited to electronic and print data services, financial publications, credit rating agencies, company regulatory financial filings and press releases. Our mutual fund selections are based on quantitative and qualitative analysis of data provided by various data services and the fund families and investment management firms.

Disciplinary Information

We have no disciplinary actions to disclose.

Other Financial Industry Activities And Affiliations

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

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

Clients of StanCorp Investment Advisers, Inc., may also be clients of Standard Insurance Company, Standard Retirement Services, Inc., StanCorp Mortgage Investors or StanCorp Equities, Inc.

StanCorp Investment Advisers, Inc. recommends the use of a stable value product issued by Standard Insurance Company to retirement plan clients of Standard Insurance Company and Standard Retirement Services, Inc. StanCorp Investment Advisers, Inc., receives only the fixed retainer fee from these companies, and does not receive additional compensation when recommending this investment option.



Code Of Ethics

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

StanCorp Investment Advisers, Inc., recommends the use of a stable value product issued by Standard Insurance Company to retirement plan clients of Standard Insurance Company and Standard Retirement Services, Inc. In order to overcome the potential conflict of interest this presents, this investment option is evaluated in the same manner as other, non-affiliated, options in this category. In addition, StanCorp Investment Advisers, Inc., receives only the fixed retainer fee from these companies and does not receive additional compensation when recommending this investment option.

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

Brokerage Practices

StanCorp Investment Advisers, Inc., where applicable, has the discretion to determine the broker and/or institution with which trades are executed, the specific securities that are purchased and the size of transactions without prior client consent, within client established guidelines. Transactions for the Standard Insurance Company portfolio are executed on a competitive basis when possible. If there is not more than one bid or offer, the transactions will be evaluated relative to a matrix of issuers with similar quality and maturity. Transaction size and issuer concentration are governed by the Standard Insurance Company investment policy, which may be changed at any time. Transactions for private clients are executed through a custodian platform. The basis for recommendation of the custodian includes availability of low-cost, high-quality mutual funds on the platform, transaction costs, and the accuracy and quality of trade execution and overall service to the client. StanCorp Investment Advisers, Inc., does not execute trades for soft dollar benefits.

We participate in the Schwab Advisor Network to a limited extent. The service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with StanCorp Investment Advisers, Inc. Schwab does not supervise StanCorp Investment Advisers, Inc., and has no responsibility for StanCorp Investment Advisers, Inc., management of clients' portfolios or StanCorp Investment Advisers, Inc., other advice or services. StanCorp Investment Advisers, Inc., pays Schwab fees to receive client referrals through the service. StanCorp Investment Advisers, Inc.'s, participation in the service may raise potential conflicts of interest. We may have an incentive to place client accounts with Schwab over another custodian.

In addition to Schwab, our private client assets may be custodied with T.D. Ameritrade, Fidelity or TIAA-CREF. However, Schwab is our preferred custodian. Due the size of the assets we have with Schwab, we have the ability to negotiate favorable transaction charges on behalf of our clients with them. In addition, Schwab provides a discount on our portfolio management software, Portfolio Center. This discount is an immaterial savings to our overall firm expenses.

Where individual clients are in specified model portfolios, transactions may be aggregated across relevant clients. This allows us to execute trades at a single price and may reduce transactions costs.

Review Of Accounts

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

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

Client Referrals And Other Compensation

StanCorp Investment Advisers, Inc., may, from time to time, enter into agreements with our employees or unrelated individuals for the purpose of obtaining client referrals. These individuals may be compensated for referring new business to us.

Custody

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

Investment Discretion

StanCorp Investment Advisers, Inc., takes investment discretion for most private clients and for participants in the Mainspring Managed service through a limited power of attorney in the case of private clients and via a participant agreement in the case of Mainspring Managed participants. For private clients, our investments are governed by the investment policy statement that the client develops with us when they engage our services. Clients have the opportunity to place restrictions on our authority. The Mainspring Managed service moves participant portfolios to more or less aggressive strategies based on the changes in the participants' situations, such as declining time to retirement, changes in assets relative to the retirement requirements, or other changes reported or requested by the participant. We do not have discretionary authority over retirement plan clients of Standard Retirement Services, Inc., beyond that for the Mainspring Managed service.

Voting Client Securities

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

Financial Information

StanCorp Investment Advisers, Inc., does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. A balance sheet is not required to be provided because StanCorp Investment Advisers, Inc., does not require prepayment of fees of more than \$1,200 per client, six months or more in advance.



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