

# Galliard Capital Management, LLC.

800 LaSalle Avenue

Suite 1400

Minneapolis, MN 55402-2054

[www.galliard.com](http://www.galliard.com)

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This is the Form ADV, Part 2A ("Brochure") for Galliard Capital Management, LLC ("Galliard") as required by the Investment Advisers Act of 1940 ("Advisers Act").

***This Brochure 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 [Galliardclientservice@galliard.com](mailto:Galliardclientservice@galliard.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. Additional information about Galliard is also available on the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).***

Galliard is an investment adviser registered with the SEC. Our registration as an investment adviser does not imply a certain level of skill or training.

Galliard's Brochure may be requested free of charge by contracting Galliard Client Service at 1-800-717-1617 and/or [Galliardclientservice@galliard.com](mailto:Galliardclientservice@galliard.com).



## ITEM 2 – MATERIAL CHANGES

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This amended Brochure, dated November 22, 2021 updates Galliard Capital Management, LLC's ("Galliard") annual Form ADV amendment filed March 31, 2021 to reflect certain material changes. On September 27, 2021, Galliard filed an Other Than Annual Amendment on the ADV Part 1A to reflect a change from a Minnesota corporation to a Delaware limited liability corporation. Galliard is including this change for informational purposes only; it does not consider such change a material change under the ADV Part 2A requirements.

- Item 4 (Description of Advisory Services) has been updated to acknowledge the sale of Wells Fargo Asset Management ("WFAM"), which includes Galliard and certain affiliates, to funds managed by GTCR LLC ("GTCR") and Reverence Capital Partners, L.P. ("Reverence Capital Partners") on November 1, 2021 (the "Transaction"). As part of the sale, WFAM has changed its name to Allspring Global Investments.

As a result of Wells Fargo's sale of the Wells Fargo Asset Management business (as referenced in Item 4) the following Items have been updated:

- Item 9 (Disciplinary Information) has been updated to remove references to Wells Fargo and the significant risks it faces due to its involvement in various legal and regulatory matters, including litigation, arbitrations, and investigations.
- Item 10 (Other Financial Industry Activities and Affiliations) has been updated to reflect the change of entities affiliated with Galliard as a result of the Transaction described in Item 4.
- Item 15 (Custody) has been updated to reflect that, as a result of the change of ownership of Galliard, Wells Fargo Bank, N.A. is no longer considered an affiliated qualified custodian.



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## ITEM 4 – ADVISORY BUSINESS

### Firm Overview

Galliard Capital Management, LLC, (“Galliard”) is an institutional investment advisory firm that has specialized in customized fixed income active management against client-driven objectives and benchmarks as well as stable value management for qualified retirement plans, deferred compensation programs and 529 plans for more than 25 years. On November 1, 2021 became a wholly-owned subsidiary of Allspring Global Investments Holdings, LLC

On November 1, 2021, Wells Fargo & Company (“Wells Fargo”) sold Wells Fargo Asset Management (“WFAM”), and certain affiliates to funds managed by GTCR LLC (“GTCR”) and Reverence Capital Partners, L.P. (“Reverence Capital Partners”), (the “Transaction”). WFAM was the trade name used by the asset management businesses of Wells Fargo which includes Galliard. As part of the sale, Wells Fargo Asset Management Holdings, LLC changed its name to Allspring Global Investments Holdings, LLC (“Allspring Holdings”). Certain affiliates rebranded to Allspring entities. Refer to Item 10 of this Brochure for more information about affiliates.

Founded in 1980, GTCR is a leading private equity firm focused on investing in growth companies in the Healthcare, Financial Services & Technology, Technology, Media & Telecommunications, and Growth Business Services Industries. The Chicago-based firm pioneered The Leaders Strategy™ — finding and partnering with management leaders in core domains to identify, acquire, and build market-leading companies through transformational acquisitions and organic growth. Since its inception, GTCR has invested more than \$20 billion in over 250 companies.

Reverence Capital Partners is a private investment firm focused on thematic investing in leading global, middle-market financial services businesses through control and influence-oriented investments in five sectors: (1) Depositories and Finance Companies, (2) Asset and Wealth Management, (3) Insurance, (4) Capital Markets and (5) Financial Technology/Payments. The firm was founded in 2013 by Milton Berlinski, Peter Aberg, and Alex Chulack, who collectively bring over 90 years of advisory and investing experience across a wide range of financial services sectors.

Given the large scale and complexity of this divestiture, some technology infrastructure, operational processes and certain Galliard employees will temporarily remain at Wells Fargo to manage critical processes and systems that transition over time, under a Transition Services Agreement (“TSA”) between Allspring Holdings and Wells Fargo.

Galliard has three Senior Managing Principals, Michael (Mike) Norman, Andrew Owen, and Ajay Mirza who are responsible for the strategic management of the firm. Mike Norman is responsible for client service, sales and consultant relations. Andrew Owen is responsible for operations and administration and Ajay Mirza is responsible for Galliard’s investment process, strategy and oversight of client portfolios. Mike and Andrew also serve as Co-Presidents of Galliard.

Since its inception in 1995, Galliard has consistently managed its client accounts using a team approach, with responsibilities generally assigned by asset sector or strategy. The biographies of the individual professionals who have accountability for the management of client assets are included in Galliard’s Brochure Supplement, ADV Part 2B.



As of 12/31/2020, Galliard managed \$95,412,020,999 on a discretionary basis and \$662,114,785 on a non-discretionary basis, which includes all assets in stable value investment options for which Galliard provides investment advisory services.

## Governance and Committees

Galliard maintains two primary oversight committees, the Operating Committee and the Investment Committee, each of which has specified sub-committees and working groups. Membership on the primary oversight committees includes Galliard executive management, senior management, and Galliard staff with relevant functional responsibilities. Galliard periodically reviews the committees, sub-committees and working groups reporting up through the two primary oversight committees and refines responsibilities or structure as necessary to facilitate strategy implementation and oversight.

***Galliard's Operating Committee:*** Galliard's Operating Committee includes the Senior Managing Principals and Senior Principals representing all areas of the firm. Galliard's Chief Compliance Officer is also a member. The primary purpose of the Operating Committee is to oversee Galliard's financial and operational performance, including business development, compliance and risk management. The Operating Committee, which generally meets quarterly, has delegated authority to committees and working groups, which report to the Operating Committee as follows:

- ***Compliance Committee:*** Chaired by Galliard's Chief Compliance Officer, Galliard's Compliance Committee generally meets monthly and provides oversight of Galliard's compliance program, including policy development, compliance testing, issue remediation and regulatory inquiries and examinations.
- ***New Business & Fee Committee:*** Galliard's New Business & Fee Committee meets as needed to review and approve new business opportunities, approve investment management fee schedules for new or existing clients and provides oversight of agreements between Galliard and its clients or other third parties.
  - *The Client Contract Working Group* reviews proposed or revised investment management agreements and reports results and/or recommendations to the New Business & Fees Committee.
- ***The System Governance Working Group:*** evaluates and prioritizes system development and enhancement requests and makes recommendations to the Operating Committee as to the allocation of Galliard's technology resources.

Galliard's Investment Committee, described below provides reporting related to Galliard's management of client portfolios to the Operating Committee.

***Galliard's Investment Committee:*** Ajay Mirza, Senior Managing Principal serves as Chair of Galliard's Investment Committee. The primary purpose of the Investment Committee is to evaluate and approve recommended changes to Galliard investment strategies and provide oversight of Galliard's management of its clients' stable value and fixed income accounts. The Investment Committee's oversight includes performance, trading, valuation, the use of external (unaffiliated) investment managers, stable value investment contracts' impaired securities and related thresholds and trade errors. The Investment Committee and its two key strategy committees generally meet monthly. The sub-committees and working groups reporting to the two key strategy committees meet as needed, generally at least quarterly. The strategy committees and their sub-committees and working groups are:

- ***Stable Value Strategy Committee:*** Responsible for establishing and overseeing the implementation of Galliard's stable value strategies, compliance with stable value



investment contract guidelines, including the work of the following sub-committees and working groups:

- *Investment Contract Review Sub-Committee*: Provides oversight and approval of stable value investment contract terms and standards as utilized by Galliard.
- *External Manager Oversight Working Group*: Reviews investment performance, compliance and ongoing due diligence results related to external (unaffiliated) investment managers used by Galliard clients seeking diversification as part of a multimanager stable value strategy.
- ***Fixed Income Strategy Committee***: Responsible for establishing and overseeing the implementation of Galliard's fixed income strategies, including the work of the following sub-committees and working groups:
  - *Credit Working Group*: Evaluates the results of credit analysis conducted on fixed income securities (and issuers) as well as the creditworthiness of investment contract issuers.
  - *Fixed Income Valuation Sub-Committee*: Oversees execution of Galliard's Valuation Policy and determines and/or approves valuations that cannot be determined using third party valuation sources.
  - *GIPS® Working Group*: Reviews and recommends changes to Galliard composites, implementation of changes to GIPS requirements and the results of Galliard's independent review of GIPS compliance.
  - *Environmental, Social, and Governance ("ESG") Working Group*: Oversees adherence to, and implementation of, the Principles for Responsible Investment and monitoring developments with the ESG marketplace, accordingly.

Galliard believes that our integrated team approach and committee oversight are key to supporting the fixed income and stable value strategies and products offered to our clients. The committee structure facilitates consistency and integration in the implementation of Galliard's management strategies and risk management processes, provides opportunities for cross-training and development and supports personnel across the firm in their Galliard roles. Galliard also believes that this governance structure is an important component of succession planning.

The following is a summary of Galliard's investment management services:

### **Stable Value Management.**

Galliard offers its stable value management services in either separate account or collective fund strategies to plans qualified under Sections 401(a), or 401(k) of the Internal Revenue Code, 457(b) plans for governmental entities, 529 plans for qualified tuition programs or collective investment trusts under the Internal Revenue Service Ruling 81-100. Galliard's stable value management is designed to provide clients with vehicles 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's stable value strategy can be customized for separate account clients including those seeking manager diversification as part of a multimanager strategy as further described in Item 16.

For qualified accounts and certain governmental plans seeking investment and reinvestment in a collective vehicle, Galliard serves as advisor to the Wells Fargo Stable Return Fund ("SRF") and the Wells Fargo Synthetic Stable Value Fund, also known as the Galliard Managed Income Fund ("MIF"). The purpose of SRF and MIF is to provide qualified accounts with a vehicle for collective investment and reinvestment in a portfolio of securities and other financial instruments having



fixed income characteristics, including, but not limited to, guaranteed investment contracts and security backed contracts, with the objectives of preserving capital and obtaining a moderate level of return. SRF and MIF are collective investment funds managed and trusted by Wells Fargo Bank.

In certain cases, Galliard also provides daily valuation services for defined contribution stable value portfolios.

### **Fixed Income Management**

Galliard offers customized actively managed fixed income separate account management against client-driven objectives and benchmarks to institutional clients including corporations and U.S. and local government entities. Our fixed income philosophy and approach attempts to generate income and control risk.

Additionally, Galliard offers a customized strategy utilizing securities rated below investment grade, unrated, or subject to a higher risk of default at the time of purchase ("High Yield"). These securities generally present a greater risk of loss and experience more price volatility than investment grade securities.

Galliard serves as investment advisor to certain fixed income collective funds, which are managed and trusted by Wells Fargo Bank. The purpose of these collective funds is to provide qualified accounts with a vehicle for collective investment and reinvestment in a portfolio of fixed income securities.

Galliard also provides underlying fixed income management for commingled insurance company separate account investment contracts

### **Allspring Funds Management, LLC Mutual Funds - Fixed Income Funds**

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





## ITEM 5 – FEES AND COMPENSATION

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Galliard charges fees for investment management services based on a limited number of major distinctions among its clients. Galliard has various fee schedules for clients investing directly in Galliard's stable value or fixed income strategies through either a collective fund or a separate account as well as a fee schedule for separate accounts in the High Yield fixed income strategy.

Management fees for stable value collective funds or stable value separate accounts are typically calculated and accrued daily based on prior day net asset value and paid quarterly as calculated by Galliard or specified by the client. Management fees for advisory services for assets solely invested in fixed income collective funds or fixed income separate accounts are typically calculated and billed based on the market value of fund assets as calculated by Galliard or as specified by the client. If requested by clients, fees can be based on a different methodology, including monthly calculation and monthly billing. Certain employee benefit plan portfolios are valued daily and accrue an advisory fee based on the daily book value of the plan portfolio. These fees are typically paid quarterly.

The specific manner in which fees are charged is established in a client's written investment management agreement with Galliard. Reduced or negotiated fees could be applicable to accounts with special circumstances, such as large asset balances, wholesale relationships, and competitive bids through formal requests for proposals. Fixed dollar fees can be negotiated where clients receive advice but not discretionary management. In certain special circumstances, fees are paid in advance (and 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.

### **Allspring Funds Management, LLC – *Managed Fixed Income Portfolio***

For assets in the Allspring Mutual Funds – Fixed Income Portfolio, Galliard receives a sub-advisory fee paid in accordance with the following fee schedule:

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%

### **Galliard Fee Schedules**

Galliard's minimum account/relationship size for stable value strategy is generally \$100 million for separate accounts. There is no minimum for accounts invested in SRF and MIF. Minimum account size for fixed income strategy is generally \$25 million for separate accounts and generally \$10 million for investment in collective funds. Minimum account size can be waived based on expected growth, total relationship or other factors as determined by Galliard.

***Stable Value Management.*** For the portion of a client's assets invested in SRF, MIF, the Galliard Retirement Income Fund ("RIF") which is wholly invested in MIF or a stable value separate account sourced by Galliard, the maximum fee applicable is:

0.20% of assets under stable value management.





**Fixed Income Management.** For the portion of a client's assets that are invested in a fixed income investment strategy, whether in separate accounts or collective funds, the maximum fee schedule applicable is:

0.25% of assets under fixed income management.

**High Yield Fixed Income Management Fee Schedule.** In the event that a client selects a primarily High Yield strategy for their portfolio additional fees would apply to that portion of their assets, as represented by the maximum fee schedule listed below:

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

Assets that are invested in a collective fund are subject to management fees from either Galliard or the trustee, but not both. Clients investing in a collective fund sign a participation agreement with the trustee that discloses any applicable fees including but not limited to operational and/or trustee fees.

## Other Fees

In addition to the collective investment funds advised by Galliard and described in Item 4 above, Allspring Global Investments has other subsidiaries that also advise or sub-advise collective investment funds or mutual funds.

Galliard's investment advice will be based on each client's individual needs, investment objective and assets as described by the client. Based on these factors Galliard may recommend the collective investment funds managed by Galliard as part of the client's investment solution.

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

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

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Galliard does not manage investments for its own account. Galliard provides its services to institutional clients only and does not directly manage investments for any employees of the firm.

In rare cases, Galliard has entered into performance-based fee arrangements with certain clients. However, Galliard does not currently have any performance-based fee arrangements.

## ITEM 7 – TYPES OF CLIENTS

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Galliard provides investment 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; Insurance Company Separate Accounts; other taxable and tax exempt organizations and trusts; as well as Bank Owned Life Insurance (“BOLI”) and Company Owned Life Insurance.



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

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Galliard's Investment Committee provides formal oversight of Galliard's stable value and fixed income investment strategies, portfolio positioning, economic outlook, trading and performance and meets generally on a monthly basis. The Investment Committee is also responsible for validating risk parameters for all investment strategies. The Investment Committee and its sub-committees and working groups oversee Galliard's integrated team approach to the management of its clients' stable value and fixed income portfolios. Refer to Item 4 for additional information about the sub-committees and working groups.

### Fixed Income Investment Decision Making

Galliard's fixed income approach emphasizes high quality and broad diversification with an emphasis on risk control and is the foundation for both fixed income and stable value portfolios. Galliard's fixed income portfolios are managed blending top down and bottom up disciplines into the overall investment decision-making process. Galliard's Fixed Income Team implements the investment strategy on a daily basis for each client portfolio. This includes idea generation, relative value analysis, credit review and analysis, and trading. While most trade ideas are discussed before execution among traders, analysts and, if needed, client portfolio managers, all transactions are reviewed in the daily investment meetings that are attended by the investment staff and typically includes one or more Senior Managing Principals.

Galliard's Fixed Income Team is comprised of Sector Teams and the Client Portfolio Management Team. Following is additional information regarding the structure and responsibilities of Galliard's Sector and Client Portfolio Management Teams.

**Sector Team.** Galliard's Credit Sector Team and Structured Sector Team are responsible for implementation of sector strategies and individual security selection within client portfolios. Each team consists of a sector head, traders and designated analysts who meet periodically to discuss and refine current sector strategy, discuss credit reviews and investment opportunities and provide information to the Investment Committee.

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

Galliard's approach also recognizes that ESG factors are often financially material risks and Galliard integrates these risks into our analytical process. Galliard is a signatory of the United Nations Principles for Responsible Investment. Galliard's Sector Teams evaluate ESG-related issues as part of the credit analysis to the extent those factors pose a material risk. ESG factors are an important component of Galliard's analysis but not the sole determinant of investment decisions.

### Stable Value Investment Decision Making

Galliard's stable value investment decision-making process is integrated with the broader fixed income management process as described in the Fixed Income Investment Decision Making section above. Galliard employs techniques with particular emphasis on high quality securities,



broad diversification, adequate liquidity, controlling interest rate risk (duration) and a disciplined risk management and investment process designed to identify the best fundamental values across eligible fixed income sectors.

The stable value investment decision-making process incorporates input from Galliard's Fixed Income Team and Galliard's Stable Value Strategy and Contracts Team, and is overseen by Galliard's Stable Value Strategy Committee. The Stable Value Strategy and Contract Team is primarily responsible for maintaining Galliard's investment contract issuer relationships, negotiating/executing investment contracts, the selection of and diversification among approved investment contract issuers, the preparation of bidding specifications and the review of account-specific contract terms. Allocations made to the liquidity buffer and the underlying fixed income investment managers, strategies, and vehicles are based on the overall strategy for a stable value account, which is developed in consideration of a number of factors including the account's objective and guidelines, expected cash flows, demographics, plan characteristics, client preferences, and the availability of stable value investment contracts and their terms. This process and its relation to the other functional areas of the firm on a day-to-day basis is coordinated via the Client Portfolio Management Team and includes daily cash flow monitoring and management, monitoring and maintaining of account allocations, and management of and participation in relevant Galliard committee meetings including the Stable Value Strategy Committee.

### **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. Galliard cannot guarantee any level of performance or that accounts will not experience a loss in value.

### ***Risk of Loss in Stable Value***

An investment in a stable value instrument is subject to certain risks. Some of these principal risks include:

#### ***Availability of Investment Contract.***

The contract value accounting afforded a stable value account requires the use of investment contracts, also known as wrap contracts, issued by banks, insurance companies and other eligible financial institutions, each allowing participants to make withdrawals at contract value. Without these investment contracts, the stable value account's assets would be valued at the market value of the underlying securities. At any given point in time, for reasons beyond Galliard's control, an adequate amount of credit-worthy issuers of the investment contracts for a stable value account may not be available. The inability of a stable value account to secure investment contracts may arise from a number of different causes, including, for example, additional cash flows from existing participants for which investment contract issuers are unable or unwilling to cover under the investment contracts; a terminated investment contract for which a replacement investment contract is not available, or an investment contract issuer's decision to discontinue offering investment contracts. While an investment contract issuer is permitted to terminate an investment contract for breach of contract, under certain circumstances, an investment contract issuer can also terminate the investment contract without cause. If the investment contract is terminated without cause and market value is less than contract value upon termination, the investment contract may not terminate immediately but only after the market value is equal to or greater than contract value. During this period, unless another investment contract is secured, assets of the stable value account could be required to be managed more conservatively, which could impact the yield of the stable value account.



**Cash Flow Risk**

This is the risk that the net effect of an account's contributions and withdrawals will have a negative impact on the stable value account's blended yield, thereby decreasing the income that the stable value account generates for participants. Cash flows may also be different than expected, making it more difficult to manage the investments in the stable value account. As interest rates fall, positive cash flow from contributions and/or transfers may be invested at a lower rate of interest than the stable value account's current crediting rate.

**Crediting Rate Risk**

A stable value account's yield is the weighted average of all of the investment contracts' individual crediting rates and the yield of any liquidity vehicle held within the stable value account. In circumstances where the investment contract's market value is less than its contract value, the crediting rate will lag market yields in order to allow the contract's book value to converge with the account's market value over time. In these circumstances, the investment return may be lower than the income earned by the underlying securities in accordance with the crediting rate formula of the investment contract. While the formula is designed to minimize deviations between market and contract values, a secondary effect of this investment contract term may be to accelerate participant withdrawals due to the lower crediting rate, thereby increasing the cash flow risk. Certain investment contracts also include adjustments to the crediting rate designed to accelerate the convergence of the difference between market and contract values if the difference of the market value and the contract value meet a certain threshold. As the result of such an adjustment, the stable value account's yield may be reduced.

An investment contract's crediting rate provides a fixed return for a period dictated by the contract. Typically, the crediting rates are reset quarterly but could be reset more or less frequently. The use of the crediting rate formula and the periodic reset schedule allows the investment contract return to generally reflect the performance of the underlying assets over time on a lagged basis. For example, in an environment where interest rates are rising, the crediting rate could be lower than prevailing interest rates. The crediting rate formula inputs include contract value and the attributes of the underlying securities including yield, duration, and market value. These variables, applicable to each investment contract held in an account, affect the stable value account's overall crediting rate and, thus, its blended yield.

**Investment Contract Risk**

A stable value account's investment contracts are designed to enable the participants to withdraw assets from the stable value account at contract value. There is no guarantee that the contract value can be maintained.

There is the risk that the investment contract issuer could (i) default in its obligation to pay the difference of market value and contract value when the market value is reduced to zero or (ii) terminate the investment contract following an event of default specified in the investment contract.

In addition, the investment contracts allow for certain underlying securities to be excluded from contract value coverage. If these underlying securities were not accounted for at contract value they must be priced at market value and could adversely impact the net asset value of the stable value account. While the specific terms of investment contracts will differ among the investment contract issuers, here are a few examples of circumstances where contract value coverage could be at risk:

### ***Credit Impairments***

A credit impairment of an underlying security generally occurs when that security is downgraded below a certain minimum threshold or is otherwise negatively affected by reports issued by a nationally recognized statistical rating organization. These impairments can occur even if the underlying security is not in default and maintains a rating equal to or above investment grade. A default occurs when the security fails to pay required payments of interest, the issuer becomes insolvent or the issuer disclaims liability to future payments as well as other events. Defaults and other impairments of underlying securities are generally afforded only limited coverage by the investment contracts' contract value coverage, subject to certain allowances and/or cure periods. Acting within the investment guidelines applicable to the investment contract an investment advisor relies on credit analysis to avoid buying or holding securities that may become impaired or experience a default. There is no guarantee that this risk of credit impairment or default can be avoided.

Likewise, an investment contract issuer may suffer credit impairment, which potentially affects the ability of the stable value account to rely on the investment contract issuer to pay the difference of the market and contract values when needed. If a credit impairment were to occur that put in doubt the investment contract issuer's ability to meet its obligations of the investment contract, the investment contract would have to be accounted for at market value, rather than contract value, thereby creating the potential for a loss in the value of the stable value account.

### ***Certain Employer-Initiated Withdrawals***

Most investment contracts limit the contract value coverage provided for participant withdrawals arising as a result of an employer initiated event. This limitation could cause participant withdrawals and transfers to be executed at market value rather than contract value. If market value is less than contract value, the participant could incur a loss to their investment. Examples of employer-initiated events include but are not limited to: a merger of the employer or spin-off of all or a portion of its assets; the addition of an investment option under a plan that competes with the stable value account, without the necessary transfer restrictions; bankruptcy of the employer; a significant number of employees is laid off; implementation of an early retirement program; or amendments or modifications to a plan, including a plan re-enrollment that results in withdrawals from a stable value account.

### ***Events of Default***

Each investment contract recognizes certain "events of default" which can allow the investment contract issuer to terminate the investment contract without meeting their payment obligation required by the investment contract. While each investment contract contains unique events of default, the events of default fall into certain general categories. Among these are: underlying securities are out of compliance (and not cured) with the investment guidelines contained in the investment contract; fraudulent or other material misrepresentations made to the investment contract issuer by the contract-holder or investment advisor; changes of ownership of the investment advisor not approved by the investment contract issuer; changes in statutes, laws or account standards governing a stable value account, a plan or a pooled fund; or the failure of a plan or a pooled fund 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, the investment.

### ***Risk of Investment in Other Funds***

If a stable value account 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 money market funds that are subject to their own unique set of risks including regulatory risk, interest rate risk, liquidity risk and credit risk.

### ***Risk of Loss in Fixed Income***

Fixed income investments are also subject to certain risks. Some of these principal risks include:

#### ***Counterparty Risk***

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

#### ***Credit Risk***

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

#### ***Derivative Risk***

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

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

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

#### ***Foreign Investment Risk***

Galliard purchases US\$ denominated securities issued by foreign domiciled entities, including those commonly referred to as “Yankee Bonds”. However, Galliard does not purchase securities on foreign exchanges or through non-U.S. counterparties. Securities issued by non-U.S. domiciled entities 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 potentially confiscatory levels of taxation, all

factors that could impact the valuation and income of these securities. Individual foreign economies will differ favorably or unfavorably from the U.S. economy in such respects as growth of Gross Domestic Product, rate of inflation, capital reinvestment, resource self-sufficiency, and balance of payment positions, which could also impact the valuation and earnings potential of these securities.

### ***Inflation-protected Debt Securities Risk***

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

### ***Information Risk***

The risk that information about a security is unavailable, incomplete or inaccurate, therefore impacting the investment decision-making process.

### ***Interest Rate Risk***

Debt securities, such as notes and bonds, are subject to interest rate risk. Interest rate risk is the risk that if market interest rates rise the resale value of certain debt securities, including U.S. Government obligations may decline. Debt securities with longer durations are generally more sensitive to interest rate changes than those with shorter durations although in certain situations shorter duration securities may decline in price more dramatically than longer duration securities. Changes in market interest rates do not affect the coupon rate payable on an existing debt security, unless the instrument has adjustable or variable rate features, which can also mitigate its exposure to interest rate risk. 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. There is a risk that a security cannot be sold at the time desired, or cannot be sold without adversely affecting the price. Certain securities may attract less interest and/or fewer buyers and sellers (that is, be less liquid) and their prices may be more volatile than other securities. 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.

**Management Risk**

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

**Multi-Style Management Risk**

Because certain portions of the assets of certain client accounts are managed externally by different portfolio managers using different styles, those clients could experience overlapping security transactions. Certain portfolio managers could purchase securities at or near the same time that other portfolio managers are selling those same securities. This could lead to higher transaction expenses. In addition, different portfolio managers could purchase securities from the same issuer, thereby increasing issuer concentration.

**Prepayment Risk and Extension Risk**

Prepayment risk is the risk that the issuer of a security owned within a portfolio will choose to repay all or a portion of the principal amount at a time when interest rates have declined. Because interest rates have declined, a portfolio may have to reinvest the proceeds at a lower interest rate, which can reduce the portfolio's return. Extension risk is the risk that the issuer of a security owned in the portfolio will choose to delay repayment of all or a portion of the principal amount at a time when interest rates have increased. In this circumstance, a portfolio may have to wait to reinvest proceeds at higher interest rates, which can erode the portfolio's return. The lengthening of the expected return of principal (expected maturity) tends to increase the duration of the 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.

**Regulatory Risk**

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

**Sector Emphasis Risk**

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

**Structured Products Risk**

Mortgage and asset-backed securities represent interests in "pools" of mortgages or other assets, including consumer loans or receivables held in trust. In addition, mortgage dollar rolls are



transactions in which a portfolio effectively sells mortgage-backed securities to a dealer and simultaneously agrees to purchase similar securities in the future at a predetermined price. (Alternatively, mortgage dollar rolls can be thought of as forward contracts on mortgage-backed securities.) Mortgage- and asset-backed securities, including mortgage dollar roll transactions, are subject to many of the other risks identified in this section and particularly, liquidity, prepayment and extension risks. Additionally, while these securities provide some diversification by pooling assets together, this does not eliminate the risk of default, provide a guarantee of return, or provide protection from economic factors affecting the value of the individual securities or the sector that they represent. During periods of economic downturn, these securities may be subject to a heightened level of aforementioned risks, and particularly the risk of default on the underlying mortgages or assets.

### ***U.S. Government Obligations Risk***

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

### ***Yield Curve Risk***

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

### ***Cybersecurity Risk***

Cybersecurity risk is the risk of potential harm or loss of information security as a result of breaches or attacks on technology and technology infrastructure. Technology use is a key, and ever growing, component of many businesses and core to business operations. However, breaches or attacks can result in the loss of sensitive data and/or delay or halt access to technology and data that such businesses rely on for those core operations. Examples of threats include inappropriate access to networks, ransomware, phishing, denial of services, malware and more. Such incidents could impact Galliard's ability to effectively execute or settle trades, value securities and calculate daily net asset values (NAVs). Cyber risks also apply to broker-dealers, custodian banks, insurance companies, consultants or other relationships with whom Galliard interacts as necessary to service your accounts. In addition, Galliard does not have direct control of the cybersecurity programs of these relationships. Galliard's technology infrastructure is maintained pursuant to a TSA, as described in Item 4 above and subject to robust information security policies, including Galliard's own policies, which are designed to prevent, detect and mitigate cyber risks yet there remains the possibility that Galliard is not fully prepared for such risks or that certain risks have not been identified.

### ***Pandemic Risk***

Pandemics are large outbreaks of infectious disease that spread over a wide geographic area and pose significant local and/or global economic, social, and health risks. The COVID-19 pandemic has resulted in disruptions in areas such as consumer spending, manufacturing, hospitality, tourism, small businesses and transportation among others, further resulting in volatility of financial markets. While Galliard has prepared for pandemic outbreaks in its ongoing



business continuity planning there is no guarantee that Galliard or its service providers will be able to maintain normal operations and/or will not lose key personnel on a temporary or long-term basis as a result of COVID-19 or other pandemics. The full effects of pandemics are unknown, which creates significant uncertainty in the global population and economic environments.

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



## ITEM 9 – DISCIPLINARY INFORMATION

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Galliard, as a registered investment advisor, is required to disclose all material facts regarding any legal or disciplinary events that may be material in your evaluation and integrity of Galliard and its management. Galliard and its management persons, as that term is defined by the SEC, are not currently subject to any such legal or disciplinary events



## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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### **Allspring Global Investments Affiliation**

As described in Item 4, Galliard is a wholly owned subsidiary of Allspring Global Investments Holdings, LLC. Allspring Global Investments Holdings, LLC owns other entities, including Allspring Global Investments, LLC and Allspring Funds Management, LLC, with different business activities and considered to be affiliated with Galliard. In particular, some of these entities engage in their own trading involving the same securities that Galliard manages for its clients. This means that while Galliard is carrying out its fiduciary duties to its clients, other entities within Allspring may be engaging in transactions that could create a conflict. For example, these other entities could be selling the same security that Galliard is purchasing in its clients' portfolios. In addition, these affiliated entities may be recommending to their own clients the buying or selling of securities in which Galliard clients have a material financial interest. It is also possible that a client of Galliard is a client of one or more of these entities and securities transactions in these different accounts might appear conflicted. With limited exceptions described below, these transactions by affiliated entities are independent of Galliard and are outside of the course and scope of Galliard's investment advisory services. However, in order to manage these potential conflicts, Galliard has implemented policies and procedures designed to maintain effective business barriers and manage the confidentiality of its own information and activities, as described further below.

### **Brokerage Transactions with Affiliates**

Galliard does not act as principal or broker in connection with client transactions. In order to limit any potential conflicts of interest when engaging in investment transactions on behalf of its client, Galliard, prohibits trading with affiliated broker dealers. Galliard does not participate in client transactions as a broker or a dealer in securities and does not operate as a broker or a dealer in effecting securities transactions for compensation for any client. This means that all security transactions in a Galliard client's portfolio are executed with independent third-party broker-dealers. While this policy to restrict trading through affiliated broker-dealers limits the potential conflict of interest, Galliard could be limited in its ability to engage in certain securities transactions and to take advantage of market opportunities, as discussed in this Brochure, regarding the best execution of transactions. More details on best execution can be found in Item 12.

### **Independent Activity by Allspring & Subsidiaries.**

Galliard believes that subsidiaries of Allspring from time to time recommend securities, proprietary products and/or services to Galliard's clients. To the extent such recommendations are made, they are made independently of Galliard's investment advisory services.

### **Services Provided to Allspring.**

Galliard provides investment advisory services to certain Allspring subsidiaries. Allspring Funds Management, LLC serves as advisor to certain Wells Fargo Mutual Funds, soon to be renamed to Allspring Mutual Funds ("Allspring Funds") governed by the Allspring Master Trust. Allspring Funds Management, LLC is a registered investment company under the Investment Company Act of 1940. Galliard serves as sub-advisor to certain of these mutual funds and is paid a fee for its services. Andrew Owen, Senior Managing Principal of Galliard, is also President of the Allspring Funds. The decision to hire, retain, or terminate subadvisors is made by the Allspring





Funds Board of Trustees, which considers on an annual basis, factors including, but not limited to, fees and quality of services provided.

Galliard's affiliates and service providers, located throughout the world, may need to access client information in connection with the provision of support services to Galliard. If client information is accessed, each entity maintains protective measures as described in our privacy policies.



## ITEM 11 – CODE OF ETHICS

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

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

Galliard's Code of Ethics incorporates requirements of Allspring's Code of Ethics as applicable. Additionally, Galliard has adopted and complies with the CFA Institute Asset Manager Code of Professional Conduct.

Galliard employees are subject to reporting requirements, restrictions, and certain pre-clearance requirements for gifts and entertainment as well as political contributions, which are further described in specific policies. Galliard's clients or prospective clients may request a copy of Galliard's Code of Ethics by contacting Galliard Client Service at 800-717-1617 or [galliardclientservice@Galliard.com](mailto:galliardclientservice@Galliard.com).



## ITEM 12 – BROKERAGE PRACTICES

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### Trade Execution

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 are considered include the ability of the counterparty to act with minimum market effect; act on a confidential basis; or to efficiently execute in unique, complex or less liquid securities; and the time sensitivity of the transaction.

### Soft Dollars

Galliard does not enter into soft dollar arrangements.

### Cross Trading

Galliard prohibits purchases/sales of securities between two client accounts.

### Trade Allocation and Aggregation

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

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

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

### Trade Errors

From time to time, inadvertent trading errors could impact a client account. If a trade error is identified prior to settlement, the security which is the subject of the error will likely be reallocated to another client if, at the time of such reallocation, the security is determined to be desirable to the client who is the proposed recipient of the security. The structure and availability of comparable fixed income securities, credit quality, income and amortization as well as holding period are factors considered when calculating gains or losses resulting from trade errors.

In accordance with policy, Galliard determines whether a trade error resulted in a reimbursable economic loss to a Galliard client, or resulted in an economic gain to be retained by the client account. Galliard follows internal procedures when calculating the economic impact to a client of



a trade error. Galliard does not trade for its own account nor does Galliard have a “house account” used for correcting transactions. Any transactions required to correct a trade error will be conducted in the impacted client account. The trade error analysis and proposed resolution is documented and discussed with the impacted Galliard client. If a trade error results in a prohibited transaction under ERISA, Galliard will follow any additional regulatory requirements to correct the prohibited transaction, in addition to reimbursing an impacted Galliard client for the calculated loss (with any calculated gain being retained in the client’s portfolio).

Galliard also utilizes information and data provided by third party vendors in making its investment decisions. While Galliard makes every effort to validate the accuracy of the information used in its investment process, a systemic, methodology, or calculation error in third party data might not be evident and could impact securities purchased or held in a client portfolio. Upon identification, Galliard will evaluate the issue and determine if it should be treated as a trade error.



## ITEM 13 – REVIEW OF ACCOUNTS

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Galliard's Investment Committee formally reviews accounts on a monthly and quarterly basis. Client accounts are reviewed on an ongoing basis by multiple functional areas within the firm, including senior management, client portfolio management, trading and compliance. The reviews include overall economic outlook, duration positioning, performance, trading activities, and compliance with investment objectives and guidelines.

In accordance with Galliard's Fixed Income Valuation Policy and procedures, 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, or the price obtained from that third party source is not thought to be representative of the true value of the security based on the totality of the facts and circumstances then available, the Fixed Income Valuation Committee exercises reasonable judgment to determine the current value of any security, or approve a methodology to determine a price to be reported.

Client account holdings per Galliard's records are reconciled monthly to holdings as reported by the client's custodian, contract provider or other applicable source. Galliard produces and delivers reports including applicable client holdings (securities, contracts, collective fund units, cash and cash equivalents), sector and/or issuer allocation, performance figures and other relevant portfolio specific information on a quarterly basis or as requested for its clients.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

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Galliard does not have any client referral arrangements.



## ITEM 15 – CUSTODY

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Each Galliard client selects its own qualified custodian and has their own agreement. Galliard does not maintain physical custody of client assets and Galliard does not select or recommend custodians to its clients.

Clients should receive at least quarterly statements from their qualified custodian that hold and maintain possession of client assets. Galliard strongly urges its clients to carefully review the statements and compare the custodian statements to the account statements that Galliard provides. Please note that it is possible that our statements will vary from custodial statements based on our internal accounting procedures, reporting dates, and/or valuation methodologies of certain securities. Any questions regarding these statements should be directed to Galliard at the telephone number listed in Item 1.





## ITEM 16 – INVESTMENT DISCRETION

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In most cases, Galliard manages client assets on a fully discretionary basis pursuant to the investment advisory agreement and written guidelines agreed to with each client. This generally grants Galliard the authority to select the securities and investment contracts to be bought and sold within a client account. In select cases, Galliard does not have full discretionary authority and is required to receive formal approval of the selection and amount of securities to be bought and sold within a client account. In all cases, discretion is carried out in a manner consistent with each client's investment objectives and guidelines, including any applicable limitations and restrictions.

### **Relationships with Other Investment Advisors**

Certain Galliard clients desire manager diversification. In these situations, Galliard works with these clients to allocate discretion of a portion of their portfolio to an unaffiliated registered investment adviser. The specifics of these relationships vary as described below.

*Sub-Advisor.* Some clients' investment objectives authorize Galliard to contract directly with other unaffiliated, SEC registered investment advisors. In addition, under the terms of a service level agreement with Wells Fargo Bank, Galliard makes recommendations related to certain Wells Fargo Bank collective funds. The investment advisor that fulfills one or more of these roles is defined as a "Sub-Advisor."

*Sub-Advisor Due Diligence.* Where Galliard utilizes a Sub-Advisor, Galliard will perform certain due diligence reviews, as outlined below. In addition, where Wells Fargo Bank is the Trustee of a collective investment fund that utilizes a Sub-Advisor and Galliard is serving as the advisor, Galliard performs Sub-Advisor due diligence on behalf of Wells Fargo Bank.

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

*Third Party Manager.* Where Galliard is one of several investment advisors serving a client account, the client may request that Galliard make recommendations regarding the selection and retention of such advisors and/or direct the allocation of assets among Galliard and the other unaffiliated investment advisors. In these circumstances, the client maintains the contractual relationship(s) with the advisor(s). These advisors are defined as "Third Party Managers".

*Third Party Manager Due Diligence.* In certain situations, a client may request that Galliard recommend allocation decisions with respect to assets being managed among one or more Third Party Managers which have entered into investment advisory



agreements with that client, even though those investment advisors may not have a direct contractual relationship with Galliard. In other cases, Galliard will, on its own initiative and subject to client guidelines, allocate assets among itself and any such Third Party Managers that have been engaged by the client within a specified range or perform certain limited due diligence functions set forth by client contract. In each of these circumstances, the client has not provided Galliard with authority to hire or fire the particular Third Party Manager that the client has engaged. Based on Galliard's due diligence regarding the Third Party Manager, Galliard may provide a recommendation to the client regarding the ongoing use of the manager's investment advisory services. The client will then determine what if any action it deems appropriate in response to Galliard's recommendation.

As discussed in Item 4, the External Manager Oversight Working Group provides oversight of Sub-Advisors and Third Party Managers. The oversight includes evaluation of investment performance reports, reviewing portfolio compliance and investment guideline exceptions as reported by each Sub-Advisor and Third Party Manager, and approving evaluations and changes to evaluations for Sub-Advisors and Third Party Managers.

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



## ITEM 17 – VOTING CLIENT SECURITIES

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

Clients may obtain a copy of Galliard's proxy voting policy by contacting Galliard Client Service at 800-717-1617 or [Galliardclientservice@Galliard.com](mailto:Galliardclientservice@Galliard.com).



## ITEM 18 – FINANCIAL INFORMATION

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



## **ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

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Not applicable.