



Item 1 – Cover Page

Galliard Capital Management
800 LaSalle Avenue, Suite 1100
Minneapolis, MN 55402
1-800-717-1617
www.Galliard.com
March 31, 2011

This Brochure provides information about the qualifications and business practices of Galliard Capital Management. 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 Capital Management 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

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new 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 may further 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 by contacting Mike Norman, Senior Principal at 612-667-3219 or Michael.D.Norman@Galliard.com. Our Brochure is also available on our web site <https://www.galliard.com/index.php>, also free of charge.

Additional information about Galliard is also available via the SEC’s web site www.adviserinfo.sec.gov. While Galliard does not have investment adviser 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 adviser representatives of Galliard.



Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes	ii
Item 3 -Table of Contents.....	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation.....	2
Item 6 – Performance-Based Fees and Side-By-Side Management.....	6
Item 7 – Types of Clients	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9 – Disciplinary Information.....	12
Item 10 – Other Financial Industry Activities and Affiliations	12
Item 11 – Code of Ethics.....	13
Item 12 – Brokerage Practices	14
Item 13 – Review of Accounts	14
Item 14 – Client Referrals and Other Compensation	15
Item 15 – Custody.....	16
Item 16 – Investment Discretion	16
Item 17 – Voting Client Securities.....	17
Item 18 – Financial Information	17



Item 4 – Advisory Business

Galliard Capital Management, Inc. (“Galliard”) is an institutional investment advisory firm specializing in fixed income and stable value management. The firm was incorporated in June of 1995 in Minneapolis, Minnesota, and is an independently operated, wholly-owned subsidiary of Wells Fargo Bank, N.A. (formerly Norwest Bank Minnesota). Wells Fargo Bank is a wholly owned national bank subsidiary of Wells Fargo & Company (formerly Norwest) one of the nation’s premier financial services companies based in San Francisco, California.

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

Stable Value Management. Galliard offers its stable value management services to defined contribution plans. 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 acts as sub-advisor to the Wells Fargo Stable Return Fund. The purpose of the Stable Return Funds is to provide accounts which are qualified under ERISA 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. The Stable Return Fund is a collective investment fund 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 sub-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 and trustee by Wells Fargo Bank, N.A.



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 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 may have a greater risk of default and may experience more volatility than investment grade securities.

In Galliard's capacity as sub-advisor to the Bank or other funds and as advisor directly to separate account clients, advisory services will be based on each individual client's needs and objectives, taking into consideration the nature and amount of all assets of the client where the client is willing to divulge this information. Certain institutional investors may be unwilling to disclose fully such information and may direct portfolios be invested without full understanding of their broader plan needs which they have determined themselves or in consultation with an investment consultant or another advisor.

As of 12/31/2010, Galliard managed \$64,845,044,893 on a discretionary basis and \$2,719,282,253 on a non-discretionary basis.

Item 5 – Fees and Compensation

Galliard charges fees for investment management services based on a handful of major distinctions among its clients. First, because Galliard is a wholly-owned subsidiary of Wells Fargo, which is also Galliard's single largest client, Wells Fargo's fee schedules are only applicable to various Wells Fargo funds.

Next, for clients other than Wells Fargo, a separate fee table is applicable to that portion of a client's assets which are invested in a stable value investment strategy.

Finally, for that portion of a client's assets invested in a fixed Income investment strategy, separate fee tables are applicable depending on whether the investment is made through a Collective Bond Fund, a Separate Account, or pursuant to the implementation of a High Yield Fixed Income Investment Strategy. The following is a concise summary of the various Galliard fee schedules for investment advisory services.



Wells Fargo Fee Schedules

Management fees for sub-advisory services for Wells Fargo advised funds are calculated and billed based on market value of fund assets monthly.

Wells Fargo Mutual Funds - Fixed Income Funds. For assets in the Wells Fargo Mutual Funds – Fixed Income Funds, Galliard receives a subadvisory 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%

Wells Fargo Stable Return Fund. For the Portion of the Stable Return Fund which represents an investment of assets under management by Wells Fargo, a fee of .05% is charged.

Income to Galliard from Wells Fargo Stable Return Fund is currently subject to a maximum annual payment of \$1.5 million, paid quarterly. Galliard also receives a fixed fee of \$99,000 annually for valuation service which Galliard provides to Wells Fargo.

Stable Value Management Fee Schedule

For clients other than those referenced above, for that portion of a Client's assets invested pursuant to a Stable Value management strategy, whether invested in the Stable Value Fund or a separate account, 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 Investment Fee Schedules

Collective Bond Fund Management Fee Schedule: For that portion of a client's assets which are invested in a fixed income investment strategy using the Collective Bond Funds, 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

These fees do not apply to assets which may be invested in the Collective Bond Funds by the Stable Return Fund or to that portion of a Stable Value separate account asset using the Collective Bond Funds

Fixed Income Separate Account Management Fee Schedule. For that portion of a client's assets invested in a fixed income strategy, other than through a collective bond fund or the high yield fixed income investment strategy outlined below, the following table represents the maximum fee schedule applicable:

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

This fee is not applicable to assets invested by Wells Fargo, which is subject to the fee schedules outlined above.

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 using separate



accounts, the following table represents the maximum fee schedule applicable to the collective bond 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

Information Applicable to Clients other than Wells Fargo. Management fees for direct separate account clients are typically calculated and billed quarterly based on quarter end market values. As requested by clients, quarterly fees may be based on an average of the month end values for the quarter or may be calculated and billed monthly based on month end market values. Certain employee benefit plan portfolios are valued daily and accrue an advisory fee based on the daily market 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. Fees may be negotiated in accounts with special circumstances which may include 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. Minimum account size may be waived based on expected growth, total relationship or other factors as determined by Galliard.

Galliard may provide 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.



Item 6 – Performance-Based Fees and Side-By-Side Management

In rare cases, Galliard has entered into performance-based fee arrangements with certain “qualified” clients: such fees are subject to individualized negotiation with each client. Galliard will structure any performance or incentive fee arrangement subject to the requirements of Section 205(a)(1) of the Investment Advisors Act of 1940 (The “Advisors Act”) in accordance with the available exemptions, including the exemption set forth in Rule 205-3 and Minnesota rule 2875.1010. In measuring clients’ assets for the calculation of performance-based fees, Galliard includes all income, realized and unrealized capital gains and losses, and all transaction costs. Performance based fee arrangements may have the appearance to create an incentive for Galliard to recommend investments which may be riskier than those which would be recommended under a different fee arrangement. Such fee arrangements 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 all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among all clients.

Item 7 – Types of Clients

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; and other taxable and tax exempt organizations and trusts.

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’s minimum account/relationship size is generally \$10 million for a separate account portfolio and \$2 million for an account invested in Galliard advised collective funds. We reserve the right to accept smaller accounts under special circumstances.



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

Fixed Income Investment Decision Making:

All Galliard portfolios are managed using a team approach, blending top down and bottom up disciplines into the overall investment decision making process. The Fixed Income Committee oversees the broad strategy for each investment strategy. The strategy includes overall duration positioning, sector weightings and overall risk appetite given the Committee's macro outlook and the relative attractiveness of spread sectors versus Treasuries. 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 and senior portfolio managers, all transactions are reviewed in the daily investment meetings attended by the entire investment staff, including the managing partners. The Galliard Fixed Income Committee provides formal oversight on a monthly basis.

- **Fixed Income Committee.** Galliard's portfolios are managed on a team basis. Investment strategy and overall portfolio management direction is provided by the Fixed Income Committee which consists of the managing partners and sector team heads. This Committee meets monthly to review portfolio positioning, discuss the market environment, and oversee strategy implementation and compliance.
- **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 partner/sector head, traders and designated analysts with responsibilities within that sector. The teams meet periodically to discuss and refine current sector strategy, discuss credit reviews and investment opportunities for input to the Fixed Income Committee.
- **Client Portfolio Management.** The Client Portfolio Management Team is responsible for monitoring all accounts, including reviewing portfolio activity and positioning regularly. The Client Portfolio Management Team works in conjunction with the Sector Teams and the Fixed Income Committee to ensure each client portfolio is managed in accordance with the client's specific guidelines and objectives and in a manner consistent with the established investment strategy for that account.



As is true of any form of investment, a risk of loss accompanies an expectation for a positive investment return. Underperformance or a loss may arise as a result of many factors. Some of these factors may include:

General Investment Risk - While the Galliard team approach to investment management seeks to mitigate investment risk, there is no guarantee that investors will not lose all or a portion of their investment.

Management Risk - There is no guarantee that the investment decision making process and analyses used by the Galliard will produce the desired results.

Interest Rate Risk - The risk that changes in interest rates will affect the return on an investment either positively or negatively. This change may be due to capital gains or losses on the investment's market value, to changes in the reinvestment rate on interest income, or to interest rates triggering prepayment or extension of principal.

Reinvestment Risk - The difference between the original coupon yield on an investment and the rates available when interest income is reinvested. On the issuer side, this term also refers to the potential interest rate risks on liability transactions.

Credit Risk - Credit risk is that an investment will default, i.e. the borrower (the bond or contract issuer) will not pay interest and principal as scheduled. Changes in credit quality can also impact the investment's market value.

Yield Curve Risk - Yield curve risk refers to the exposure that a security or portfolio may have in the event of changes in the differences between short and long term debt instruments, i.e. the yield curve.

Prepayment Risk - Prepayment risk is most prevalent when the market is experiencing falling interest rates which leads to heavy prepayments of mortgage or other loans, forcing the investor to reinvest at lower prevailing rates.

Extension Risk - The risk that the maturity or average life of an investment or contract will be longer than originally expected due to rising interest rates which cause the exercise of the embedded put option(s.) For example, the durations of mortgage-backed securities often extend as rates rise and prepayment rates slow.



Liquidity Risk - Liquidity risk is the risk that that supply and demand may be somewhat constrained and that an asset may be difficult to sell. Changes in liquidity can also impact an investment's market value.

Derivatives Risk - Subject to clients' individual objectives and guidelines, derivatives may be utilized for hedging and return enhancement purposes. Derivatives are subject to counterparty risk, i.e. the risk that the other party will not perform its obligations under the transaction. For certain derivatives, there is risk to lose more than the amount invested.

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

Stable Value Portfolio Management Investment Decision Making

Stable value management at its core is fixed income management: Galliard has always integrated stable value portfolio management within the broader fixed income management process. The chassis of Galliard's stable value portfolios is traditional fixed income management. We employ techniques with particular emphasis on high quality securities, broad diversification, adequate liquidity, controlled market risk (duration) and a disciplined risk management and investment process to identify the best fundamental values in all fixed income sectors.

The Stable Value Strategy Team drives the contract level strategy and allocation among portfolio segments in the portfolio. The team is supported by the Stable Value Client Analyst Team (primarily responsible for day-to-day client service, monitoring of daily cash flows, monthly/quarterly portfolio reporting) and the Stable Value Contracts Team (primarily responsible for supporting our wrap provider relationships and negotiating/executing contracts).

The Stable Value Strategy Team oversees the portfolio's contract level strategy and portfolio allocation decisions. Contract level strategy responsibilities include diversification among providers, use of GIC's and insurance separate accounts, reviewing and approving bid specifications for major contract terms, and finalizing investment guidelines for various fixed income portfolio segments. Portfolio allocation decisions are made with respect to the Fund's liquidity buffer, fixed income portfolio segments (short, intermediate and aggregate), and strategy/manager selection. Allocation decisions primarily determine cash flows in and out of the underlying fixed income portfolios, which



are then invested in conformance with their guidelines and strategies by Galliard's Fixed Income Team. This process is closely coordinated via the daily investment meeting which all parties attend, the weekly client portfolio manager meetings which all client portfolio managers attend (both fixed income and stable value), and the monthly Fixed Income Committee strategy meeting which all attend.

Risks of Loss in the Stable Value Context - An investment in a Stable Value instrument is subject to many different types of risk. Some of the principal risks include:

Contract (Wrap Agreement) Risk - An investment in a stable value instrument relies upon the transfer of principal and accrued interest risk to a financially responsible third party in order to utilize book value, rather than market value, accounting for underlying securities. These wrap contracts, which are referred to as being "benefit responsive," present certain risks. These risks include the risk that the issuer will default on its obligation under the contract or that another event of default may occur under the contract rendering it invalid; that the premium or other fee payments under the contract will reduce the performance of the investment; that the contract term will expire before a replacement contract with favorable terms can be secured; that the contract issuer could influence the investment management activities related to the investment, or that the occurrence of certain other events could cause the contract to lose its "benefit responsive" features.

As a result, there is no guarantee that the stable value assets which are managed by Galliard will continue to be valued at their contract value rather than their fair value, or that the issuer of a wrap contract will fulfill its obligations under the agreement. If the assets subject to a wrap agreement were revalued at their market value, this could cause a significant loss in value to a contractholder.

Interest Rate Risk - Investments in stable value instruments are subject to interest rate risk. This is the risk that changes in interest rates will affect the return on an investment either positively or negatively. This change may be due to capital gains or losses on the investment's market value, to changes in the reinvestment rate on interest income, or to interest rates triggering prepayment or extension of principal.

Crediting Rate Risk - An investment in a stable value instrument is also subject to crediting rate risk. In some circumstances, the yield of a stable value instrument may not reflect prevailing market interest rates. The basic function of the crediting rate formula used to determine the Fund's yield is to amortize the gain or loss



experience of the underlying portfolio over the duration of the contract, also known as “smoothing.” An investment contract’s crediting rate provides a fixed return for a period of time until the next rate reset. The crediting rate formula’s components include the underlying securities’ yield, duration, and market value, in addition to portfolio book value. The management of these key variables can affect the volatility of the portfolio’s crediting rate. The use of the crediting rate formula and periodic reset schedule allow the portfolio’s return to track interest rates over time on a lagged basis. A stable value portfolio’s yield is the aggregate of all of the investment contract’s individual crediting rates.

Reinvestment Risk - This risk relates to the difference between the original coupon yield on an investment and the rates available when interest income is reinvested.

Credit Risk - This is the risk that an investment will default, i.e. the borrower (the bond or contract issuer) will not pay interest and principal as scheduled. In a stable value context, this risk relates to both the credit risk related to underlying portfolio securities and the risk of default of a wrap contract issuer. If the underlying securities default, this may impact the yield and could cause the investment to lose benefit responsiveness and book value pricing.

Liquidity Risk - This risk generally relates to the degree to which an investment can be easily sold or converted into cash. In a stable value context, it means participants' ability to access funds without market value risk or other penalty. At the portfolio level, it means the ability to meet cash flow demands without having to sell investments at distressed prices. Liquidity risk is increased in an institutional context, such as a stable value fund, which must anticipate the withdrawal needs of institutional clients which may react to market or other needs in ways which may be difficult to anticipate.

Cash Flow Risk - This is the risk that participant-directed contributions, withdrawals and net transfers will have a financial impact on the issuer of a contract or on the crediting rate of a contract. Also included in this risk is the notion that cash flows may be different than expected, making it more difficult to manage the investment in securities underlying a stable value fund or a stable value investment in a separate account.



Management Risk - This is the risk that the investment techniques and risk analyses used by the Fund's portfolio managers will not produce the desired results, which may lead to unanticipated losses or underperformance.

General Investment Risk - This is the risk that the prices of securities may fluctuate to the detriment of a client. While Galliard's portfolio management team seeks to mitigate investment risk, there can be no assurance that investors will not lose all or a portion of their investment.

Regulatory Risk - This is the risk that future regulatory changes could negatively impact an investment in a stable value instrument.

Item 9 – Disciplinary Information

Galliard, as a registered investment adviser, 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 is not currently subject to any such legal or disciplinary events.

Item 10 – Other Financial Industry Activities and Affiliations

Galliard may provide daily valuation services for defined contribution stable value plans for a fixed fee, which varies depending on services provided.

Galliard is a wholly owned subsidiary of Wells Fargo Bank, N.A. Wells Fargo Bank is a subsidiary of Wells Fargo & Company, a bank holding company. Some subsidiaries of Wells Fargo are broker dealers and investment advisors. Galliard does not execute transactions with affiliated broker/dealers. Galliard provides investment advisory and/or sub-advisory services to Wells Fargo Bank including certain collective investment funds and accounts trusted by the banks. 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 advisory services. Wells Fargo banking affiliates may serve as custodian to current and



future clients of Galliard. Galliard is sub-advisor to Wells Fargo Banks and Wells Fargo Funds Management, LLC. for certain collective investment funds and mutual funds and receives a fee for these services. Galliard may recommend all or part of a client's assets be invested in these funds as a part of its management strategy. Galliard has an agreement that for any funds so invested, Galliard will waive the fee charged to the banks for these collective fund assets and receive only the client's direct fee paid. Investment in any funds advised for affiliates requires full disclosure of relationship and written direction by the client.

Item 11 – Code of Ethics

Galliard has adopted a Code of Ethics for all supervised persons of the firm, which describe its high standard of business conduct, and fiduciary duty to its clients. Galliard prohibits any person employed by it from engaging in securities transactions that would create a conflict of interest with its clients.

All employees must also comply with the Wells Fargo & Co. Code of Ethics regarding conflicts of interest as well as the Galliard Capital Management Code of Ethics adopted pursuant to rule 204A-1 of the Investment Advisers Act of 1940 and Rule 17j-1 of the Investment Company Act of 1940. Certain employees must also conform to the Association of Investment Management and Research Standards of the Professional Conduct in giving priority to client transactions over personal transactions at all times. Specifically, no employee may purchase or sell a security owned by a Galliard client or a security which is being considered for purchase in a client portfolio. All employees must disclose security holdings and forward duplicate confirmations of all security transactions to the compliance area. Affiliated entities may coincidentally purchase or hold securities owned by Galliard clients but they have no role in the decision to purchase or in the execution of security transactions. Additionally, Galliard's Code requires pre-clearance of certain transactions.

Galliard's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Mike Norman, Senior Principal 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. Security transactions are directed to broker/dealers considering financial safety, research ideas and services provided, and execution capabilities. Where available, three bids/offers are obtained on all transactions with the lowest offer/highest bid winning the transactions. In certain complex transactions, however, it is often not possible to obtain three bids/offers in which case Galliard uses its judgment to obtain best execution. Traders will often execute block orders for several clients with one or more broker/dealers to receive better execution. In these situations, each client receives the same price or same average price in the transaction. Galliard will periodically affect purchases/sales of securities between two client accounts if the transaction is beneficial, fair and equitable to both clients. Such transactions are 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. Galliard will not affect purchases/sales of securities between client accounts where an ERISA account is party. Galliard does not enter into soft dollar arrangements.

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 may have resulted to the client 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 may have a bearing on Galliard's determination of what constitutes an appropriate resolution for an error may 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 minimus value, and the price movement of any security which might have been purchased if the trade had been executed correctly.

Item 13 – Review of Accounts

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



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

Lastly, all accounts are formally reviewed on a monthly and quarterly basis in the Fixed Income Committee meeting to review compliance with client objectives and guidelines, meet regulatory requirements and firm investment policies, as well as review overall portfolio positioning, discuss the market environment, and establish strategy.

Fixed Income Committee Review – Monthly/Quarterly

John Caswell, Managing Partner

Richard Merriam, Managing Partner

Karl Tourville, Managing Partner

Ajay Mirza, Partner

Leela Scattum, Senior Principal

David Lui, Chief Compliance Officer and Principal

Erol Sonderegger, Senior Director

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 contemplates making referrals from time to time to clients and/or non-clients of affiliated or non-affiliated investment advisors or other product providers and may receive a referral fee from the advisor or product provider for such referrals. In each case, Galliard will maintain a written referral agreement with the advisor or provider and make appropriate disclosures to parties involved consistent with rule 275.206 (4)-3 of the Investment Advisers Act. Galliard shares fees received for investment advisory services



with its parent company, Wells Fargo Bank, N.A., to compensate for qualified referrals and certain other services provided. It is the practice of the parent company to credit fee income so received to the bank business unit referring clients to Galliard. In some cases the bank business unit will choose to compensate individuals for these referrals. Galliard has entered into agreements and contemplates entering into additional agreements with other affiliated and non-affiliated companies and/or individual agents to identify potential clients for the firm's services. Applicant will maintain full compliance with rule 275.206(4)-3 of the Act including full disclosure of the solicitation agreements.

Item 15 – Custody

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 grants Galliard the authority to select the identity 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 Senior portfolio managers and investment staff will work with clients to establish a written statement of investment objectives and guidelines if desired.



Item 17 – Voting Client Securities

As a fixed income manager, Galliard would not generally receive or vote proxies. There may be rare occasions which require Galliard to cast a vote relative to a bond indenture, in a default circumstance or provide a decision in a class action lawsuit in which case 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, Senior Principal at 612-667-3219 or Michael.D.Norman@Galliard.com.

Item 18 – Financial Information

Galliard, as a registered investment adviser, is required to provide you 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.