



## **Trust Services Brochure**

**(Form ADV Part 2A)**

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**This brochure provides information about the qualifications and business practices of Curian Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 1-877-847-4192, or [curiancarecenter@curian.com](mailto:curiancarecenter@curian.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Curian Capital, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2. Material changes**

This is the first brochure related to the programs covered by this brochure and therefore there are no material changes.

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## **ADVISORY BUSINESS [Item 4]**

### **Principal Owners [Item 4.A.]**

Curian Capital has been in business since March 2003. In addition to the advisory services discussed in this brochure, we are the investment advisor and sponsor of the Curian Custom Style Portfolio managed account program and the WealthOne Strategist Solutions Mutual Fund & Exchange Traded Fund wrap program. Information about these programs may be obtained by contacting us at 1-877-847-4192.

Curian Capital is directly owned by Jackson National Life Insurance Company and ultimately owned by Prudential plc, which is publicly held (the “UK Parent”). The UK Parent and its affiliated companies constitute one of the world's leading financial services groups. It provides insurance and financial services through its subsidiaries and affiliates throughout the world. The UK Parent is not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America. As a result of its ownership by the UK Parent, Curian Capital is affiliated with other entities engaged in providing investment advisory and other related services.

### **Advisory Services [Item 4.B]**

Curian Capital offers investment management services to program sponsors in the programs covered by this brochure.

### **Investment Restrictions [Item 4.C.]**

Curian Capital acts as the investment manager for model portfolios offered in wrap and other separately managed account programs. Curian Capital creates and maintains the models, but does not tailor its services to the needs of particular clients. The program sponsor, and not Curian, is responsible for accommodating client requests to impose restrictions on investing in certain securities or types of securities.

As of December 31, 2011, Curian Capital managed more than \$7.2 billion in assets under management for its clients, all of which Curian managed on a discretionary basis.

## **FEES AND COMPENSATION [Item 5]**

Curian Capital's fees are computed on an annual, semi-annual, quarterly or monthly basis and are due upon receipt of the billing statement. Fees are generally paid by program sponsors in arrears, out of the fee the program sponsor collects from its clients, and vary by program sponsor.

Fees are generally computed based on the "market value" of assets under management in program clients' accounts. Fees are negotiable based on circumstances, such as affiliation or other relationships with Curian Capital or its affiliates, expectation of additional investments in the future and other circumstances. Curian Capital may also negotiate its fee for asset classes or investment strategies to organizations associated with or sponsored by Curian Capital.

Program clients may bear directly costs associated with custodians and other service providers to the account, as well as brokerage and other transaction costs associated with trading within the client account; program clients should consult their sponsors' disclosure documents or client agreements. Investors in mutual funds will also bear other fees relating to the pooled investment vehicle; such fees are disclosed in the prospectus or other governing document.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT [Item 6]**

Curian Capital does not charge performance-based fees.

## **TYPES OF CLIENTS [Item 7]**

Curian Capital provides model portfolio advice to banks, trust companies, and other program sponsors. Program sponsors determine minimum account sizes in their program.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS [Item 8]

### General Description [Item 8.A.]

*Model Portfolios.* Curian uses a proprietary process to formulate custom models. We employ a strategic asset allocation approach that determines which asset classes should be included and how they should be allocated in seeking to meet the investor's risk tolerance and investment goals. The optimization processes calculates the impact that an asset class's long-term return, volatility and return correlation assumptions will have when combined with other asset classes. The models have been diversified across the following major asset classes: Global Equity, Domestic Equity, International Equity, and Fixed Income. Through our proprietary process, we create a range of "efficient" model portfolios that attempt to maximize return potential at various risk levels, while corresponding to an investor's risk profile.

*Investment Vehicles.* The custom models are constructed as mutual fund asset allocation portfolios where Curian chooses from an extensive list of mutual funds and ETFs for managing specific components of the models and creating diversification within the various asset classes as needed. The asset allocation models are designed to take into consideration unique needs of trust accounts when part of a trust program.

*Customization Options.* Curian may, from time to time, provide an option for customization to its standard model portfolios when necessary to meet unique needs of a particular account.

The strategies used in the four major asset classes are:

**Equity strategies:** multi-cap (issuers of varied market capitalization), growth ( large cap and small cap), and value (large cap and small cap).

**International strategies:** developed, small cap and emerging. International portfolios invest primarily in non-U.S. issuers that trade in U.S. or non-U.S. markets. International portfolios may reflect growth, value, or a combination of both investment styles.

**Fixed income strategies:** core plus and intermediate term bond. Core plus strategies invest the majority of assets in investment-grade debt securities but also can invest in non-investment-grade securities, emerging market debt, and non-dollar denominated debt, and foreign currencies. Intermediate term strategies invest primarily in investment grade debt securities with maturities of moderate length that will vary in changing interest rate environments, including U.S. government securities or securities that are rated A or better or of comparable quality.

## **Material Risks for Significant Investment Strategies [Item 8.B.]**

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

### **Equity risks:**

*General Risks* — Stocks may decline significantly in price over short or extended periods of time. Price changes may occur in the market as a whole, or they may occur in only a particular country, company, industry, or sector of the market. In addition, the types of stocks in which a particular portfolio invests, such as value stocks, growth stocks, large-capitalization stocks, mid-capitalization stocks, small-capitalization stocks and/or micro-capitalization stocks, may underperform the market as a whole.

*Style Risk* — Growth stocks can be more volatile than other types of stocks. Value stocks can continue to be undervalued by the market for long periods of time. Additionally, dividends paid on common stocks can vary significantly over the short-term and long-term. Dividends on common stocks are not fixed, but are declared at the discretion of an issuer's board of directors. There is no guarantee that the issuers of common stocks will declare dividends in the future or that if declared, they will remain at current levels or increase over time.

*Small-cap Risk* — Small cap companies may lack the management expertise, financial resources, product diversification, and competitive strengths of larger companies. In addition, the frequency and volume of their securities' trading may be less than is typical of securities issued by larger companies, making them subject to wider price fluctuations. In some cases, there could be difficulties in selling the stocks of small-cap companies at the desired time and price.

### **International Risks**

Investing in securities or issuers in markets other than the United States involves risks not typically associated with U.S. investing, such as currency risk, risks of trading in non-U.S. securities markets, and political and economic risks.

*Currency Risk* — Because the non-U.S. securities in which the portfolios invest, with the exception of depositary receipts, generally trade in currencies other than the U.S. dollar, changes in currency exchange rates will affect the portfolio's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of securities. A strong U.S. dollar relative to these other currencies will adversely affect the value of a portfolio when expressed in U.S. dollars. Depositary receipts are also subject to currency risk.

*Non-U.S. Securities Market Risk* — Securities of many non-U.S. companies or U.S. companies with significant non-U.S. operations may be less liquid and their prices more

volatile than securities of comparable U.S. companies. Securities of companies traded in many countries outside the U.S., particularly emerging markets countries, may be subject to further risks due to the inexperience of local investment professionals and financial institutions, the possibility of permanent or temporary termination of trading, and greater spreads between bid and asked prices for securities. In addition, non-U.S. stock exchanges and investment professionals are subject to less governmental regulation, and commissions may be higher than in the United States. Also, there may be delays in the settlement of non-U.S. stock exchange transactions.

*Political and Economic Risks* — International investing is subject to the risk of political, social, or economic instability in the country of the issuer of a security, the difficulty of predicting international trade patterns, the possibility of the imposition of exchange controls, expropriation, limits on removal of currency or other assets, and nationalization of assets.

Additionally, income from non-U.S. issuers may be subject to non-U.S. withholding taxes. Non-U.S. companies generally are not subject to uniform accounting, auditing, and financial reporting standards or to other regulatory requirements that apply to U.S. companies; therefore, less information may be available to investors concerning non-U.S. issuers. In addition, some countries restrict to varying degrees foreign investment in their securities markets. These restrictions may limit investment in certain countries or may increase the cost of such investments.

*Emerging Markets Risk* — Investing in emerging markets generally involves exposure to economic structures that are less diverse and mature, and to political systems that are less stable, than those of developed countries. In addition, issuers in emerging markets typically are subject to a greater degree of change in earnings and business prospects than are companies in developed markets.

## **Fixed Income Risks**

*Credit Risk* — Credit risk is the risk that an issuer of a debt security will be unable to make interest and principal payments when due and the related risk that the value of a security may decline because of concerns about the issuer's ability to make such payments. Credit risk may be heightened for portfolios that invest in "high yield" securities.

*Income Risk* — The income earned from a portfolio may decline because of falling market interest rates. Also, if a portfolio invests in inverse floating rate securities, whose income payments vary inversely with changes in short-term market rates, the portfolio's income may decrease if short-term interest rates rise.

*Interest Rate Risk* — Interest rate risk is the risk that the value of a portfolio will decline because of rising interest rates. Interest rate risk is generally lower for shorter-term investments and higher for longer-term investments. Duration is a common measure of interest rate risk. Duration measures a bond's expected life on a present value basis, taking

into account the bond's yield, interest payments and final maturity. The longer the duration of a bond, the greater the bond's price sensitivity to changes in interest rates.

*Prepayment Risk* — During periods of declining interest rates, the issuer of certain types of securities may exercise its option to prepay principal earlier than scheduled, forcing a portfolio to reinvest in lower yielding securities. This is known as call or prepayment risk. Debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer.

*Extension Risk* — During periods of rising interest rates, the average life of certain types of securities may be extended because of lower than expected principal payments. This may lock in a below market interest rate, increase the security's duration and reduce the value of the security. This is known as extension risk.

*Inflation Risk* — The value of assets or income from investments may be lower in the future as inflation decreases the value of money. As inflation increases, the value of a portfolio's assets can decline, as can the value of a portfolio's distributions.

The foregoing list of risk factors does not purport to be a complete list or explanation of the risks involved in an investment strategy. Prospective clients and clients are encouraged to review the prospectuses for the mutual funds selected for their accounts. In addition, as investments and markets change, strategies may be subject to additional and different risk factors not discussed here.

#### **Material Risks for Significant Types of Securities [Item 8.C.]**

Not applicable.

#### **DISCIPLINARY INFORMATION [Item 9]**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS [Item 10]**

##### **Broker-Dealer /Commodity Registration [Item 10.A.]**

Neither Curian Capital nor any of its management persons are registered, or have an application pending to register, as a broker-dealer, a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. Several management persons of Curian Capital are registered representatives of a broker-dealer affiliated with Curian Capital.



## **Other Material Relationships [Item 10.C.]**

### Other Financial Industry Activities and Affiliations

Curian Capital is an indirect, wholly owned subsidiary of Prudential plc. We are affiliated by common ownership with a variety of financial services companies, including the following:

### Broker-Dealers

National Planning Corporation ("NPC"), IFC Holdings, Inc. d/b/a INVEST Financial Corporation ("INVEST"), Investment Centers of America, Inc. ("ICA"), Curian Clearing LLC, and SII Investments, Inc. ("SII"), are each registered as a broker-dealer and/or an investment advisor with the SEC and various state securities agencies, and each is a member firm of FINRA.

Jackson National Life Distributors, LLC ("JNLD") is a broker-dealer registered with the SEC and member firm of FINRA. JNLD acts as principal underwriter of variable insurance products issued by Jackson National Life Insurance Company ("Jackson") and Jackson National Life Insurance Company of New York ("Jackson NY"). See also "Insurance Companies/Investment Companies" below.

Certain of our executive officers and directors also serve as officers and/or directors of these affiliated entities.

### Insurance Companies/Investment Companies

Jackson and Jackson NY issue variable annuity and life insurance products that are registered under the Investment Company Act of 1940, as amended. The separate accounts of Jackson and Jackson NY that issue variable products are similarly registered as investment companies.

Brooke Life Insurance Company is an insurance company offering traditional life insurance and annuity products.

### Investment Advisors

NPC, INVEST, SII and ICA are each registered as an investment advisor with the SEC. Jackson National Asset Management, LLC ("JNAM") is also an investment advisor registered with the SEC. JNAM serves as investment advisor to: the JNL Series Trust, the JNL Investors Series Trust, the JNL Variable Fund, LLC, the JNL Variable Fund III, LLC, the JNL Variable Fund IV, LLC, and the JNL Variable Fund V, LLC and (with respect to Jackson NY) the JNLNY Variable Fund I, LLC, and the JNLNY Variable Fund II, LLC.

PPM America, Inc. ("PPM") is an investment advisor registered with the SEC. PPM serves as the investment manager for the general accounts of Jackson and Jackson NY and as a sub-advisor to certain series of the JNL Series Trust and JNL Investors Series Trust. M&G

Investment Management Ltd. is also a registered investment advisor that offers advisory and investment management services to investors, institutions, trusts, and investment companies.

Jackson Investment Management, LLC is an SEC registered investment adviser that provides ongoing investment advice, economic analyses, asset allocation and manager recommendations to institutions. Certain officers and employees of Curian Capital also serve as officers and employees of Jackson Investment Management, LLC in supporting its advisory activities.

**Receipt of Compensation from Investment Advisers [Item 10.D.]**

Curian Capital does not recommend or select other investment advisers for its clients.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING [Item 11]**

### **Code of Ethics [Item 11.A.]**

Curian Capital has implemented procedures aimed at ensuring that employee and client transactions do not create a conflict of interest. Curian Capital's Code of Ethics, which is provided to clients upon request, governs the professional conduct and personal securities trading of all officers, directors and employees of Curian Capital. Curian Capital requires all supervised persons to obtain prior approval on transactions involving initial public offerings and private placements. Persons in Curian Capital's Asset Management Group and other individuals having access to investment and trading information as a regular part of their job must obtain prior approval on all non-exempt personal transactions in which they are a beneficial owner. Curian Capital also receives duplicate brokerage confirmations and statements from their brokers to assist it in monitoring personal transactions to prohibit insider trading and ensure compliance with its Code of Ethics. Curian Capital will provide a copy of the code of ethics to any client or prospective client upon request.

### **Participation or Interest in Client Transactions [Item 11.B.]**

Neither Curian Capital nor any related person, in connection with the services it provides to program sponsors, acts as principal when buying securities from or selling securities to clients or acts as general partner in a partnership in which Curian Capital solicits client investments

Curian Capital and its affiliates act as investment advisers to mutual funds that Curian Capital may include in the model portfolios it provides to program sponsors. Program sponsors may exclude mutual funds managed by Curian Capital or an affiliate from their programs.

## **BROKERAGE PRACTICES [Item 12]**

### **Broker-Dealer Selection [Item 12.A.]**

In the programs covered by this brochure, Curian Capital does not select broker-dealers to execute transactions. Curian Capital uses a third party trading and clearing platform selected by the program sponsor.

### **Research and Other Soft Dollar Benefits [Item 12.A.1.]**

Curian Capital does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions.

**Brokerage for Client Referrals [Item 12.A.2.]**

In the programs covered by this brochure, Curian Capital does not select broker-dealers to execute transactions.

**Directed Brokerage [Item 12.A.3.]**

Not applicable.

**Aggregation of Trades [Item 12.B.]**

In the programs covered by this brochure, program sponsors direct Curian to use a particular broker-dealer. Therefore, Curian may not be able to aggregate orders for the program with orders for its other clients to reduce transaction costs, or the client may receive less favorable prices.

**REVIEW OF ACCOUNTS [Item 13]**

Curian Capital's portfolio managers responsible for each particular investment style regularly monitor and update the models under their supervision and formally review each model within their style as frequently as deemed appropriate for such model (which may be daily, monthly or quarterly as applicable). Curian Capital does not review individual client accounts or send reports to clients.

**QUARTERLY REPORTING TO FUND****CLIENT REFERRALS AND OTHER COMPENSATION [Item 14]****Other Compensation [Item 14.A.]**

In the programs covered by this brochure, Curian Capital does not receive an economic benefit from any third party for providing investment advice or other advisory services to any of program clients. Curian Capital does not currently compensate unrelated third parties for program client referrals.

**CUSTODY [Item 15]**

Client assets are held by a qualified custodian and account statements are delivered at least quarterly directly from the qualified custodian to the client. Clients should carefully review their account statements.

**INVESTMENT DISCRETION [Item 16]**

Curian Capital does not accept investment discretion to manage securities accounts in the programs covered by this brochure.

**VOTING CLIENT SECURITIES [Item 17]**

Curian Capital does not have the authority to vote securities held in clients' accounts in the programs covered by this brochure.

**FINANCIAL INFORMATION [Item 18]**

Curian Capital does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and therefore has not included a balance sheet of its most recent fiscal year. Also, Curian Capital is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients and has not been the subject of a bankruptcy petition at any time during the past ten years.