

GALLIARD CAPITAL MANAGEMENT INC.

January 9, 2017



ITEM 1 – COVER PAGE

This Part 2A to the Form ADV (the “Brochure”) for Galliard Capital Management (“Galliard”) provides information about the qualifications and business practices of Galliard. If you have any questions about the contents of this Brochure, please contact us at 1-800-717-1617 and/or Galliard@Galliard.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.

Galliard is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Galliard also is available on the SEC’s website at www.adviserinfo.sec.gov.



ITEM 2 – MATERIAL CHANGES

Galliard has identified no reportable material changes since our last update to form ADV. Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes and subsequent Brochures within 120 days of the close of our business' fiscal year. We will provide other ongoing disclosure information about material changes as necessary.

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

Currently, our Brochure may be requested free of charge by contacting Mike Norman, Partner at 612-667-3219 or Michael.D.Norman@Galliard.com.

Additional information about Galliard is also available via the SEC's web site www.adviserinfo.sec.gov. While Galliard does not have investment advisor representatives, the SEC's web site does provide information about any persons affiliated with Galliard who are registered, or are required to be registered, as investment advisor representatives of Galliard.





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ITEM 4 – ADVISORY BUSINESS

Galliard is an institutional investment advisory firm specializing in fixed income and stable value management. Galliard was founded in 1995 as a wholly-owned subsidiary of Wells Fargo Bank, N.A. (then Norwest Bank) by John Caswell, Richard Merriam and Karl Tourville. Wells Fargo Bank is a wholly owned national bank subsidiary of Wells Fargo & Company one of the nation's premier financial services companies based in San Francisco, California, collectively referred to as "Wells Fargo".

As Galliard has operated independently from Wells Fargo, since its inception the three Founding Managing Partners have implemented succession planning and a Galliard committee structure designed to provide oversight and governance of key Galliard processes. In addition, over the last several years, Founding Managing Partner John Caswell has delegated day to day responsibilities related to client service, operations, compliance and risk management to Galliard's Chief Administrative Officer ("CAO"), Chief Operating Officer ("COO") and Chief Compliance Officer ("CCO"). Over the same period, the three Founding Managing Partners have continued to formalize Galliard's committee structure, defining oversight responsibilities for each through committee charters. Key personnel across all areas of the firm, including Galliard's CAO, COO and CCO, are responsible for and participate in these Galliard committees. These committees facilitate consistency in the implementation of Galliard's management strategies and risk management processes as well as employee cross-training and succession planning.

In addition, there are numerous Galliard professionals directly responsible for the management of client assets, as identified in the Part 2B Brochure Supplement. The analysis and decision making process regarding Fixed Income and Stable Value management at Galliard is further described in Item 8 of this document.

As Galliard prepared for the retirement of Founding Managing Partner John Caswell, he completed the delegation of his day to day responsibilities as of June 2016, but remained with Galliard in a consultative role through the end of 2016. Mr. Caswell subsequently retired from Galliard, as planned, on January 3, 2017.

The Galliard committee structure is based on two key oversight committees, each of which has specified sub committees. These two key committees, the Operating Committee and the Investment Committee are further described below.

Operating Committee The primary purpose of the Operating Committee is to provide oversight of Galliard's corporate activities, such as product growth, financial performance, operational risk management, and major investments. The Operating Committee has delegated authority to the following sub-committees.

- The Compliance Committee provides oversight of Galliard's compliance program, pursuant to Rule 206(4)-7 of the Investment Advisers Act of 1940, and other policies and procedures.
- The New Business & Fee Committee provides oversight and approval for new business opportunities, investment management fee schedules utilized for new and existing clients, and agreements/contracts between clients, client facing trading partners and record-keepers and other client related parties, and Galliard. The Client Contract



Committee is a sub-committee of the New Business & Fees Committee and reports on the status of proposed or revised investment management agreements.

- The System Governance Group provides direction to Galliard Technology to ensure development and enhancement requests add positive value and align with Galliard's business goals and strategies.

Investment Committee (f/k/a Fixed Income Committee) The primary purpose of the Investment Committee is to provide approval and oversight of Galliard's stable value and fixed income investment strategies, trading and portfolio management and performance of Galliard client accounts. The Investment Committee has delegated authority to the following sub-committees.

- The Contract Provider Credit Committee provides oversight and approval of stable value investment contract issuers that are utilized by Galliard.
- The Stable Value Separate Account Strategy Committee establishes and oversees implementation of Galliard's stable value strategies for separate accounts.
- The Stable Value Collective Funds Strategy Committee establishes and oversees implementation of the Stable Return Fund and Managed Income Fund.
- The Fixed Income Valuation Committee oversees execution of Galliard's Valuation Policy and determines and/or approves valuations that cannot be determined under the Policy's pricing priority order.
- The External Manager Oversight Sub-Committee provides oversight and approval of Galliard's External Manager Program.
- The Investment Contract Review Committee provides oversight and approval of stable value investment contract terms and standards as utilized by Galliard.

Our integrated team approach and committee structure helps support the fixed income and stable value strategies and products offered to our clients.

The following is a summary of Galliard's main lines of business:

Stable Value Management. Galliard offers its stable value management services in either separate account or collective fund strategies to plans qualified under Sections 401(a) or 401(k) of the Internal Revenue Code, 457(b) plans for governmental entities, or collective investment trusts under the Internal Revenue Service Ruling 81-100. This management style is designed to provide clients with a customized vehicle for investment in a portfolio of securities and other financial instruments having fixed income characteristics, including, but not limited to, guaranteed investment contracts and security backed contracts, with the objectives of preserving capital and obtaining a moderate level of return. Galliard also provides daily valuation services for defined contribution stable value plans for a fixed fee, which varies depending on services provided. Galliard acts as advisor to the Wells Fargo Stable Return Fund ("SRF") and the Wells Fargo Synthetic Stable Value Fund, also known as the Galliard Managed Income Fund ("MIF"). The purpose of SRF and MIF is to provide accounts which are qualified under ERISA and certain governmental plans with a vehicle for collective investment and reinvestment in a portfolio of securities and other financial instruments having fixed income characteristics, including, but not limited to, guaranteed investment contracts and security backed contracts, with the objectives of preserving capital and obtaining a moderate level of return. SRF and MIF are collective investment funds managed and trustee by Wells Fargo Bank, N.A.



Fixed Income Separate Account Management. Galliard offers customized active fixed income management against client-driven objectives and benchmarks. Our fixed income philosophy and approach attempts to generate income and control risk.

Collective Bond Fund Management. Galliard acts as investment advisor to certain Wells Fargo Collective Bond Funds. The purpose of the Fixed Income Funds is to provide Qualified Accounts with a vehicle for collective investment and reinvestment in a portfolio of fixed income securities. The funds are managed by Wells Fargo Bank, N.A., which also serves as trustee.

Wells Fargo Mutual Funds - Fixed Income Funds. Galliard provides fixed income sub-advisory services to its affiliate, Wells Fargo Funds Management, LLC, in managing certain mutual fund assets in the Wells Fargo Master Trust which are distributed by Wells Fargo Funds Distributor, LLC, member NYSE/SIPC.

High Yield Fixed Income Separate Account Management. Galliard offers a customized strategy with an allocation to high yield fixed income securities. High yield securities are bonds rated below investment grade, are unrated, or in default at the time of purchase. These securities generally present a greater risk of loss and experience more price volatility than investment grade securities.

Galliard advises certain stable value and fixed income collective investment funds on behalf of Wells Fargo. Galliard's parent company has other subsidiaries that may also advise or sub-advise collective investment funds or mutual funds on behalf of Wells Fargo. Galliard's investment advice will be based on each client's individual needs, investment objective and assets as described by the client. Based on these factors Galliard may recommend to its clients the collective investment funds and/or mutual funds Galliard or its affiliates manage. Such recommendations would result in revenue to an affiliate or Galliard's parent company.

As of 12/31/2015, Galliard managed \$84,432,580,674.81 on a discretionary basis and \$951,648,958.79 on a non-discretionary basis, which includes all assets in stable value investment options for which Galliard provides investment advisory services.

ITEM 5 – FEES AND COMPENSATION

Galliard charges fees for investment management services based on a limited number of major distinctions among its clients. As a wholly-owned subsidiary of Wells Fargo, Galliard has certain Wells Fargo advisory fee schedules that are only applicable to accounts managed for Wells Fargo. Meanwhile, Galliard has various fee schedules for other clients investing directly in a Galliard strategy either through a Wells Fargo collective fund, a separate account stable value investment strategy, a fixed income investment strategy or high yield fixed income strategy.

Management fees for advisory services for assets solely invested in fixed income collective funds or fixed income separate accounts are calculated and billed based on the market value of fund assets. Management fees for stable value collective funds or stable value separate accounts are typically calculated and billed quarterly based on quarter end book values. As requested by clients, fees may be based on a different methodology, including monthly calculation and monthly billing. Certain employee benefit plan portfolios are valued daily and accrue an advisory fee based on the daily book value of the plan portfolio. These fees are typically paid quarterly.



The specific manner in which fees are charged by Galliard is established in a client's written agreement with Galliard. Reduced or negotiated fees may be applicable to accounts with special circumstances, such as large asset balances, wholesale relationships, and competitive bids through formal requests for proposals. Fixed dollar fees may be negotiated where clients receive advice but not discretionary management. In certain special circumstances, fees may be paid in advance. In such cases, fees will be refunded pro rata upon termination of the investment agreement by either party. Below is a summary of the various fee schedules for investment advisory services.

Wells Fargo Accounts Advisory Fee Schedules

Wells Fargo Collective Funds

Stable Value Accounts. For Wells Fargo sourced assets that are invested in SRF, Galliard receives an advisory fee paid in accordance with the following fee schedule:

For all assets the fee payable is 0.10%

Ultra-Short Bond Collective. For Wells Fargo sourced assets that are invested in the Ultra-Short Bond Collective, the following table represents the maximum fee schedule applicable:

For all assets the maximum fee payable is 0.16%

Wells Fargo Mutual Funds

Fixed Income Funds. For assets in the Wells Fargo Mutual Funds – Fixed Income Funds, Galliard receives a sub-advisory fee paid in accordance with the following fee schedules:

Managed Fixed Income Fund

For the first \$100 million in assets the fee payable is 0.20%
 For the next \$200 million in assets, the fee payable is 0.175 %
 For the next \$200 million in assets, the fee payable is 0.15%
 For amounts over \$500 million in assets, the fee payable is 0.10%

Stable Income Fund

For the first \$100 million in assets, the fee payable is 0.15%
 For the next \$200 million in assets, the fee payable is 0.10%
 For amounts over \$300 million in assets, the fee payable is 0.05%

Galliard Fee Schedules (Non Wells Fargo Accounts)

Galliard's minimum account/relationship size is generally \$1 million for Galliard accounts invested in the stable value accounts including SRF and MIF. Generally \$10 million for an account invested in fixed income Collective Bond Funds, and generally \$25 million for a fixed income separate account portfolio. Minimum account size may be waived based on expected growth, total relationship or other factors as determined by Galliard.



Stable Value Management Fee Schedule. For the portion of a client's assets invested in SRF, MIF, or a stable value separate account sourced by Galliard, the following table represents the maximum fee schedule applicable:

For the first \$10 million in assets, the fee payable is 0.40%
 For the next \$10 million in assets, the fee payable is 0.35%
 For the next \$10 million in assets, the fee payable is 0.30%
 For the next \$20 million in assets, the fee payable is 0.25%
 For amounts over \$50 million, the fee charged on any balance would be negotiated

Fixed Income Management Fee Schedule. For the portion of a client's assets which are invested in a fixed income investment strategy using separate accounts or the Wells Fargo Collective Bond Funds sourced by Galliard, the following table represents the maximum fee schedule applicable to the collective bond fund:

For the first \$50 million in assets, the fee payable is 0.30%
 For the next \$50 million in assets, the fee payable is 0.25%
 For the next \$100 million in assets, the fee payable is 0.20%
 For amounts over \$200 million, the fee charged on any balance would be negotiated

Ultra-Short Bond Collective. For the portion of a client's assets that are invested in the Ultra-Short Bond Collective sourced by Galliard, the following table represents the maximum fee schedule applicable:

For all assets the fee payable is 0.16%

High Yield Fixed Income Management Fee Schedule. For that portion of a client's assets which are invested in a high yield fixed income investment strategy, the following table represents the maximum fee schedule applicable to the fund:

For the first \$25 million in assets, the fee payable is 0.50%
 For the next \$25 million in assets, the fee payable is 0.40%
 For the next \$50 million in assets, the fee payable is 0.30%
 For amounts over \$100 million, the fee charged on any balance would be negotiated

Assets that are invested in a Wells Fargo Collective Fund are subject to management fees from either Galliard or Wells Fargo, but not both. Clients investing in a Wells Fargo Collective Fund sign a participation agreement with Wells Fargo which discloses any applicable fees imposed by Wells Fargo including but not limited to operational and/or trustee fees.

Other Fees

If requested by a client, Galliard provides advice to other institutions or advisors regarding new investment products where it does not directly manage assets but serves as advisor in selecting assets, investment contracts and/or managers and may monitor their performance on an ongoing basis. Fees for this service would be negotiated in each circumstance as a percent of assets advised or a fixed fee.

Some Galliard clients may also be clients of other Wells Fargo affiliates. Any fees charged by these other affiliates are delineated in contracts executed between those Galliard clients and the affiliates involved. Galliard is generally not a party to these agreements.



ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Galliard does not manage investments for its own account, and since Galliard only provides its services to institutional clients, it does not directly manage investments for any employee of the firm. Additionally, Galliard does not currently have any performance-based fee arrangements. In rare cases, Galliard has entered into performance-based fee arrangements with certain clients.

Galliard will structure any performance or incentive fee arrangement subject to the requirements of Section 205(a)(1) of the Investment Advisers Act of 1940 (The “Advisers Act”) in accordance with the available exemptions, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, Galliard includes all income, realized and unrealized capital gains and losses, and transaction costs. Performance based fee arrangements may appear to create an incentive for Galliard to recommend investments which have the potential for higher returns, but also may represent higher risk than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Galliard has adopted the necessary procedures designed and implemented to ensure that clients are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities among its clients.

ITEM 7 – TYPES OF CLIENTS

Galliard Capital Management offers two main variations of fixed income management:

- | Customized active management against client-driven objective and benchmarks.
- | Stable value management for qualified retirement plans and deferred compensation programs.

Galliard markets its advisory services to institutional investors, including but not limited to: Banking or Thrift institutions; Corporate and Public Employee Benefit Plans; Taft-Hartley Plans; Private and Public Foundations and Endowments; Public Entities; other taxable and tax exempt organizations and trusts; as well as Bank Owned Life Insurance (“BOLI”) and Company Owned Life Insurance (“COLI”) products.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Fixed Income Investment Decision Making

Galliard portfolios are managed using a team approach, blending top down and bottom up disciplines into the overall investment decision making process. The Galliard Investment Committee provides formal oversight on a monthly basis. Galliard's Sector Teams together with the Client Portfolio Management Team implement the investment strategy on a daily basis for each client portfolio. This includes idea generation, relative value analysis, credit review and analysis, and trading. While most trade ideas are discussed before execution among traders, analysts and if needed client portfolio managers, transactions are reviewed in the daily investment meetings attended by the investment staff, which typically includes one or more Founding Managing Partners. Following is additional information regarding the structure and



responsibilities of Galliard's Investment Committee, Sector and Client Portfolio Management Teams.

Sector Teams. Galliard's Corporate Sector Team and the Structured Sector Team are responsible for implementation of sector strategies and individual security selection within client portfolios in conjunction with the Client Portfolio Management Team. Each team consists of a sector head, traders and designated analysts who meet periodically to discuss and refine current sector strategy, discuss credit reviews and investment opportunities and provide information for review by the Investment Committee.

Client Portfolio Management team. The Client Portfolio Management team is responsible for monitoring client accounts, including reviewing portfolio activity and positioning regularly. The Client Portfolio Management Team works in conjunction with the Sector Teams and the Investment Committee to ensure client portfolios are managed in accordance with a client's specific guidelines and objectives and within or consistent with the established investment strategy for that account.

Investment Committee. Galliard's Investment Committee provides approval and/or oversight of Galliard's stable value and fixed income investment strategies, trading and portfolio management and performance of Galliard client accounts. The Committee may delegate authority to sub-committees. The Committee meets on a monthly basis, reviews and affirms Galliard's broad investment strategy and portfolio positioning, and economic outlook, which are informed by current and long-term market and investment themes presented in the daily investment meeting. The Committee is also responsible for validating risk parameters for all investment strategies.

Stable Value Portfolio Management Investment Decision Making

Galliard believes that stable value portfolio management must be integrated within the broader fixed income management process. The key building block of Galliard's stable value portfolios is traditional fixed income management as previously described in the Fixed Income Investment Decision Making section above. Galliard employs techniques with particular emphasis on high quality securities, broad diversification, adequate liquidity, controlled market risk (duration) and a disciplined risk management and investment process designed to identify the best fundamental values in all fixed income sectors.

All Galliard stable value portfolios are managed through an integrated team approach. The team is supported by the stable value client portfolio managers and analysts (primarily responsible for day-to-day client service, monitoring of cash flows and portfolio allocations, and monthly/quarterly portfolio reporting) and the Galliard contracts team primarily responsible for supporting Galliard's contract issuer relationships and negotiating/executing contracts. Contract level strategy responsibilities include selection of and diversification among approved contract issuers and contract types, preparation of bidding specifications, and review of account-specific contract terms. Portfolio allocation decisions are made regarding allocations to each account's liquidity buffer and approved underlying fixed income investment managers, strategies, and vehicles. Allocation decisions are informed by the overall strategy for each account, which is developed in consideration of a number of factors including each account's objective and guidelines, expected cash flows, demographics, plan characteristics, client preferences, and the availability of stable value investment contracts and their terms. This process and its relation to the other functional areas of the firm is coordinated via daily cash flow monitoring and the daily investment meeting, weekly client portfolio management meetings, monthly reviews of account allocations, and participation in relevant Galliard committee meetings.



Stable Value Separate Account Strategy Committee: a sub-committee to Galliard's Investment Committee and establishes and oversees implementation of Galliard's stable value strategies for separate accounts. The Stable Value Separate Account Strategy Committee consists of at least one of the Galliard Founding Managing Partners and members of Galliard's senior management and stable value team.

Stable Value Collective Funds Strategy Committee: a sub-committee to Galliard's Investment Committee and establishes and oversees implementation of the Stable Return Fund and Managed Income Fund. The Stable Value Collective Funds Strategy Committee consists of at least one of the Galliard Founding Managing Partners and members of Galliard's senior management and stable value team.

Investment Contract Review Committee: a sub-committee to Galliard's Investment Committee and is responsible for securing benefit responsive wrap contracts with eligible providers. The Investment Contract Review Committee consists of at least one of the Galliard Founding Managing Partners and members of Galliard's contracts team, client service, issuer management, client portfolio management and operations.

Contract Provider Credit Committee: a sub-committee to Galliard's Investment Committee and reviews the credit information provided for all new contract issuers, as well as any credit changes for existing contract issuers. In addition, the Credit Committee is presented with the results of any due diligence visits conducted by the credit analysts. Based on this information, the Contract Provider Credit Committee reviews and approves all contract issuers, and any restrictions on investments with an issuer or termination of any existing issuer relationships. The Contract Provider Credit Committee consists of at least one of the Galliard Managing Partners and shall include members of Galliard's senior management, stable value team, investment team and Client Portfolio Management Team.

Principal Risk Factors

As is true of any form of investment, there is the risk of principal loss or underperformance relative to benchmarks or other investment options. Underperformance or principal loss may be the result of many factors. Some of these factors include:

Counterparty risk. With any agreement to purchase or sell securities or investment contracts there is the risk that the other party (known as a counterparty) will not fulfill its obligations. If a counterparty fails to fulfill its obligations, Galliard clients could be exposed to investment losses.

Credit risk. Securities are subject to credit risk. Credit risk is the possibility that an issuer or credit support provider of an instrument will be unable to make interest payments or repay principal when due. Changes in the financial strength of an issuer or credit support provider or changes in the credit rating of a security may affect its value.

Derivative risk. The term "derivatives" covers a broad range of investments, including futures, options and swap agreements. In general, a derivative refers to any financial instrument whose value is derived, at least in part, from the price of another security or a specified index, asset or rate.



The use of derivatives presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. The use of derivatives can lead to losses because of adverse movements in the price or value of the underlying asset, index or rate, which may be magnified by certain features of the derivatives. These risks are heightened when the portfolio manager uses derivatives to enhance a portfolio's return or as a substitute for a position or security, rather than solely to hedge (or offset) the risk of a position or security held by the portfolio. The success of Galliard's derivatives strategies will also be affected by its ability to assess and predict the impact of market or economic developments on the underlying asset, index or rate and the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. Certain derivative positions may be difficult to close out when a portfolio manager believes it would be appropriate to do so. Certain derivative positions (e.g., over-the-counter swaps) are subject to counterparty risk.

Transactions in futures contracts involve certain risks and transactions costs. Risks include imperfect correlation between the price of the futures contracts and the price of the underlying securities, the possible absence of a liquid secondary market for any particular instrument, the counterparty or guaranteeing agent defaulting, and trading restrictions imposed by futures exchanges due to price volatility. Futures contracts involve the posting of margin deposits, and movement in the underlying securities result in calls for additional payments of cash. The need to make such additional payments could require that securities be liquidated at a disadvantageous time.

Foreign investment risk. Foreign investments are subject to additional risks, including potentially less liquidity and greater price volatility. These additional risks also include those related to adverse political, diplomatic, regulatory, market or economic developments, and foreign markets can and often do perform differently from U.S. markets. Moreover, individual foreign economies will differ favorably or unfavorably from the U.S. economy in such respects as growth of Gross Domestic Product, rate of inflation, capital reinvestment, resource self-sufficiency, and balance of payment positions. Additionally, foreign companies may be subject to significantly higher levels of taxation than U.S. companies, including potentially confiscatory levels of taxation, thereby reducing their earnings potential. The securities in some foreign companies may be less easy to buy and sell (that is, less liquid) and their prices may be more volatile than securities of comparable U.S. companies. In addition, the differing securities market structures and various potential administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends, may reduce liquidity and adversely affect the value of some securities.

Inflation-protected debt securities risk. Inflation-protected debt securities are structured to provide protection against the negative effects of inflation. Inflation is a general rise in the prices of goods and services which can erode an investor's purchasing power. Unlike traditional debt securities whose return is based on the payment of interest on a fixed principal amount, the principal value of inflation-protected debt securities is periodically adjusted according to the rate of inflation and as a result, interest payments will vary. For example, if there is deflation, the amount of interest payable on such security will consequently be reduced. Conversely, if the index measuring the rate of inflation rises, the principal value on such securities will rise and the amount of interest payable will also increase. The value of inflation-protected debt securities is expected to change in response to changes in real interest rates. Generally, the value of an inflation-protected debt security will fall when real interest rates rise and inversely, rise when real interest rates fall.



Information risk. The risk that information about a security is unavailable, incomplete or inaccurate.

Interest rate risk. Debt securities, such as notes and bonds, are subject to interest rate risk. Interest rate risk is the risk that if market interest rates the resale value of certain debt securities, including U.S. Government obligations may decline. Debt securities with longer durations are generally more sensitive to interest rate changes than those with shorter durations although in certain situations shorter duration securities may decline in price more dramatically than longer duration securities. Changes in market interest rates do not affect the coupon rate payable on an existing debt security, unless the instrument has adjustable or variable rate features, which can also mitigate its exposure to interest rate risk.

Issuer risk. The value of a security may decline for a number of reasons that directly relate to the issuer such as management performance, financial leverage, and reduced demand for the issuer's goods, services or securities.

Liquidity risk. This risk generally relates to the degree to which an investment can be easily sold or converted into cash or cannot be sold without adversely affecting the price.

Management risk. This is the risk that the investment techniques and risk analyses and operational duties used by portfolio managers will not produce the desired results, which may lead to unanticipated losses or underperformance or impact to coverage of investment contracts in the case of a stable value account.

Market risk. The market price of securities owned may go up or down, sometimes rapidly or unpredictably. Securities may decline in value or become illiquid due to factors affecting securities markets generally or particular industries represented in the securities markets, such as labor shortages or increased production costs and competitive conditions within an industry. A security may decline in value or become illiquid due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. During a general downturn in the securities markets, multiple asset classes may decline in value or become illiquid simultaneously.

Multi-Style Management risk. Because certain portions of the assets of certain client accounts may be managed externally by different portfolio managers using different styles, those clients could experience overlapping security transactions. Certain portfolio managers may be purchasing securities at the same time other portfolio managers may be selling those same securities. This may lead to higher transaction expenses. Also different portfolio managers may be purchasing securities from the same issuer, thereby increasing Issuer Concentration.

Prepayment risk and Extension risk. Prepayment risk is the risk that the issuer of a security owned within a portfolio will choose to repay all or a portion of the principal amount at a time when interest rates have declined. Because interest rates have declined, a client may have to reinvest the proceeds at lower interest rates, which can reduce the portfolio return. Extension risk is when rising interest rates tend to extend the duration of securities, making them more sensitive to changes in interest rates. As a

result, in a period of rising interest rates, these securities may exhibit additional volatility, including the lengthening of the securities expected maturity.

Regulatory risk. Changes in laws, government rules and regulations may adversely affect the value of a security or impact the ability of a portfolio to function as normally expected. Changes in accounting treatment may also impact the value of a security or the ability of investment contracts to allow transactions at contract value.

Sector Emphasis risk. Sector emphasis risk refers to the fact that securities within an industry or sector share common characteristics and therefore, even when security diversification within a sector is present, a significant economic, political or market event could affect all securities in a similar manner.

Structured Products risk, Mortgage and asset-backed securities represent interests in “pools” of mortgages or other assets, including consumer loans or receivables held in trust. In addition, mortgage dollar rolls are transactions in which a Fund sells mortgage-backed securities to a dealer and simultaneously agrees to purchase similar securities in the future at a predetermined price. Mortgage- and asset-backed securities, including mortgage dollar roll transactions, are subject to many of the other risks identified in this section and particularly, liquidity, prepayment and extension risk. Additionally, while these securities provide some diversification by pooling assets together, this does not eliminate the risk of default, provide a guarantee of return, or provide protection from economic factors affecting the value of the individual securities or the sector which they represent. During periods of economic downturn, these securities may be subject to a heightened level of the aforementioned risks, and particularly the risk of default on the underlying mortgages or assets.

U.S. Government Obligations risk. Payment of principal and interest on U.S. Government Obligations (i) may be backed by the full faith and credit of the United States (as with U.S. Treasury bills and GNMA certificates) or (ii) may be backed solely by the issuing or guaranteeing agency or instrumentality itself (as with FNMA notes for example). In the case of U.S. Government Obligations which are backed solely by the issuing or guaranteeing agency, investors must look principally to the agency or instrumentality issuing or guaranteeing the obligation for ultimate repayment, which agency or instrumentality may be privately owned. In these cases, there is no assurance that the U.S. Government will provide financial support to its agencies or instrumentalities where it is not obligated to do so. Additionally, securities issued by these entities are subject to legislative and/or regulatory changes that may impact the entity and/or their future relationship with the U.S. Government.

Yield Curve risk. Yield curve risk refers to the exposure that a security or portfolio may have in the event of changes in the yield differences required by investors between short and long term debt instruments, (i.e. the yield curve) that will affect the return of an investment either positively or negatively.

The list above is not designed to be exhaustive, but instead is intended to provide a sense of the various factors which make an investment return far from certain, no matter what the context of the investment.



Risk of Loss in the Stable Value Context – In addition to the risks enumerated above, an investment in a Stable Value instrument is subject to certain additional risks. Some of these principal risks include:

Availability of investment contracts. The structure of a stable value fund requires the use of investment contracts. At any given point in time, an adequate amount of the investment contracts required by the fund may not be available. The inability of a stable value fund to purchase investment contracts may arise from a number of different causes. These causes may include the flow of additional assets from existing participants which investment contract providers are unable or unwilling to cover, the termination of existing investment contracts when replacements are not available, the exit of an investment contract issuer from the business of offering investment contracts, or other reasons. In addition, while an investment contract issuer may always terminate an investment contract if breached for cause, under certain circumstances, an investment contract issuer may terminate the contract without cause. (An example of this would be when the market value of the contract exceeds book value.) If there is no other provider willing to provide a replacement investment contract, more assets of the fund may have to be invested in cash or cash equivalent vehicles than might be otherwise desirable, and this may impact the yield of the fund.

Cash Flow risk. This is the risk, in the context of a stable value fund, that the net effect of a fund's contributions or withdrawals will have a negative impact on the fund's blended yield, thereby decreasing the income which the fund generates for participants, or ultimately resulting in the need to invoke the terms of the coverage provided by the fund's investment contracts). Also included in this risk is the notion that cash flows may be different than expected, making it more difficult to manage the investments in the fund. For example, as interest rates fall, investments due to positive cash flow from participant contributions and transfers may earn a lower rate of interest than the fund's current crediting rate.

In the context of the Wells Fargo Stable Return Fund, stable value separate account portfolios managed by Galliard may employ a strategy which incorporates the use of SRF as a component of the "liquidity buffer" for the separate account. In these situations, a separate account may hold a portion of its assets in the SRF for liquidity management. In these situations, the separate account may call on some or all of the assets so invested in the SRF to supply participants' liquidity needs. This strategy could potentially have the effect of increasing the normal liquidity needed by SRF. Galliard manages SRF's liquidity taking into consideration the potential liquidity needs specific to individual plans and separate account investors as a group. If a plan fiduciary should request that Galliard change its liquidity strategy in their stable value separate account by reducing the SRF investment in lieu of a money market fund, Galliard will require a notice from such fiduciary 12 months before it can fulfill such a change in strategy.

Crediting Rate risk. A stable value account's yield is the aggregate of all of the investment contracts' individual crediting rates plus the yield on the liquidity buffer portion of the client's portfolio. In circumstances where the investment contract's market value is less than its contract (or book) value, the crediting rate will lag behind market yields in order to bring the account's market value as near to book value as is practicable. In these circumstances, the investment return may be reduced in accordance with the terms of the investment contract, crediting less than the income earned by the underlying assets. While designed with the intention of minimizing any deviation between market and book value, a secondary effect of the implementation of



this strategy by the investment contract issuer may be to accelerate redemptions, thereby exacerbating the potential deviation between market and book value. In addition, certain investment contracts may also include provisions to accelerate the amortization of a market value loss if the market value falls below a certain threshold. In these cases, the yield may be reduced even further.

An investment contract's crediting rate provides a fixed return for a period of time until the next rate reset. Typically, these rates are reset quarterly but may be reset more or less frequently. The use of the crediting rate formula and periodic reset schedule allows the contract's return to generally track market rates over time on a lagged basis. So, for example, in an environment where interest rates are rising, the crediting rate may be lower than prevailing interest rates. The crediting rate formula's components include the underlying asset's yield, durations, and market value, in addition to the book value. The management of these key variables can affect the volatility of the contract's overall crediting rate.

Investment Contract risk. A stable value fund's investment contracts are designed to enable the fund to utilize book value when executing investor transactions. There is no assurance this valuation can be maintained.

There is the risk that the contract issuer will default on its obligation under the contract, or that another event of default may occur under the contract rendering it invalid; or that the contract will be terminated before a replacement contract is secured.

In addition, the contracts may contain terms which reflect circumstances in which the underlying securities may be excluded, in whole or in part, from book value treatment. If these underlying securities were not provided book value treatment, they must be priced at market value and could impact the value of the fund and your investment. While the specific terms of the fund's various investment contracts may differ among the contract issuers, here are a few examples of circumstances where book value treatment may not be provided:

Credit Impairments. Credit defaults and other impairments of underlying securities are generally excluded from the investment contracts' book value treatment, subject to certain allowances and/or cure periods. Investment contracts are not intended to guarantee the credit quality or provide default protection for the underlying securities. Acting within the investment guidelines applicable to the fund, the fund relies on the credit analysis of its investment advisor (or any sub-advisors) to avoid buying securities which may become impaired. However, there is no guarantee that this risk of credit impairment can be avoided. The impairment of any of these underlying assets could cause specific assets to be excluded from the investment contract's coverage, which could cause a loss of principal value in the fund.

Likewise, the issuer of an investment contract may also suffer credit impairment, thereby affecting the ability of the fund to exercise the protections offered by the investment contract. If such a credit event affecting the issuer of an investment contract were to occur, the contract would have to be accounted for at market value, rather than book value, thereby creating the potential for a loss in the value of your investment.

Certain Employer-Initiated Withdrawals. Withdrawals resulting from certain employer events may also be excluded from the investment contracts' coverage. For example, the contracts recognize that certain employer initiated events or communications, could substantially increase the likelihood of large redemptions from the fund. Therefore, most investment contracts limit the book value coverage provided for fund withdrawals arising as a result of an employer initiated event. This limitation could cause a loss of principal in the fund. Other examples of employer initiated events include: a Plan Sponsor or other fiduciary to the fund advising fund participants to redeem their fund holdings, significant restructurings of operations, bankruptcy of your employer, a substantial reduction in contributions or a termination of the retirement plan offered by your employer or group layoffs.

Events of Default. Finally, each investment contract recognizes certain "Events of Default" which can invalidate the contracts' coverage. Among these are: Underlying securities outside of the range of instruments which are permitted under the investment guidelines contained in the investment contract; fraudulent or other material misrepresentations made to the investment contract provider; changes of control of the investment advisor not approved by the contract issuer; changes in certain key regulatory requirements; or failure of the fund to be tax qualified

While Galliard seeks to minimize the likelihood of any loss of book value coverage from such events, there can be no assurance that such a loss of contract value coverage will not occur, which could result in a loss of all, or a portion of, your investment.

Risk of Investment in Other Funds. If a stable value fund invests in other funds, it bears the risks of each of those funds. There is no assurance than any of the underlying funds in which it invests will achieve their objectives. This includes investments in short term investment funds and /or money market funds which are subject to their own unique set of risk including such risks as violating contract terms, regulatory risk, interest rate risk, liquidity risk credit risk and others.

As noted previously, the list above is not designed to be exhaustive, but instead is intended to provide a sense of the various processes which make an investment return far from certain, no matter what the context of the investment.

ITEM 9 – DISCIPLINARY INFORMATION

Galliard, as a registered investment advisor, is required to disclose all material facts regarding any legal or disciplinary events that may be material in your evaluation and integrity of Galliard and its management. Galliard and its management persons, as that term is defined by the SEC, are not currently subject to any such legal or disciplinary events. Galliard's parent, Wells Fargo Bank, N.A. has been subject to disciplinary events, which we have disclosed in our ADV Part 1.



ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Wells Fargo Affiliation. Galliard is a subsidiary of Wells Fargo Bank N.A. which is a subsidiary of Wells Fargo & Company, a diversified financial services firm collectively referred to as Wells Fargo. Wells Fargo & Company includes many different business activities, and each of the entities that conduct these activities are considered affiliated with Galliard. In particular, some of these entities engage in their own trading involving the same securities that Galliard manages on your behalf. This means that while Galliard is managing its fiduciary duties to you, other entities within Wells Fargo may be engaging in transactions that could create a conflict; for example, they may be selling the same security that Galliard may be purchasing for you. In addition, these affiliated entities may be recommending to their own clients the buying or selling of securities in which you have a material financial interest. In some instances it is even possible that you also have a client relationship yourself with one or more of these entities, and your securities transactions may appear conflicted. With limited exceptions described below, these transactions by affiliated entities are independent of Galliard and are outside of the course and scope of Galliard's investment advisory services. However, in order to manage these potential conflicts, Galliard maintains a variety of policies to maintain effective business barriers and manage the confidentiality of its own information and activities, as described further below.

Brokerage Transactions with Affiliates. Wells Fargo owns multiple broker-dealers which are, therefore, affiliated with Galliard. In order to limit any potential conflicts of interests when engaging in investment transactions on behalf of its clients, Galliard prohibits any trade execution with affiliated broker dealers. Galliard does not participate in client transactions as a broker or a dealer in securities and does not operate as a broker or a dealer in effecting securities transactions for compensation for any client. This means that in all instances in which Galliard transacts in a security on your behalf the transaction is effected using an independent third-party broker dealer. While this policy to restrict trading through affiliated broker-dealers limits the potential conflict of interest, occasionally, this limits Galliard's ability to engage in certain securities transactions and to take advantage of market opportunities, as discussed in Item 12 of this Brochure regarding the best execution of transactions.

Independent Activity by Wells Fargo Bank & Affiliates. Galliard believes that affiliated entities within the Wells Fargo and Company organization from time to time recommend securities, proprietary products and/or services to Galliard's clients. To the extent such recommendations are made, they are made outside the Galliard investment advisory context.

For certain new security offerings or existing securities, Wells Fargo acts in an agency or principal capacity, including but not limited to acting as a bond trustee, paying agent, note registrar, loan servicer, syndicate co-manager, originator of an MBS, ABS or CMBS asset pool, remarketing agent, or lender in a bank loan syndicate (e.g., sales of pooled or packaged asset-backed securities). When Galliard purchases securities where a Wells Fargo affiliate could have a financial interest as described, Galliard has policies and procedures governing these transactions designed to mitigate identified conflicts.

While it is generally not consistent with Galliard policy to purchase securities issued directly by Wells Fargo, from time to time Galliard accounts have held publicly traded securities issued directly by Wells Fargo or its affiliates for various reasons, including but not limited to: 1) transferred accounts; 2) approved exceptions consistent with regulatory prohibitions and client requests; or, 3) positions resulting from Wells Fargo's merger with



Wachovia. Provided that the securities were purchased when it was initially appropriate to do so, Galliard may continue to hold such positions on behalf of clients in its discretion until it is prudent to dispose of them in the ordinary course of business.

Services Provided to Wells Fargo. Galliard provides investment advisory services to Wells Fargo including certain collective investment funds and accounts trusted by the bank.

Wells Fargo Funds Management, LLC., serves as advisor to the Wells Fargo Funds governed by the Wells Fargo Master Trust. Wells Fargo Funds Management, LLC is a registered investment company under the Investment Company Act of 1940. Galliard serves as sub-advisor to certain of these mutual funds and is paid a fee for its services.

ITEM 11 – CODE OF ETHICS

All Galliard employees and certain other contract resources are considered “Access Persons” and covered by the Galliard Code of Ethics. Galliard has adopted a Code of Ethics pursuant to rule 204A-1 of the Investment Advisers Act of 1940 and Rule 17j-1 of the Investment Company Act of 1940, which describe its high standard of business conduct, and fiduciary duty to its clients.

Galliard’s Code of Ethics imposes specific disclosure and pre-clearance requirements and prohibits engaging in any transactions in securities which may present conflict of interest or the appearance of a conflict of interest or impropriety in connection with a client account.

All employees must also comply with the Wells Fargo Code of Ethics. Additionally, Galliard has adopted and complies with the CFA Institute Asset Manager Code of Professional Conduct.

Additionally, Galliard employees are subject to reporting requirements, restrictions, and certain pre-clearance requirements for gifts and entertainment as well as political contributions, which are further described in specific policies. Galliard’s clients or prospective clients may request a copy of the firm’s Code of Ethics by contacting Mike Norman, Partner at 612-667-3219 or Michael.D.Norman@Galliard.com

ITEM 12 – BROKERAGE PRACTICES

It is Galliard’s policy to seek best execution for security transactions. Galliard does not enter into soft dollar arrangements. Galliard seeks to receive the highest bid/lowest offer on each transaction, while taking into consideration factors, such as: competitiveness of price; market conditions; access to the desirable securities at desirable volumes; willingness and ability to execute difficult or large transactions; value, nature and quality of any brokerage and research products and services provided; financial responsibility of the counterparty; maintenance of the orders; and the ability to settle trades. Other factors that are considered include: the ability of the counterparty to act with minimum market effect; act on a confidential basis; or to efficiently execute in unique, complex or less liquid securities; and the time sensitivity of the transaction.

Galliard has adopted trade allocation policies and compliance procedures to manage the potential conflicts of interest in the allocation of limited investment opportunities.



Galliard's objective is to ensure that over time, no advisory account will be favored over any other advisory account as to any available investment for reasons outside of the client's investment guidelines and applicable law. Galliard will generally group trade orders for multiple clients ("Block Trades") in order to gain efficiencies that may be available with a larger transaction (such as pricing or transaction costs.) Client orders may not be included in a Block Trade, if appropriate for various reasons, which could include guideline requirements, and/or cash flows.

In allocating Block Trades among accounts, Galliard considers certain factors including: each account's investment objective(s) and risk exposure; restrictions and investment guidelines; available cash and ongoing liquidity needs; and existing holdings of similar securities; and overall risk targets. Thus, similar advisory accounts will generally receive allocations based upon each account's target asset class allocation and/or investment strategy. While consideration of the foregoing factors may result in a pro rata allocation, strategic allocation decisions to rebalance portfolios that have experienced cash flows or to address other general account management issues (e.g., avoidance of odd lots) would likely result in allocations on a non-pro rata basis and/or certain accounts being excluded from a transaction.

Under its policies, Galliard could affect purchases/sales of securities between two client accounts if the transaction is beneficial, fair and equitable to both clients. Such transactions would be executed at the current fair market value, determined in most cases by obtaining three independent bid/offers and effecting the transaction at the mean of the bid/offer spread which saves both client accounts brokerage transaction costs. However, Galliard will not affect purchases/sales of securities between client accounts where an ERISA account is party.

From time to time, an inadvertent error may be made in the execution of a trade. If a trade error is determined to exist in a client account, Galliard shall calculate any gain or loss which resulted from the trade. In accordance with Galliard policy, if a trade error results in a gain, that gain shall be retained by the client. If a trade error results in a loss in a client account, the client shall be informed of the error promptly and Galliard will recommend a resolution which it has determined to be appropriate. Factors which have a bearing on Galliard's determination of what constitutes an appropriate resolution for an error include whether the trade was part of a larger transaction consisting of multiple trades which should be considered as a single gain or loss; the impact of any hedging strategy which may limit the amount of loss; whether the loss resulting from the error exceeds a de minimis value, and the price movement of any security which might have been purchased if the trade had been executed correctly.

If a trade error is discovered prior to settlement, the security which is the subject of the error will likely be reallocated to another client if, at the time of such reallocation, the security is determined to be desirable to the client who is the proposed recipient of the security. If it is determined, through a review of available market prices for that security, or by modeling the impact of changes in interest rate spreads using comparable securities, between the time the security was purchased and the time of such reallocation, that a loss in the value of that security has occurred, that loss will be borne by Galliard.

ITEM 13 – REVIEW OF ACCOUNTS

Client accounts are reviewed on an ongoing basis by multiple functional areas within the firm, including senior management, client portfolio management, trading and compliance. The reviews include overall economic outlook, duration positioning, performance, trading activities,



and compliance with investment objectives and guidelines. Additionally, client accounts are subject to an annual administrative review with each functional area within the firm participating.

The market value of a security for client month-end reporting purposes is determined by using security prices obtained from third party sources. If a price is not available from any of the third party sources designated pursuant to Galliard procedures, or the price obtained from that third party source is thought not to represent the true value of the security based on the totality of the facts and circumstances then available, the Galliard Fixed Income Valuation Committee, consisting of at least one of Galliard's Founding Managing Partners, and shall include members of Galliard's senior management and pricing team, will use their reasonable judgment to determine the current value of any security, or approve a methodology to determine a price to be reported.

Lastly, accounts are formally reviewed on a monthly and quarterly basis by the Galliard Investment Committee, which reviews compliance with client objectives and guidelines, regulatory requirements and firm investment policies, as well as performance dispersion, discusses the market environment, and affirms strategy.

For Stable Value clients, Galliard produces and delivers client specific product descriptors on a quarterly basis, with a few clients requesting only annual descriptors which contain portfolio positioning and sector allocation, as well as performance figures.

For Fixed Income clients, Galliard produces and delivers client holdings, portfolio positioning and sector allocation, and performance figures on a quarterly basis.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Galliard shares fees received for investment advisory services with its parent company, Wells Fargo Bank, N.A. The revenue shared is variable depending if the client is sourced by Wells Fargo or not. Wells Fargo will credit its revenue shared from Galliard to whichever business line it determines to be appropriate. Galliard also pays Wells Fargo a fixed allocation for services which include information technology, custodial services and other administrative support.

Separate from its revenue sharing agreement with its parent, Galliard has entered into agreements to compensate certain non-affiliated companies for the referral of potential clients. Galliard will provide disclosure to any client who is subject to these referral agreements.

ITEM 15 – CUSTODY

At its discretion, Wells Fargo may offer its custodial services at no charge for Galliard clients. However, Galliard clients select their own custodian and sign an agreement directly with their selected custodian, which may or may not be Wells Fargo. Galliard does not provide any compensation to Wells Fargo for these services beyond those described in Item 14.

Clients should receive at least quarterly statements from their qualified custodian that hold and maintain possession of client assets. Galliard strongly urges you to carefully review the statements and compare the custodial records to the account statements that we provide to you. Please note that our statements may vary from custodial statements based on our internal



accounting procedures, reporting dates, and/or valuation methodologies of certain securities. If you have any questions regarding your statements, we urge you to call us at the telephone number listed in Item 1.

ITEM 16 – INVESTMENT DISCRETION

In most cases, Galliard receives discretionary authority from the client at the beginning of an advisory relationship. This generally grants Galliard the authority to select the identity and amount of securities to be bought and sold within a client account. In select cases, Galliard does not have full discretionary authority and is required to receive formal approval of the selection and amount of securities to be bought and sold within a client account. In all cases, discretion is to be exercised in a manner consistent with the written client investment objectives and guidelines.

When selecting securities and determining amounts, Galliard follows the investment objectives and guidelines, limitations and restrictions of each client.

Investment objectives and guidelines must be provided to Galliard in writing. Galliard client portfolio managers and investment staff will work with clients to establish a written statement of investment objectives and guidelines if desired.

Relationships with Other Investment Advisors. When implementing certain client investment objectives, Galliard, as the Advisor contracts with other unaffiliated investment advisors registered with the Securities and Exchange Commission. The investment advisor which fulfills this role is defined as a “Sub-Advisor.”

Where Galliard is one of several investment advisors serving a client, the client may request that Galliard make recommendations regarding the selection of, and/or allocation of assets among, other unaffiliated investment advisors. In these circumstances the client maintains contractual relationship(s) with the advisor(s) defined as “External Managers”.

Galliard has established an External Manager Oversight Sub-Committee (the “EMOC”) to perform oversight of Sub-Advisors and External Managers where required. The EMOC includes members of Senior Management, Client Portfolio Management, Investment Research, External Manager Services and Compliance. The EMOC evaluates investment performance reports, holdings, security credit downgrades, reviews portfolio compliance issues as reported by each External Manager, and investment guideline exceptions

The EMOC is presented with the information discussed above and forms a reasonable conclusion as to whether each Sub-Advisor is adequately and effectively performing its required duties. If the EMOC determines that a Sub-Advisor has been deficient in its responsibilities, the Sub-Advisor will be considered for termination or placed on a watch list.

Sub-Advisor Due Diligence. Where Galliard utilizes a Sub-Advisor, Galliard will perform certain due diligence reviews, as outlined below. In addition, where Wells Fargo is the Investment Manager to a collective investment fund and Galliard is serving as an advisor, Galliard performs Sub-Advisor due diligence on behalf of Wells Fargo for the collective investment funds which Galliard serves as the Investment Advisor.



In performing this due diligence function, Galliard monitors Sub-Advisors by utilizing certain oversight mechanisms. Galliard conducts periodic reviews of portfolio level information provided by each Sub-Advisor, including performance and other analytic characteristics, to ascertain whether the Sub-Advisor is operating within expected ranges given the performance of the overall market. Galliard also periodically monitors whether each Sub-Advisor is functioning within established investment guidelines for diversification, quality and interest rate risk (duration). Each Sub-Advisor's performance is also measured against its respective fixed income benchmark or investment objective, and periodic review meetings or conference calls are also be conducted to seek supplemental information. Galliard also obtains certifications from each Sub-Advisor regarding compliance with investment guidelines. The Galliard Compliance department also conducts periodic Sub-Advisor due diligence as to compliance programs, regulatory compliance and certain other policies and procedures.

External Manager Due Diligence. In certain situations, a client may request that Galliard recommend an allocation of assets among one or more External Managers which have entered into investment advisory agreements with that client, even though those investment advisors may not have a direct contractual relationship with Galliard. In other cases, Galliard may, on its own initiative, allocate assets among itself and any such External Managers that have been engaged by the client within a specified range or perform certain limited due diligence functions set forth by client contract. In each of these circumstances, the client has not provided Galliard with authority to hire or fire the particular External Manager which the client has engaged.

Where the client calls on Galliard to perform these duties, Galliard strives to perform due diligence on the External Manager in a manner which is consistent with the review of the EMOC as set forth above. If during the EMOC's evaluation of these investment advisors, it is found that they are not effectively performing their duties, this conclusion will be provided to the client along with any recommendations and the client will take any action it deems to be appropriate in response to the recommendation.

Where no other relationship exists and a client requests that Galliard create a report on the nature and characteristics of a larger portfolio where Galliard serves as an investment advisor for only a portion of the Portfolio, Galliard is not required to perform any due diligence on the investment activities of the External Managers which the client has engaged.

ITEM 17 – VOTING CLIENT SECURITIES

As a fixed income manager, Galliard would not generally receive or vote proxies. On the rare occasion which requires Galliard to cast a vote relative to a bond indenture, in a default circumstance or provide a decision in a class action lawsuit, our policy is to vote/decide in the best economic interests of our clients.

Clients may obtain a copy of Galliard's proxy voting policy by contacting Mike Norman, Partner at 612-667-3219 or Michael.D.Norman@Galliard.com.



ITEM 18 – FINANCIAL INFORMATION

Galliard, as a registered investment advisor, is required to provide clients with certain financial information or disclosures about Galliard's financial health. Galliard has no financial commitments or engagements that impair our ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

