

FBL Investment Management Services, Inc.

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March 30, 2021

Part 2A to Form ADV

This brochure provides information about the qualifications and business practices of FBL Investment Management Services, Inc. If you have any questions about the contents of this brochure, please contact us at 515-225-5400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Material Changes

No material changes have occurred since the last annual update of our brochure on March 30, 2020.

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Advisory Business

FBL Investment Management Services, Inc. (“FBLIMS,” “we” or “us”) is an investment advisory firm that has been in business and providing advisory services to clients since August 1971.

FBLIMS is located in West Des Moines, Iowa and is owned by FBL Financial Services, Inc., which is wholly owned by FBL Financial Group, Inc., a publicly held company (“FFG”). FFG consists of a family of financial service companies offering businesses, individuals and institutional clients a wide range of financial products and services including life and annuity and property casualty insurance.

Investment Supervisory Services

FBLIMS provides investment advisory, investment management and investment consulting services on a continuous basis to institutional accounts and an entity that is affiliated with FBLIMS through ownership. Such services are provided on an individual basis to reflect the investment objectives of each client’s account. Clients may impose restrictions on investing in or the recommendation of certain securities or types of securities in their accounts.

Strategic Asset Allocation Model

FBLIMS offers an asset allocation program, known as the Strategic Asset Allocation Model (“SAAM”), to variable annuity and variable life insurance products offered by affiliated and unaffiliated life insurance companies. The program is designed to provide an investment strategy for the policyholder’s accumulated value and premium payments utilizing the product’s available investment options and based on the policyholder’s objectives and risk tolerance. Each SAAM identifies specific investment options and the percentage of accumulated value and premium payments to be allocated to each investment option. The program offers a series of models, for all types of investors, spanning a broad risk-return spectrum. FBLIMS provides review and analysis of the program, resulting in periodic changes to the underlying investment allocations within each model.

Amount of Assets Managed

As of December 31, 2020, FBLIMS had \$461,503,609 in assets under management, on a discretionary basis.

Fees and Compensation

Investment Supervisory Services

The advisory fees FBLIMS charges are generally based on the total market value of assets under management, determined as of the close of business at the end of each calendar quarter. Advisory fees relating to interest rate SWAPs and options held in accounts under management are based on the notional values of such investments.

Advisory fees charged to institutional clients are accrued and payable monthly in arrears, generally based on the total market value of assets under management, determined as of the close of business at the end of each quarter. Fees for these clients are as follows:

<u>Asset Type</u>	<u>Annual Fee</u>
Cash/Treasuries ¹	0.060%
Fixed Income	0.090
Equities	0.210
Exchange Traded Funds	0.030
Real Estate	0.610
Mortgages	0.210
Alt Investments	3.010
Alt Investment Funds	0.500
Interest Rate SWAPs	0.060 ²
Options	0.030 ²

¹ Includes cash equivalents and U.S. Treasuries with a maturity of one year or less.

² Billed on the notional value.

Certain clients may be charged a fixed advisory fee per quarter instead of an advisory fee based on a percentage of assets under management.

Fees are subject to negotiation and variation in such situations as FBLIMS deems appropriate.

FBLIMS may provide institutional clients with GAAP Schedule D asset accounting and/or tax accounting. Fees for these services will be negotiated separately.

In certain circumstances, fees different from those described above may be charged or negotiated with clients on a case-by-case basis.

Fees associated with client assets invested in mutual funds are included in FBLIMS's management fee. Clients whose assets are invested in shares of mutual funds will also pay an indirect management fee through the mutual fund. FBLIMS fees could be avoided if clients invested directly in such mutual funds.

Clients will incur brokerage and other transaction costs. Brokerage practices are detailed on page 14 of this brochure.

FBL Marketing, a securities broker-dealer and an affiliate of FBLIMS, has entered into selling agreements with various outside retail mutual funds. FBLIMS and its supervised persons may make client investments in funds with which FBL Marketing and FBLIMS supervised persons as representatives of FBL Marketing receive a portion of the commissions and distribution fees payable from sales of those mutual funds, including asset-based sales charges and service fees.

These practices present a conflict of interest and give FBLIMS and its supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client's needs. FBLIMS relies on the training of its supervised persons to ensure that any conflicts that arise are dealt with appropriately. Any conflict not disclosed in this brochure will be disclosed to the client at the time of service. Clients have the option to purchase investment products that FBLIMS recommends through other broker-dealers or agents who are not affiliated with FBLIMS.

Unless a client's investment management agreement provides otherwise, either party may terminate the relationship upon thirty (30) days' written notice.

Strategic Asset Allocation Model

FBLIMS, in providing SAAM, does not provide investment advice directly to policyholders, nor does FBLIMS enter into any advisory agreement or relationship with policyholders. Policyholders do not pay a fee to the insurance company or FBLIMS for participating in the program. FBLIMS receives no compensation for services it performs in developing and updating asset allocation models.

Performance-Based Fees and Side-by-Side Management

This item is not applicable to FBLIMS since it does not charge client performance-based fees.

Types of Clients

FBLIMS's current client base consists mostly of institutional accounts and affiliated and non-affiliated businesses.

FBLIMS requires a minimum of \$400,000 of assets to establish an investment advisory account. However, smaller accounts may be taken under management in certain circumstances at the discretion of FBLIMS.

Methods of Analysis, Investment Strategies and Risk of Loss

In the course of providing investment supervisory services, FBLIMS utilizes an investment philosophy built on an integrated risk management approach. The overall philosophy is opportunistic and value-oriented in nature, with appropriate asset allocation as the most significant contributor to long-term investment success.

Our asset allocation decisions are based on a thorough review of our clients' needs, objectives and risk tolerance. Consideration is given to a client's need for:

- Current income
- Inflation protection
- Liquidity (ability to liquidate holdings to meet unforeseen cash needs)
- Tax-exempt income or preference for long-term capital gains
- Time horizon
- Overall risk tolerance

We incorporate these considerations into a strategic, risk-appropriate asset allocation. Our focus then shifts to the current condition of the financial markets. The risk/reward potential for each asset class is evaluated relative to each client's needs. We begin a fundamental analysis of individual securities, exchange-traded funds and/or mutual funds suitable for the account. Each account is actively managed to take advantage of appropriate investment opportunities. Our security selection process has been developed with the objective of managing price risk in equities and credit risk in bonds, seeking to ensure that clients are adequately compensated for risks incurred.

We utilize both equity and fixed-income investment strategies in implementing investment advice given to clients.

Equity

Our equity philosophy is that equity investing offers the opportunity for attractive, long-term, inflation-adjusted returns. We view equity investing as the primary means by which clients can obtain an increasing stream of dividend income and appreciation of capital.

We utilize both actively and passively managed investment vehicles for equity allocations. In executing managed equity strategies, we build portfolios of individual equity securities and/or select actively managed mutual funds. In selecting actively managed mutual funds, we emphasize those which have generated consistent returns, with risk relative to their respective benchmarks, and which offer a tenured, stable management team. Passively managed investments, consisting of exchange-traded funds (ETFs) and index mutual funds, are generally selected to provide low-cost exposure to specific equity sectors and/or market benchmarks.

Our clients incur the following risks when investing in equities:

- **Market Risk.** The risk that the market value of a security may move down, sometimes rapidly and unpredictably, due to factors that have nothing to do with the issuer.
- **Liquidity Risk.** The equity securities in which we invest may be less readily marketable and may be subject to greater fluctuation in price than other securities.
- **Risk of Foreign Investing.** The share price of ETFs and/or mutual funds in which we invest may be more affected by investments in foreign securities due to foreign economic and political conditions, taxation policies and accounting and auditing standards than may be the case when investing in domestic funds.
- **Non-Diversification Risk.** The risk that a concentration of assets in a limited number of companies will create a greater exposure to losses arising from adverse developments affecting those companies.
- **Currency Risk.** Exchange rates for currencies fluctuate daily. Accordingly, ETFs and/or mutual funds holding currencies or non-U.S. dollar denominated securities may experience increased volatility with respect to share price and return as a result of exposure to foreign currencies.
- **Information Risk.** The risk that key information about a security or market is inaccurate or unavailable.
- **Natural Event Risk.** The risk of losses attributable to natural disasters, crop failures and similar events.
- **Political Risk.** The risk of losses directly attributable to government actions or political events of any sort.

- **Financial Risk.** The risk that the issuer's earning prospects and overall financial position will deteriorate, causing a decline in the security's value.
- **Risk Related to Company Size.** Because the smaller companies in which we may invest may have an unproven track record, a limited product or service base, or limited access to capital, they may be more likely to fail than larger companies.

Fixed-Income

We view fixed-income investing as a means of generating income and/or as an offset to the risks of equity investing. Therefore, we generally concentrate on issues of high credit quality, short- to medium-term duration and high marketability. In executing managed fixed-income strategies, we build portfolios of individual fixed-income securities, exchange-traded funds (ETFs) and mutual funds.

Individual fixed-income securities are generally purchased with the intent of being held to maturity. However, investment decisions will be implemented to take advantage of changing business and market conditions. Our fixed-income selection process includes a review of credit quality, issuer diversification, sector allocation and interest rates available at various maturity dates. Exchange-traded funds (ETFs) and index mutual funds are generally selected to provide low-cost exposure to specific fixed-income sectors and/or market benchmarks.

Our clients incur the following risks when investing in fixed-income securities:

- **Interest Rate Risk.** Prices of fixed-income securities generally rise and fall in response to changes in prevailing interest rates. With fixed-income securities, a rise in interest rates typically causes a decline in market values, while a fall in interest rates typically causes an increase in market value.
- **Prepayment Risk.** The risk that a decline in prevailing interest rates will shorten the life of an outstanding mortgage-backed security by increasing the expected number of mortgage prepayments, thereby reducing the security's return.
- **Credit Risk.** The possibility that issuers of securities may default in the payment of interest or principal on the securities when due.
- **Liquidity Risk.** Some fixed-income securities in which we invest may be less readily marketable and may be subject to greater fluctuation in price than other securities. Liquidity risk also refers to our ability to sell a security at the time of our choosing.
- **Risk Associated with Noninvestment-Grade Securities.** Investments in securities rated below investment grade may be subject to greater interest rate, credit and liquidity risks than investment-grade securities.
- **Risk Related to the Economy.** Lower-grade bond returns are sensitive to changes in the economy. The value of a portfolio may decline in tandem with a drop in the overall value of the stock market based on negative developments in the U.S. and global economies.
- **Market Risk.** The risk that the market value of a security may move down, sometimes rapidly and unpredictably, due to factors that have nothing to do with the issuer.

- **Political Risk.** The risk of losses directly attributable to government actions or political events of any sort.
- **Extension Risk.** The risk that a rise in prevailing interest rates will extend the life of an outstanding mortgage-backed security by reducing the expected number of mortgage payments, typically reducing the security's value.
- **Information Risk.** The risk that key information about a security or market is inaccurate or unavailable.
- **Natural Event Risk.** The risk of losses attributable to natural disasters, crop failures and similar events.

Alternative Investments

We employ alternative strategies for clients on a select basis. Such investments are generally structured as partnerships, with the client participating as a limited partner. These partnerships primarily focus on the private equity and private debt markets. We use these strategies to bring additional diversification and return opportunities to well-diversified portfolios.

Our clients incur the following risks when investing in alternative investments:

- **Market Risk.** The risk that the market value of a security may move down, sometimes rapidly and unpredictably, due to factors that have nothing to do with the issuer.
- **Liquidity Risk.** The equity securities in which we invest may be less readily marketable and may be subject to greater fluctuation in price than other securities. Some fixed-income securities in which we invest may be less readily marketable and may be subject to greater fluctuation in price than other securities. Liquidity risk also refers to our ability to sell a security at the time of our choosing.
- **Risk of Foreign Investing.** The share price of ETFs and/or mutual funds in which we invest may be more affected by investments in foreign securities due to foreign economic and political conditions, taxation policies and accounting and auditing standards than may be the case when investing in domestic funds.
- **Non-Diversification Risk.** The risk that a concentration of assets in a limited number of companies will create a greater exposure to losses arising from adverse developments affecting those companies.
- **Currency Risk.** Exchange rates for currencies fluctuate daily. Accordingly, ETFs and/or mutual funds holding currencies or non-U.S. dollar denominated securities may experience increased volatility with respect to share price and return as a result of exposure to foreign currencies.
- **Information Risk.** The risk that key information about a security or market is inaccurate or unavailable.

- **Natural Event Risk.** The risk of losses attributable to natural disasters, crop failures and similar events.
- **Political Risk.** The risk of losses directly attributable to government actions or political events of any sort.
- **Risk Related to Company Size.** Because the smaller companies in which we may invest may have an unproven track record, a limited product or service base, or limited access to capital, they may be more likely to fail than larger companies.
- **Interest Rate Risk.** Prices of fixed-income securities generally rise and fall in response to changes in prevailing interest rates. With fixed-income securities, a rise in interest rates typically causes a decline in market values, while a fall in interest rates typically causes an increase in market value.
- **Prepayment Risk.** The risk that a decline in prevailing interest rates will shorten the life of an outstanding mortgage-backed security by increasing the expected number of mortgage prepayments, thereby reducing the security's return.
- **Credit Risk.** The possibility that issuers of securities may default in the payment of interest or principal on the securities when due.
- **Risk Associated with Noninvestment-Grade Securities.** Investments in securities rated below investment grade may be subject to greater interest rate, credit and liquidity risks than investment-grade securities.
- **Risk Related to the Economy.** Lower-grade bond returns are sensitive to changes in the economy. The value of a portfolio may decline in tandem with a drop in the overall value of the stock market based on negative developments in the U.S. and global economies.
- **Extension Risk.** The risk that a rise in prevailing interest rates will extend the life of an outstanding mortgage-backed security by reducing the expected number of mortgage payments, typically reducing the security's value.

While any investment program entails risk, and we cannot guarantee the avoidance of losses, we feel our approach attempts to minimize the probability of permanent loss of investment capital while providing the opportunity to earn a risk-appropriate return.

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

Disciplinary Information

FBLIMS does not have any material legal or disciplinary events to disclose.

Other Financial Industry Activities and Affiliations

FBLIMS provides investment accounting and compliance services for institutional clients.

FBLIMS is owned by FBL Financial Services, Inc.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

FBLIMS has approved an Investment Code of Ethics (the “Code”). The Code covers all officers, directors, managers and employees of FBLIMS (“supervised persons”). The Code requires all supervised persons to report transactions in certain securities (“covered securities”) on a quarterly basis and holdings of covered securities upon becoming a supervised person and annually thereafter. Supervised persons must also obtain preclearance prior to entering into transactions in covered securities and must obtain prior approval from the Ethics Committee before participating in a private placement transaction. Those individuals considered “investment department personnel” (including portfolio managers) are precluded from purchasing securities in an initial public offering.

As a condition of employment or service, supervised persons must at all times act in the best interests of clients, as well as comply with the Code and all applicable federal securities laws. Any supervised person who becomes aware of a violation of the Code, either his or her own violation or that of another person, must promptly notify the Chief Compliance Officer of his or her respective company of the violation.

A copy of the Investment Code of Ethics may be obtained from FBLIMS by calling 1-877-860-2904.

FBL Marketing Services has entered into selling agreements with various unaffiliated retail mutual funds. FBLIMS and its supervised persons may make client investments in mutual funds with which FBL Marketing and FBLIMS supervised persons as representatives of FBL Marketing receive a portion of the commissions and distribution fees payable from sales of those mutual funds, including asset-based sales charges and service fees.

This practice presents a conflict of interest and gives FBLIMS and its supervised persons an incentive to recommend investment products based on compensation received, rather than on a client’s needs. FBLIMS relies on the training of its supervised persons to ensure that any conflicts that arise are dealt with appropriately. Any conflict not disclosed in this brochure will be disclosed to the client at the time of service.

FBLIMS, or its related persons, are allowed to buy or sell for their individual portfolios, securities which are also recommended to clients, subject to the provisions of the Investment Code of Ethics. However, neither FBLIMS nor related persons that are not advisory clients of FBLIMS shall knowingly purchase or sell for personal benefit any security which FBLIMS is in the process of purchasing or selling for its advisory clients, or which is on the “open order” list or “under consideration” for purchase or sale for such clients.

FBLIMS will use its best efforts to detect and correct trading errors in order to protect clients from related losses. FBLIMS’s investment staff, compliance staff and insurance accounting staff are responsible for the detection of trading errors, and the investment staff is responsible for ensuring the client is made whole should a trading error negatively impact the client’s account. It is FBLIMS’s policy that any gains associated with trading errors are retained in the client accounts, and losses are borne by FBLIMS.

Brokerage Practices

For those client accounts with respect to which FBLIMS has brokerage discretion, FBLIMS endeavors to obtain for clients the best combination of net price and execution of transactions in portfolio securities, whether through a broker as agent or with a dealer as principal. Subject to this primary consideration, while FBLIMS does not have any specific understanding or arrangement to do so, FBLIMS places substantially all portfolio transactions with brokerage firms that furnish research, statistical and other services. FBLIMS regards information that is customarily available only in return for brokerage as among the elements to be considered in placing brokerage. No specific value can be determined from most such information and services and they are deemed supplemental to FBLIMS's own efforts in the performance of its duties under its investment advisory agreements. Any research benefits derived are available for all FBLIMS clients and may not always be used in connection with the accounts that paid commissions to the broker providing certain research services. This may cause clients to pay a broker-dealer a commission rate higher than that which the broker-dealer would have charged for execution only. This is known as "paying up for soft dollar benefits." These products and services may include advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or purchasers or sellers of securities, and analyses and reports concerning issuers, industries, securities and economic factors and trends. FBLIMS believes that brokerage commissions are client assets and should be utilized in accordance with fiduciary principles, for the benefit of clients.

In the allocation of brokerage business, FBLIMS may have an incentive to give preference to those brokers that provide research products and services, either directly or indirectly. However, FBLIMS will do so only to the extent it believes that the selection of a particular broker is consistent with FBLIMS's duty to seek best execution. To the extent that FBLIMS is able to obtain products and services through the use of clients' commission dollars, it reduces the need to produce the same research internally or through outside providers for hard dollars and thus provides an economic benefit to FBLIMS. On an ongoing basis, FBLIMS monitors the research services received to ensure that such services are reasonable in relation to the brokerage allocated.

The research products/services provided by brokers through soft dollar arrangements benefit FBLIMS's investment process for client accounts and are used in formulating investment advice for any and all clients of FBLIMS, including accounts other than those that paid commissions to the brokers on a particular transaction. As a result, not all research generated by a client's trade will benefit that particular client's account. FBLIMS does not attempt to allocate the relative costs or benefits of research among client accounts because it believes that, in the aggregate, the research it receives benefits all clients and assists FBLIMS in fulfilling its overall duty to its clients.

In negotiating commissions, FBLIMS seeks the best security price and brokerage commission that, in its judgment, is reasonable in relation to the value of the brokerage and research services offered. Factors to be considered include the reliability and quality of the broker's services and the financial condition of the firm.

FBLIMS may, in some instances, purchase for clients securities that are not listed on a national securities exchange but are traded in the over-the-counter market. It may also purchase listed securities through the "third market." Where transactions are executed in the over-the-counter or "third market," FBLIMS will seek to deal with the primary market makers, but when necessary it will utilize the service

of brokers. In all such cases, FBLIMS will attempt to negotiate the best combination of net price and execution.

FBLIMS occasionally executes cross -transactions in the accounts of its clients. A cross -transaction occurs when FBLIMS is making a recommendation for certain clients to sell a security on the same day that FBLIMS is recommending other clients buy the same security. When FBLIMS acts as both client-buyer and client-seller of the transactions, there exists a potential conflict of interest since FBLIMS is seeking to act in the best interest of each client. Generally, the broker involved will assess all parties their normal commission rate.

Purchases and sales of fixed income securities are normally principal transactions where the securities are purchased directly from the issuer or from an underwriter or market maker for the securities. Purchases from underwriters will include a commission or concession paid by the issuer to the underwriter, and purchases from dealers serving as market makers include the spread between the bid and asked prices. The primary consideration in allocating such transactions is obtaining the best combination of net price and execution of orders, but, as with equity securities, FBLIMS may execute such transactions with the firms that furnish research, statistical and other services. Fixed income transactions may incur a minimum ticket charge where securities are purchased or sold through a non-custodial broker.

It is the practice of FBLIMS to aggregate client orders for purchases and sales of equity and fixed-income securities whenever it believes such aggregation is consistent with the terms of its advisory agreements. When orders are aggregated, those clients affected receive the average price per share for the securities purchased through that aggregated order.

Generally, clients participating in an aggregated order for equity securities do not receive the average transaction cost on the purchases, but are assessed their normal commission rate and are subject to any minimum ticket charge assessed by the broker. However, if an aggregated order includes affiliated clients, all clients will receive the average price per share and will be charged the average transaction cost. If an aggregated equity order is only partially filled, in some instances, orders may be filled in total rather than pro rata to avoid paying higher brokerage commissions.

FBLIMS may aggregate fixed-income orders for clients. If an aggregated fixed-income order is only partially filled, FBLIMS will fill client orders on a pro rata basis, subject to client -specific minimum investment amounts, appropriateness for the client and available cash. If an “aggregated” fixed-income order is not filled on a pro rata basis, the allocation is subject to approval by the compliance staff.

Where a transaction occurs between or among non-affiliated clients, no transaction costs will be assessed to either party.

If FBLIMS is purchasing for multiple clients and does not aggregate the order, client orders will be placed for execution in the following order:

1. Clients, including non-affiliated insurance companies, who have non-directed brokerage accounts.
2. Clients who have directed their investment be placed with a particular broker-dealer.

3. Non-affiliated clients.

If a client has directed trades to be placed with a broker, other than the one which FBLIMS has negotiated a commission schedule, it may be disadvantaged by having its order placed subsequent to clients who do not have directed brokerage accounts.

Pursuant to their investment management agreements, certain clients of FBLIMS have directed that all brokerage for their account be placed with certain brokerage firms. In such situations, FBLIMS is limited in its ability to negotiate a commission and FBLIMS may be unable to achieve most favorable execution of client transactions, and this practice may cost clients more money. Brokerage commissions paid by these clients may be higher than might be available from another broker and may be higher than the commissions paid by other clients of FBLIMS. Any research services provided to FBLIMS by a brokerage firm which a certain client has directed FBLIMS to use may benefit all clients of FBLIMS and may not always be used in connection with the client directing FBLIMS to place brokerage with such firm.

Review of Accounts

Securities held in all accounts are monitored on a continuous basis by the portfolio managers involved. Formal account reviews are conducted on an annual basis by the manager of the individual investment advisory client accounts to evaluate each account's attainment of its investment goals. Unusual market conditions and important economic developments may trigger informal reviews.

FBLIMS's Investment Committee typically meets on a monthly basis to consider overall investment policies and general investment advice for its advisory clients.

Statements and reports containing portfolio information and performance results are generally distributed to clients quarterly, although reports of the holdings in an account are available at any time.

Client Referrals and Other Compensation

FBLIMS does not receive nor pay compensation for any client referrals.

Custody

This item is not applicable to FBLIMS since FBLIMS is not deemed to have custody of separate account client assets.

Investment Discretion

FBLIMS may accept discretionary authority to manage securities accounts on behalf of clients. Discretionary authority is generally established through the investment management agreement, investment authority and adherence to an investment policy statement as established by or in conjunction with the client.

Among our existing clients, we may face restrictions as to allocations to non-U.S. stocks or market sectors. Generally, in establishing a client's asset allocation, we will discuss non-U.S. sectors to uncover any aversion or potential allocation restrictions on this segment of the market. Additionally,

capital requirements may impose restrictions on FBLIMS in investing for certain clients, e.g., insurance company clients. For example, the capital charges associated with high yield bonds will typically restrain the allocation to this segment. Such restrictions are set in establishing and reviewing a client's investment policy statement.

Voting Client Securities

FBLIMS's Proxy Voting Policies and Procedures set forth the general principles used to determine how FBLIMS votes proxies on securities in client accounts for which FBLIMS has proxy voting authority. FBLIMS's general policy is to vote proxies in the best interests of clients. In pursuing this policy, FBLIMS votes in a manner that is intended to maximize the value of client assets and seeks to align the interests of management of the companies in which it invests with the interests of clients.

FBLIMS's Proxy Voting Policies and Procedures describe how FBLIMS usually votes proxies on various matters, such as proposals on corporate governance, changes to capital structure and routine matters, including the election of directors and ratification of the appointment of independent auditors. FBLIMS's Proxy Voting Policies and Procedures provide that proxies with respect to foreign companies may not be voted where the company is in a country which prohibits shareholders who vote proxies from trading the company's shares within a given period of time around the shareholder meeting date ("share blocking"). If the application of the voting guidelines is unclear, the matter is not covered by the voting guidelines or the voting guidelines call for case-by-case review, FBLIMS's Investment Committee will formulate a recommendation on the matter in accordance with FBLIMS's goal of maximizing client assets.

FBLIMS's Proxy Voting Policies and Procedures describe how FBLIMS addresses conflicts of interest between FBLIMS and its clients, with respect to proxy voting decisions. Actual or potential conflicts of interest involving a company or companies affiliated with FBLIMS of which FBLIMS is unaware are not considered conflicts of interest covered by the Proxy Voting Policies and Procedures. To resolve conflicts of which it is aware, (1) FBLIMS will obtain client consent before voting in accordance with the voting guidelines or the recommendation of the Investment Committee, (2) FBLIMS will refer the matter to a third-party proxy voting service or (3) the Investment Committee will prepare a report documenting the conflict, the procedures used to address the conflict, any contacts from outside parties regarding the proposal and the reason for the recommendation.

A copy of the complete Proxy Voting Policies and Procedures can be obtained from FBLIMS by calling 1-877-860-2904. Clients may contact their relationship manager for information related to how their proxies are voted or to discuss voting on a specific proxy solicitation.

Financial Information

FBLIMS does not believe there is any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.