



Item 1 – Cover Page

Galliard Capital Management
800 LaSalle Avenue, Suite 1100
Minneapolis, MN 55402
1-800-717-1617
www.Galliard.com
March 27, 2014

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 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 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 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.....	1
Item 6 – Performance-Based Fees and Side-By-Side Management	5
Item 7 – Types of Clients	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9 – Disciplinary Information.....	15
Item 10 – Other Financial Industry Activities and Affiliations	15
Item 11 – Code of Ethics.....	16
Item 12 – Brokerage Practices	17
Item 13 – Review of Accounts	18
Item 14 – Client Referrals and Other Compensation	19
Item 15 – Custody.....	19
Item 16 – Investment Discretion	19
Item 17 – Voting Client Securities	21
Item 18 – Financial Information	22



Item 4 – Advisory Business

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. 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. Since Galliard's inception in 1995, the firm has been managed by the same senior management team, consisting of three Founding Managing Partners. There are numerous people responsible for the management of client assets, as identified in the Part 2B Brochure Supplement.

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 may provide daily valuation services for defined contribution stable value plans for a fixed fee, which varies depending on services provided. Galliard acts as sub-advisor to the Wells Fargo Stable Return Fund. The purpose of the Stable Return Fund 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. 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 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 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 present a greater risk of loss and may experience more price 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 12/31/2013, Galliard managed \$83,967,615,761 on a discretionary basis and \$572,022,673 on a non-discretionary basis, which includes all assets in stable value investment options for which Galliard provides investment advisory oversight.

Item 5 – Fees and Compensation

Galliard charges fees for investment management services based on a limited number of major distinctions among its clients. Because Galliard is a wholly-owned subsidiary of Wells Fargo, Wells Fargo's sub-advisory fee schedules are only applicable to the Wells Fargo accounts. 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 sub-advisory services for Wells Fargo advised collective funds are calculated and billed based on market value of fund assets monthly. Management fees for 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. Reduced or negotiated fees may be applicable to 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.

Below is a summary of the various fee schedules for investment advisory services.

Wells Fargo Accounts Sub-Advisory Fee Schedules

Stable Value Accounts. For Wells Fargo account assets that are invested in the Stable Return Fund, Galliard receives a sub-advisory fee paid in accordance with the following fee schedule:

For the first \$2 billion in assets the fee payable is 0.045%
For the next \$1 billion in assets, the fee payable is 0.035%
For the next \$5 billion in assets, the fee payable is 0.020%
For amounts over \$5 billion in assets, the fee payable is 0.010%
This fee is subject to a cap of \$1,625,000

Core Fixed Income Collective Accounts. For Wells Fargo sourced assets that are invested in the Core Fixed Income Collective funds, Galliard receives a sub-advisory fee paid in accordance with the following fee schedule:

For the first \$500 million in assets the fee payable is 0.100%
For the next \$1 billion in assets, the fee payable is 0.050%
For amounts over \$1 billion in assets, the fee payable is 0.030%

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%

External Galliard Client Fee Schedules



Galliard's minimum account/relationship size is generally \$5 million for Galliard accounts invested in the Stable Value Accounts including the Stable Return Fund and Synthetic Stable Value Fund, generally \$15 million for an account invested in Collective Bond Funds, and generally \$25 million for a separate account portfolio however special circumstances may provide for smaller accounts to be accepted. 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 the Wells Fargo Stable Return Fund, the Wells Fargo Synthetic Stable Value Fund, or a stable value 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 Management Fee Schedule. For that 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, 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 Wells Fargo Collective Bond Funds by the Wells Fargo Stable Return Fund, the Wells Fargo Synthetic Stable Value Fund or to that portion of a stable value separate account asset using the Wells Fargo Collective Bond Funds.

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

Other Fees



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.

Some Galliard clients may also be clients of other Wells Fargo affiliates. These other affiliates may charge fees delineated in contracts executed between those Galliard clients and the affiliates involved. The contracts relate to services rendered by those affiliates for assets which may be managed by Galliard.

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

Although 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 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 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; and other taxable and tax exempt organizations and trusts.

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 Galliard Fixed Income 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 and senior portfolio managers, all transactions are reviewed in the daily investment meetings attended by the entire investment staff, including the Founding Managing Partners. Following is additional information regarding the structure and responsibilities of Galliard's Fixed Income Committee, sector and client portfolio management teams.

- Fixed Income Committee. Directs investment strategy and overall portfolio management. The Fixed Income Committee consists of the Founding Managing Partners, sector team heads and other members of the Galliard senior management team. The Fixed Income Committee meets monthly and discusses overall duration and portfolio risk positioning and sector weightings given the Fixed Income Committee's macro outlook and the relative attractiveness of spread sectors versus Treasuries. This Committee directs and oversees strategy implementation and compliance, providing formal oversight to Galliard's investment process.
- 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 who meet periodically to discuss and refine current sector strategy, discuss credit reviews and investment opportunities and provide information for review by the Fixed Income 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 Fixed Income 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.

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. 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.

- The Stable Value Strategy Team drives the contract level strategy and allocation among portfolio segments. 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 Galliard's 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 bid specifications for major contract terms, and finalizing investment guidelines for various fixed income portfolio segments. Portfolio allocation decisions are made with respect to a client's liquidity buffer, fixed income portfolio segments (short, intermediate and aggregate), and strategy/manager selection. Allocation decisions primarily determine appropriate strategy related to cash flows in and out of the underlying fixed income portfolios, which are then invested in conformance with client guidelines and strategies by Galliard's Fixed Income Team. This process is closely coordinated via the daily investment meeting which the various Galliard teams attend, the weekly client portfolio manager meetings (including both fixed income and stable value), and the monthly Fixed Income Committee strategy meeting.

- Contract Review Committee: Galliard is responsible for securing benefit responsive wrap contracts with eligible providers. As part of the wrap contract review and approval process, new wrap contract templates are provided for review to the Galliard Contract Review Committee ("Contract Committee"), which consists of the Galliard Founding Managing Partners and other senior members of the Galliard management team. Wrap contracts are reviewed for numerous attributes such as crediting rate calculation, calculation of book value, the wrap fee calculation, timing and content of deliverables received from the wrap provider, items required to be provided to the wrap provider, the investment guidelines



and a focus on any specific needs of Galliard's client. If the wrap contract is not approved by the Contract Committee, that contract will not be executed and alternative coverage will be sought.

- **Wrap Provider Credit Committee:** All new stable value investment contract issuers are reviewed by a Credit Analyst prior to purchase, and a formal written analysis is created. Existing contract issuers are also evaluated at least every eighteen months. The Credit analysts present these evaluations to the Wrap Provider Credit Committee ("Credit Committee"), which consists of the Galliard Managing Partners and other senior members of the Galliard management team. The Credit Committee 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 Credit Committee reviews and approves all contract issuers, and determines any internal percentages or other limits on contract issuer exposure. Such limitations may include restrictions on investments in any new instruments or termination of existing instruments.

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 may include:

Counterparty risk. When there is an 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 could be exposed to liabilities or damages.

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 management'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 may believe 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 may 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 may 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 the index measuring the rate of inflation falls, the principal value of an



inflation-protected debt security will fall and 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 market interest rates may increase, which tends to reduce the resale value of certain debt securities, including U.S. Government obligations. 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. Changes in market interest rates may also extend or shorten the duration of certain types of instruments, such as asset-backed securities, thereby affecting their value and returns.

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.

Mortgage- and asset-backed securities 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 certain additional risks. Rising interest rates tend to extend the duration of these 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. This is known as extension risk. In addition, these securities are subject to prepayment risk, which is the risk that when interest rates decline or are low but are expected to rise, borrowers may pay off their debts sooner than expected. This can reduce the returns of a portfolio because the portfolio will have to reinvest that money at the lower prevailing interest rates. This is also known as reinvestment risk. These securities also are subject to risk of default on the underlying mortgage or assets, particularly during periods of economic downturn.

Multi-Style Management Risk. Because certain portions of the assets of certain client accounts may be managed 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.

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. Investing a substantial portion of a client’s assets in related industries or sectors may have greater risks because companies in these sectors may share common characteristics and may react similarly to market developments.

U.S. Government Obligations Risk. U.S. Government obligations include securities issued by the U.S. Treasury, U.S. Government agencies or government sponsored entities. While U.S. Treasury obligations are backed by the “full faith and credit” of the U.S. Government, securities issued by U.S. Government agencies or government-sponsored entities may not be backed by the full faith and credit of the U.S. Government. Furthermore, political



uncertainties in Washington have called into question the U.S. Government's readiness to pay on the debt issued by the Government when due. For this reason, major credit agencies have either downgraded the U.S. Government or placed the U.S. Government on a "negative watch." If the U.S. Government were to default on its obligations, the impact of such a default could have far-reaching implications and cause a significant loss of the value of these securities.

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 processes 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 (which may include security-backed investment contracts, separate account guaranteed investment contracts, and guaranteed investment contracts). At any given point in time, an adequate amount of the Investment Contracts required 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 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 ("SRF"), stable value separate account portfolios managed by Galliard may employ a strategy which incorporates the use of SRF as a "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 12 months notice from such fiduciary 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 cash portion of the client's portfolio. In circumstances where the investment contract's market value is less than its contract 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 formulas components include the underlying asset's yield, durations, and market value, in addition to the contract 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 can be 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 contract value treatment. If these Underlying Securities were not provided contract value treatment, they must be priced at market value and could impact the ability to realize the full principal value of the investment in the Fund. 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 contract value treatment may not be provided:

Credit Impairments. Credit defaults and other impairments of Underlying Securities are generally excluded from the Investment Contracts' contract value coverage, subject to certain allowances and/or cure periods. The 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. Notwithstanding this, however, there can be no guarantee that this risk of a 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 a 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, 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 contract 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.

Enumerated Events of Default. Finally, each contract recognizes certain “Events of Default” which can invalidate contracts’ coverage. Among these are: investments 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 Trust to be tax qualified.

While Galliard seeks to minimize the likelihood of any loss of contract 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 an investment in a stable value fund.

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 that may be subject to their own unique set of risk including such risks as 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 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 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

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. To limit the potential for conflicts of interest, Galliard does not execute transactions with affiliated broker/dealers. Galliard may purchase new issues through a non-affiliated underwriter in which an affiliate is a part of the underwriting syndicate. However, in such cases, our affiliate will not receive any compensation for the securities purchased by Galliard. Galliard clients who have relationships with Wells Fargo affiliates that provide brokerage should note that this policy may impact the brokerage services that Wells Fargo affiliates can perform with respect to assets under management at Galliard. 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, 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 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 may be 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. Traders will often execute block orders for several clients with one or more broker/dealers to receive better execution. In these situations, the trade is promptly allocated into each client's account and each client will receive the same price or same average price in the transaction. Where a group of block trades is made in a single day pursuant to a plan which is determined to be in the best interests of the clients involved to execute as multiple trades, the price received may be averaged so that each client receives the same price for the security purchased.

Galliard may 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 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 may 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, and a supervisory approval for the reallocation is obtained. 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

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.

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 Pricing Committee, consisting of Galliard senior management, 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, all accounts are formally reviewed on a monthly and quarterly basis by the Galliard Fixed Income Committee, which consists of Galliard senior management, and reviews compliance with client objectives and guidelines, regulatory requirements and firm investment policies, as well as reviews overall portfolio positioning, discuss the market environment, and establish 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., to compensate for qualified referrals and certain other services provided. It is the practice of the parent company to credit fee income 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 to compensate certain other affiliated and non-affiliated companies and contemplates entering into additional agreements with other companies and/or individual agents for the referral of potential clients. Galliard will maintain full compliance with rule 275.206(4)-3 of the Act, including disclosure of the solicitation agreements to any client who was subject to a referral agreement.

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. In select cases, Galliard may not have full discretionary authority and be required to receive formal approval of the selection and amount of securities to be bought and sold within a client account.

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.



Relationships with Other Investment Advisers. In striving to implement certain investment objectives where Galliard is an investment adviser to a client, Galliard may utilize investment advisers which are registered with the Securities and Exchange Commission to facilitate the selection of individual securities. The investment adviser which fulfills this role is commonly known as a “Sub-Adviser.” In addition, where Wells Fargo serves a client as an investment adviser, Wells Fargo may enter into an agreement with Galliard to serve Wells Fargo as a Sub-Adviser to the client. Thus, Galliard may serve a client either in a role as an investment adviser or as a Sub-Adviser.

Where Galliard is one of several investment advisers serving a client, the client may request that Galliard make recommendations regarding the selection of, and allocations of assets among, other unaffiliated investment advisers (“External Managers”) and that Galliard perform limited due diligence functions for the client related to these External Managers as set forth in contractual arrangements with the client.

Sub-Adviser Due Diligence. Where Galliard utilizes a Sub-Adviser, Galliard will perform certain due diligence reviews, as outlined below, to comply with requirements set forth by the Securities and Exchange Commission. In addition, where Wells Fargo is acting in a role as Investment Adviser and Galliard is serving as a Sub-Adviser to Wells Fargo, Galliard may perform an enhanced due diligence role on behalf of Wells Fargo for any Sub-Adviser utilized by Wells Fargo.

In performing this due diligence function, Galliard monitors Sub-Advisers by utilizing certain oversight mechanisms. It may conduct periodic reviews of portfolio level information provided by each Sub-Adviser, including performance and other analytic characteristics, to ascertain whether the Sub-Adviser is operating within expected ranges given the performance of the overall market. Galliard also may periodically monitor whether each Sub-Adviser is functioning within established investment guidelines for diversification, quality and interest rate risk (duration). Each Sub-Adviser’s performance may also be measured against its respective fixed income benchmark or investment objective, and periodic review meetings or conference calls may also be conducted to seek supplemental information. Galliard also obtains certifications from each Sub-Adviser regarding compliance with investment guidelines and may periodically seek additional information.

To facilitate a review of the adequacy and effectiveness of the Sub-Adviser’s policies and procedures, the Galliard Compliance Department seeks to conduct separate due diligence meetings with the Sub-Advisers to evaluate their compliance programs. The Galliard Compliance Department evaluates the Sub-Adviser’s policies through questionnaires, review of documents or summaries of policies and interviews with key members of the Sub-Adviser’s organization. These meetings occur on a periodic basis and may consist of both in-person visits and conference call updates.

Galliard has established an External Manager Oversight Committee (the “Committee”) to perform oversight of Sub-Advisers and External Managers where required. The Committee includes



members of Senior Management, Client Portfolio Management, Investment Research, External Manager Services and Compliance. The Committee evaluates investment performance reports, holdings, security credit downgrades, reviews portfolio compliance issues as reported by each External Manager, and investment guideline exceptions.

The Committee is presented with the information discussed above and forms a reasonable conclusion as to whether each Sub-Adviser is adequately and effectively performing its required duties. If the Committee determines that a Sub-Adviser may be deficient its responsibilities, the Sub-Adviser may be recommended for termination or placed on a watch list.

Due Diligence with Respect to External Managers. 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 advisers 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 within a specified range or perform certain limited due diligence functions set forth by 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 External Manager Oversight Committee as set forth above. If during the Committee's evaluation of these investment advisers, 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 adviser 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. 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, Partner at 612-667-3219 or Michael.D.Norman@Galliard.com.



Item 18 – Financial Information

Galliard, as a registered investment adviser, 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.