

Investment Advisory Services

from

Securian Financial Services, Inc.



SECURIAN

Client Disclosure Document

(contains the information required by Part II of Form ADV)



ASC00011

About Securian

Securian Financial Services, Inc. (“Securian”) is registered with the Securities and Exchange Commission as both an investment advisor and a securities broker-dealer. It is also a member of NASD and SIPC. As a broker-dealer, Securian offers a wide range of brokerage services and securities products including mutual funds and variable insurance products.

Securian provides investment advisory and brokerage services to a variety of clients, including individuals, business, and retirement plans. Clients may simultaneously receive both investment advisory and brokerage services from Securian. Advisory services offered by Securian include but are not limited to financial planning for individuals and businesses, asset allocation and portfolio management.

This Brochure describes each of the advisory services offered by Securian with the exception of the Securian Signature wrap fee program, which is described in Securian’s separate brochure in accordance with Schedule H to Form ADV.

Summary of Services and Concepts

Services. At Securian we offer the following categories of investment advisory services:

- (1) **Financial and Business Planning Services**—We prepare and recommend financial programs for individuals encompassing investments, insurance coverages and retirement benefits based upon an analysis of financial circumstances and objectives, and also business planning services encompassing analysis and strategies for succession planning, qualified and nonqualified benefits and group benefits.
- (2) **Qualified Plan and Participant Advisory Services** – We assist plans and/or sponsors with a variety of plan services, including plan analysis, design, education, investment recommendations and monitoring of plan assets. We also provide non-discretionary asset allocation services to plan participants.
- (3) **Investment Management Services**—We provide asset allocation services directly to you through investment strategies which allocate your assets either among (a) several mutual funds, (b) individual securities or a combination of individual securities and mutual funds, or (c) one or more independent money management firms which then manage portfolios of individual securities held in your account. These may include wrap programs sponsored by other firms.
- (4) **Seminar Services**—We conduct educational seminars on various investment-related topics, the content of which is not intended as specific investment advice purporting to meet the investment objectives or needs of specific individuals.

Investment Management Services comprise over 90% of our investment advisory business. Each of these investment advisory services is described in greater detail below, under the caption “The Advisory Services We Offer”.

Investment Risk. There is risk in all investment. Investment recommendations provided by our financial advisors, or us, are therefore subject to the risks associated with investing in securities and will not always be profitable. We do not guarantee the results of any advice or recommendations nor do we guarantee that your investment objectives will be met.

Asset Allocation Programs. An asset allocation program typically makes available a number of model asset allocation portfolios, based upon different investment objectives, from which a client may select. The financial advisor will usually provide a recommendation to assist the client in making a selection. Each asset allocation account is then invested in accordance with the model chosen by the client. Asset allocation accounts will typically invest in shares of no-load mutual funds, but may also allocate assets among individual securities in different asset classes or among different investment managers. In exchange for a fee equal to a percentage of assets under management, the sponsor of the program generally provides at least the following services:

- Assistance in determining the client’s risk profile and investment objectives.
- Assistance in selecting an asset allocation policy for the client’s portfolio.
- Diversification of the client’s assets among asset classes and styles.
- Rebalancing the client’s portfolio on a periodic basis.
- Reporting investment results to the client.

In addition to the advisory fees paid to the sponsor of a mutual fund asset allocation program, each mutual fund also pays its own separate investment advisory fee and other expenses. If shares of the mutual funds available through the program were purchased directly from the mutual fund, the additional advisory fees payable to the program sponsor would not be charged. Such direct purchases may not be available, however, in all cases.

The Advisory Services We Offer

Financial Planning Services. We can help you build customized financial plans firmly rooted in sound investment principles tailored to your individual financial situation and objectives. We offer financial planning services primarily to individuals. Financial planning typically involves providing a variety of services, principally advisory in nature, to individuals or small businesses regarding the management of financial resources based upon an identification and analysis of individual client needs and financial objectives.

As part of the financial planning program, the financial advisor will (i) conduct an initial interview to determine your concerns and planning needs, (ii) assist you in selecting the specific financial planning services needed, (iii) negotiate an appropriate fee for such

services, (iv) schedule additional consultations to discuss your needs and objectives, (v) gather, review and analyze relevant information and (vi) summarize your situation and make specific written recommendations to address your concerns and objectives. You may elect to receive either “comprehensive” or “specialized” planning services. The analyses and recommendations prepared in connection with the comprehensive financial planning program will seek to address the following six areas: financial position, investment planning, income tax planning, protection planning, retirement planning and estate planning. As part of the specialized planning service, you may elect to receive services in one or any combination of the same areas, or on a topic or area within or relating to such an area. The financial advisor and you will work together to determine which services best meet your needs.

We employ financial planning materials or software packages developed by various third parties, including Minnesota Life, an affiliate, in conjunction with the financial planning services we offer. Analyses and recommendations will be based on written information submitted by you, the financial advisor’s personal interviews with you, economic and tax considerations, and your personal circumstances. **We do not provide insurance consulting, legal advice or document preparation as part of the financial planning services, nor do any of the fees charged for financial planning services constitute a fee charged for the placement of insurance.** Concurrently with your receipt of the agreed upon services, however, you may also receive without charge, a life insurance analysis provided by a licensed life and disability agent.

You may elect to have financial planning services provided either for a fixed term not to exceed twelve months (Twelve Month Service Agreement) or for an indefinite series of annual terms which renew automatically until terminated (Annually Renewing Service Agreement). Under the Twelve Month Service Agreement the planning services selected by you are delivered based upon the delivery schedule negotiated by you and the financial advisor, subject to the requirement that services be delivered no later than twelve months after the financial planning agreement is signed. Services under the Annually Renewing Service Agreement are initially delivered within a maximum of twelve months after the signing of the financial planning agreement, and are also delivered during each subsequent twelve month period while the financial planning agreement remains in effect.

Delivery of a financial plan under a Twelve Month Service Agreement, or termination of an Annually Renewing Service Agreement, also results in the termination of the investment advisory relationship that exists between you and Securian in connection with those Service Agreements. This means that the fiduciary duties (*i.e.*, the special obligations imposed on an investment advisor under the federal securities laws, including a duty of loyalty and of good faith to act solely in your best interests) that Securian and its financial advisors owe you in connection with a Service Agreement will also end upon termination of such Agreement, even if you should decide to receive subsequent securities brokerage services from Securian pursuant to a separate broker-dealer relationship.

A financial plan will typically include various recommendations and planning strategies for you and your assets, depending on the nature of the financial planning services you select.

These may include recommendations to allocate your assets among generic product or account types. A financial plan does not include recommendations, however, to buy or invest in specific products or accounts for purposes of implementing the plan.

Your financial advisor is also a registered representative authorized to provide securities brokerage services through Securian, and is separately licensed as an insurance agent for one or more insurance companies. In those separate capacities your financial advisor may offer to help implement your financial plan by making recommendations to invest in specific products or accounts, or as an investment representative may also offer you additional advisory service separate from the financial plan. In such circumstances there may be a potential for conflicts between your interests and those of Securian or the financial advisor. In addition, Securian's obligations to you when acting as a broker-dealer may differ from its obligations to you when acting as an investment advisor. If you choose to purchase a product or service recommended by your financial advisor in order to implement a financial planning recommendation, you may be charged commissions or fees and Securian and the financial advisor may receive compensation in connection with those transactions that are in addition to the commissions or fees charged and the compensation received in connection with the financial planning service previously provided. You are under no obligation, however, to purchase any investment or insurance product or another advisory service from Securian or a financial advisor in connection with the implementation of the recommendations in your financial plan.

Business Planning Services. We offer business planning services designed to help business owners achieve many of their most important business planning goals. These services include analysis and recommended planning strategies covering succession planning, qualified benefits, nonqualified benefits and group benefits issues. You, the business owner, may elect to receive comprehensive business planning services covering two or more planning areas or you may elect specialized business planning services covering only one such area. In either case, we offer different versions of business planning services which vary depending on the 'lifecycle stage' of your business. For this purpose, a business may be in either a 'start up' lifecycle stage, a 'growing' lifecycle stage or an 'established' lifecycle stage. You select the stage most appropriate for your business.

We also offer limited business valuation services. This service provides an 'estimated' business valuation which is intended for use by a business owner solely for the limited purpose of developing general business planning strategies. The estimated valuation should never be used to determine the sale price of a business, to calculate estate or other taxes, or for any other purpose requiring a precise valuation or a valuation that will have binding legal effect.

We use business planning materials and software developed by third parties, including Minnesota Life, as part of our services. Analyses and recommendations are based on information provided by the business owner in response to a series of questions presented by the financial advisor. The recommendations and planning strategies are customized to take into account the circumstances, needs and objectives of each business and business owner. We do not provide legal advice or document preparation as part of our services.

Business planning services are provided under a business planning service agreement for a fixed term not to exceed twelve months. Delivery of a final business plan pursuant to a service agreement also results in the termination of the investment advisory relationship that exists between you and Securian in connection with such service agreement. This means that the fiduciary duties (*i.e.*, the special obligations imposed on an investment advisor under the federal securities laws, including a duty of loyalty and of good faith to act solely in your best interests) that Securian and its financial advisors owe you in connection with such service agreement will also end upon termination of such Agreement, even if you should decide to receive subsequent securities brokerage service from Securian pursuant to a separate broker-dealer relationship.

A business plan may include recommendations to allocate your business assets among generic product or account types, but does not include recommendations to buy or invest in specific products or accounts for purposes of implementing the plan. Your financial advisor is also a registered representative authorized to provide securities brokerage services through Securian, and is separately licensed as an insurance agent for one or more insurance companies. In those separate capacities your financial advisor may offer to help implement your business plan by making recommendations to invest in specific products or accounts, or as an investment representative may also offer you additional advisory services separate from the financial plan. In such circumstances there may be a potential for conflicts between your interests and those of Securian or the financial advisor. In addition, Securian's obligations to you when acting as a broker-dealer may differ from its obligations to you when acting as an investment advisor. If you choose to purchase a product or service recommended by your financial advisor in order to implement a business planning recommendation, you may be charged commissions or fees and Securian and the financial advisor may receive compensation in connection with those transactions that are in addition to the commissions or fees charged and the compensation received in connection with the business planning service previously provided. You are under no obligation, however, to purchase any investment or insurance product or other advisory service from Securian or a financial advisor in connection with the implementation of the recommendations in your business plan.

Qualified Plan and Participant Advisory Services. Securian provides services to qualified pension or profit sharing plans ("Plan(s)") and to their sponsors. Investment advisory services may include assisting Plans or their sponsors in obtaining vendors for the administration and/or investment of Plan assets, reviewing or facilitating the creation of a written investment policy, initial and subsequent reviews of Plan investments, quarterly monitoring reports of investment and Plan performance, and coordination and implementation of investment selection and de-selection.

In addition to these investment advisory services, Securian may offer other Plan related services, including Plan analysis and design, Plan implementation, Plan education, and facilitation of quarterly Plan committee meetings.

Securian also offers non-discretionary asset allocation services to Plan participants (“Participant Advisory Services”). These services include an analysis of the participant’s risk tolerance, recommendation of an appropriate asset allocation strategy for the participant’s Plan account from among several model strategies developed and maintained by Securian, and recommendation of a suitable portfolio of investments for the participant’s Plan account from among the securities made available by the Plan and Plan Sponsor for such purpose. Securian will provide these services based upon the personal and financial information and the investment objectives provided by the Plan participant from time to time. Securian will also periodically provide recommendations to change the composition of the model strategy selected or to rebalance the participant’s Plan account.

Securian will contact the Plan participant at least annually to determine whether the participant’s financial situation or investment objectives have changed. Securian will also take reasonable steps, at least annually, to speak with the Plan participant for the purpose of reviewing the performance of the participant’s Plan account, and will be available to the participant on an ongoing basis to discuss changes which may occur in the participant’s financial situation or investment objectives.

Securian will also provide the following services to the Plan and/or Plan Sponsor in connection with such Participant Advisory Services:

- Securian will prepare and submit invoices for Securian’s fees to the Plan and/or Plan Sponsor and the custodian quarterly.
- Securian will maintain records, which it will make available to the Plan and/or Plan Sponsor upon request, of Securian’s asset allocation recommendations to each Plan participant and the information received from each participant that formed the basis for each such recommendation.
- Securian will maintain records, which it will make available to the Plan and/or Plan Sponsor upon request, of each fee charged for Participant Advisory Services, including the amount of Plan assets upon which the fee was computed and the manner in which the fee was computed.

Investment Management Services. We offer various programs that provide asset allocation services and/or access to one or more money management firms directly to you in exchange for a fee. Some of these asset allocation services involve the use of model asset allocation portfolios which diversify your assets among asset classes and styles, using either mutual funds or individual securities, usually municipal bonds or other fixed income securities, managed by Securian. Each of the model portfolios employed in these programs represents a different asset allocation strategy. We also offer a program in which we first assist you in developing an allocation strategy consistent with your investment objective and then help you select one or more money management firms to manage individual securities held in your account.

We currently offer the following investment management services programs:

- The ***Securian Portfolio Solutions I Program***, an asset allocation program which uses model portfolios developed by Securian and primarily allocates client assets to mutual funds, but which may also involve the use of individual fixed income or other securities.
- The ***Securian Portfolio Solutions II Program***, an asset allocation program similar in structure and operation to the Portfolio Solutions I Program, except that it offers a different choice of mutual funds and a different brokerage arrangement.
- The ***Securian Mutual Fund I Program***, a mutual fund asset allocation program that uses model portfolios developed by SEI Investments Company or an affiliate thereof (SEI), and allocates client assets to mutual funds advised by SEI or an affiliate of SEI.
- The ***SEI Managed Accounts Program***, an asset allocation program in which assets in the client's account may be allocated, through SEI or an affiliate of SEI, to portfolio managers who will manage one or more portfolios of individual securities, or to a combination of such portfolios and mutual funds advised by SEI or an affiliate of SEI.
- The ***Securian Mutual Fund II Program***, a mutual fund asset allocation program which offers model portfolios developed by Loring Ward Advisor Services, a division of LWI Financial, Inc. (Loring Ward), and allocates client assets to mutual funds advised by Loring Ward.
- The ***ManagersChoice Program***, a mutual fund asset allocation program sponsored by Managers Investment Group LLC ("Managers Group") that uses ManagersChoice® model portfolios developed by Managers Group and allocates client assets primarily to mutual funds advised by Managers Group or one of its affiliates.
- The ***Lockwood Investment Strategies Program***, a discretionary, managed account program housed in a single portfolio with five core models and variations thereto which span the risk/return spectrum, Pursuant to an agreement between Securian and Lockwood Advisors, Inc. ("Lockwood"), an independent investment management firm, the Program is made available to Securian's clients. The Program includes an overlay manager and various sub-managers who provide strategy-specific models. Lockwood's affiliate, Lockwood Financial Services, Inc. ("LFS"), serves as the overlay manager, selects the sub-managers and exercises discretion over accounts established under the Program. Each model may include equities, mutual funds, exchange-traded funds and other types of securities as determined by LFS.
- The ***Lockwood Asset Allocation Portfolios Program***, a discretionary, managed portfolio program housed in a single account. Pursuant to an agreement between Securian and Lockwood Advisors, Inc. ("Lockwood"), and independent investment management firm, the Program is made available to Securian's clients.

Lockwood's affiliate, Lockwood Financial Services, Inc. ("LFS"), serves as the portfolio manager, determines asset allocation strategy and selects investment vehicles for each investment component based on proprietary models. The Program consists of five core models, which may consist of mutual funds, exchange-traded funds and other types of securities as determined by LFS, which exercises discretion over accounts established under the Program.

In all cases, Securian will assist you in reviewing the program selected, and will obtain from you the financial data and other information necessary to assist you in determining which allocation strategy is most appropriate based upon your investment objective. Based upon that information, we will also recommend an allocation strategy, and, depending on the program selected, one or more mutual funds or one or more investment managers. Your assets are then invested in accordance with the allocation strategy you select.

Your financial advisor will remain available for consultation, and, at least annually, will interview you, either in person or by telephone, regarding any changes to your investment objectives and current financial circumstances, as well as communicate to you information about your account, including activity and performance. Your financial advisor will also discuss with you the continuing suitability of the mutual funds or investment managers selected for your account. The reviews will also consider whether the assets are currently allocated in a manner that is consistent with the parameters of the allocation strategy selected and whether the assets need to be "rebalanced" among the mutual funds or investment managers in your account. If your account is in the Securian Portfolio Solutions I Program it will be rebalanced automatically if you so elect. Securian's automatic rebalancing is not available in the other programs (but other service providers, such as SEI and Loring Ward, may provide automatic rebalancing as part of their service).

Advisory fees payable to us are in addition to the investment management fees paid by the mutual funds in which your account is invested. Shares of the mutual funds included in these Programs may in some cases be purchased directly from the mutual fund without payment of these additional advisory fees.

- ***Portfolio Solutions I and II Programs.*** The mutual funds offered in connection with the Securian Portfolio Solution I Program are available from Pershing, LLC ("Pershing"). We have entered into an agreement with Pershing under which Pershing makes certain mutual funds available to the Program on a no-transaction fee basis (the Pershing NTF Funds), provided that such funds are held at least six months. Other funds are made available to the Program through our clearing agreement with Pershing, and, provided that such funds are held at least six months, we bear the transaction charges imposed by Pershing in those cases. In either case, mutual funds held less than six months as a result of an automatic account rebalancing will not be subject to a transaction charge. No separate sales charges are imposed by any mutual fund in connection with transactions in this Program. Pershing also serves as the clearing broker for all transactions under

this Program and provides usual and customary custodial and certain administrative services in connection with the operation of the Program. We (and Pershing) may receive certain fees from the Pershing NTF Funds or other mutual funds available through the Program which are in addition to the fees which we receive from you (see “Fees and Account Minimums” below).

The mutual funds offered in connection with the Securian Portfolio Solutions II Program are available from Charles Schwab & Co., Inc. through its Schwab Institutional Enterprise (“Schwab”). We have entered into an agreement with Schwab under which Schwab makes available certain products and services, including brokerage and custodial services, to the Program. Certain of the mutual funds available through Schwab are available without transaction fees, provided that such funds are held at least 90 days. Other mutual funds available under the Program are available through Schwab subject to Schwab’s usual and customary fees. Any such transaction fees will be charged to your account with Schwab. Schwab may also receive Rule 12b-1 fees or other service fees from the mutual funds whose charges are held in your account. Schwab serves as the broker-dealer for all transactions under the Program and as custodian for the assets held in your account.

Under both the Portfolio Solutions I and II Programs, some or all of your assets may also be invested in a portfolio of individual securities managed by Securian, depending on the investment strategy you select. Individual securities will usually be limited to municipal bonds and U.S. Government securities, but may also include corporate bonds and equity securities where appropriate. Although we will not generally advise you to do so, you may choose to employ options or use margin in your account. Individual fixed income securities will be employed primarily when your strategy seeks (i) reduced expenses or higher yields, as compared to mutual funds, for that portion of your portfolio, or (ii) the ability to match portfolio maturities to your specific investment timeframe. Trades of individual securities will be cleared through Pershing in the case of Portfolio Solutions I and through Schwab in the case of Portfolio Solutions II. You will be charged for the transaction costs incurred in connection with such trades.

Based upon any analysis of the credit fundamentals of eligible issues and availability of supply, we will typically recommend the creation of a laddered portfolio of investment grade bonds (i.e., a relatively fixed portion of the bonds in the portfolio matures at regular intervals). If existing bonds are to be transferred in kind, an analysis of the portfolio risk and current yield structure will be performed. If existing municipal bonds meet stated credit quality guidelines, it is expected that these issues will continue to be held. For those issues whose credit fundamentals are deemed to be poor or deteriorating, sales will be recommended and new securities will be selected to construct a laddered maturity structure. On an ongoing basis, as coupon payments and bond maturities occur, the ladder will be re-established. The credit risk of all issues will be continually monitored. If the

credit analysis uncovers specific areas of undue risk, sales will be recommended to preserve portfolio principal value.

We will not generally exercise investment discretion in the purchase or sale of securities, except that we have authority to sell securities, if necessary, solely to pay a fee due to us from your account. You may, however, expressly grant us discretionary authority to buy and sell mutual funds, exchange-traded funds, debt securities issued by the U.S. Government or its agencies, investment grade corporate and municipal bonds, and certificates of deposit in your account.

- ***Securian Mutual Fund I Program.*** The mutual funds offered under the Securian Mutual Fund Program are all no-load mutual funds managed by SEI or its affiliates. The SEI mutual funds are “institutional” funds that are not available for purchase by the general public except through an investment management program such as ours. SEI also provides usual and customary custodial and certain administrative services to the Program. The Program employs SEI’s mutual fund asset allocation portfolios, but SEI does not provide investment advice or supervise or monitor trading activity in the client’s account.
- ***SEI Managed Accounts Program.*** This Program is offered in conjunction with SEI Investment Management Corporation (SIMCO), a subsidiary of SEI. The Program offers an integrated investment management approach through specialist money managers managing individual portfolios of stocks and bonds based on a specific investment style. Securian collects financial and other data from you, reviews your investment objective, investment time horizon and risk profile and then provides you with investment allocation advice with respect to assets in your account. Those assets may be allocated either to portfolios of individually managed securities or to a combination of such portfolios and one or more mutual funds managed by SIMCO. When constructing a model portfolio, mutual funds may be recommended when account sizes do not meet manager minimums or when an investment style is not offered in a managed account. SIMCO is responsible for managing and investing that portion of your account allocated to individually managed securities, but may delegate its responsibility for selecting particular securities to one or more other portfolio managers. Structured asset allocation models offering both multiple managers and individual managers are available. SIMCO typically offers one or two managers per investment style. SIMCO, as investment advisor to the individual portfolios of stocks and bonds, oversees the individual managers, who participate as sub-advisors. Under this arrangement, SIMCO has the ability to replace individual managers. On an annual basis, Securian monitors and reviews the performance of the investments held in your account and changes, if any, in your investment objectives.

Under the Program, you will enter into a joint agreement with both Securian and SIMCO and pay separate advisory fees to each for our services. The advisory fees paid to SIMCO include the fees of other portfolio managers employed by

SIMCO. Expenses incurred in connection with transactions in individual securities, including dealer mark-ups or markdowns and broker commissions, are charged to your account. Securities transactions are effected through affiliates of SIMCO or the other portfolio managers employed by SIMCO.

Certain of the services provided by SIMCO or the other portfolio managers may be available directly from such parties without payment of additional advisory fees to Securian.

- ***Securian Mutual Fund II Program.*** Securian has entered into an agreement with Loring Ward pursuant to which Loring Ward makes its Synervest Program available to our clients. The Synervest Program offers a choice of model portfolios designed to assist you in the appropriate investment and allocation of your assets, and invests those assets in mutual funds sponsored by Loring Ward (the “Funds”). Securian will assist you in reviewing your financial circumstances and investment strategy. Securian also assists you in selecting a model portfolio used to implement your allocation strategy. Synervest accounts may be maintained with one of several clearing brokers, including Charles Schwab & Co., Inc., Pershing LLC and Fidelity Brokerage Services LLC. These clearing brokers provide custodial and administrative services in connection with the Program. The Funds pay Rule 12b-1 fees to Loring Ward or one of its affiliates, and Securian will receive a portion of such fees paid with respect to the aggregate amount of assets invested in such Funds by Securian’s clients.
- ***ManagersChoice Program.*** This Program is a mutual fund asset allocation program using no-load or load-waived mutual funds managed by Managers Investment Group LLC (“Managers Group”). Securian has entered into an agreement with Managers Group pursuant to which Managers Group makes it ManagersChoice® program available to our clients. The ManagersChoice Program offers a choice of model portfolios developed by Managers Group and is designed to assist you in the appropriate investment and allocation of your account assets. Managers Group, in its discretion, maintains the ManagersChoice® portfolios and notifies Securian and you of any rebalancing and reallocation among portfolio holdings.
- ***Lockwood Investment Strategies Program and Lockwood Asset Allocation Portfolios Program.*** Lockwood Advisors, Inc. (“Lockwood”), an independent investment management firm, offers two discretionary, unified managed account products, the Lockwood Investment Strategies (“LIS”) Program and the Lockwood Asset Allocation Portfolios (“LAAP”) Program. Securian is provided access to both Programs through an agreement with Lockwood, and is authorized to offer the Programs to its clients and to provide the related services described below. Lockwood’s affiliate, Lockwood Financial Services, Inc. (“LFS”), serves as manager of the products and exercises investment discretion over accounts established under both Programs. Both the LIS Program and the LAAP Program

are more fully described in Lockwood's and LFS' respective Form ADV Part II, Schedule H.

The LIS Program is a discretionary managed account program housed in a single portfolio with five core models and variations thereto which span the risk/return spectrum. The LIS Program includes an overlay manager and various sub-managers who provide strategy-specific models. LFS serves as the overlay manager, selects the sub-managers and exercises discretion over accounts established under the Program. Each model may include equities, mutual funds, exchange-traded funds and other types of securities as determined by LFS.

The LIS Program consists of five (5) core models, but a client may also choose from four (4) additional models which include exposure to non-traditional asset classes. LFS serves as the portfolio manager, determines asset allocation and selects sub-managers and investment vehicles for each investment style based on its proprietary modeling strategies, as well as its macroeconomic outlook and investment discipline. LFS selects a sub-manager or investment vehicle for each investment style. As overlay manager, LFS combines the sub-managers' model portfolios into one investment strategies portfolio designed to perform and act similar to the target benchmark for the portfolio, and runs an optimization program that removes security overlap, minimizes tax implications, and creates better tracking to the index.

The LAAP Program is a discretionary managed portfolio program housed in a single account. LFS serves as the portfolio manager, determines asset allocation strategy and selects investment vehicles for each investment component based on proprietary models. The LAAP Program consists of five core models, which may consist of mutual funds, exchange-traded funds and other types of securities as determined by LFS, which exercises discretion over accounts established under the Program.

LFS serves as the portfolio manager for each of the five (5) models in the LAAP Program. As portfolio manager, LFS determines asset allocation strategy and selects investment vehicles for each investment style component of the portfolios, based upon proprietary modeling strategies, macroeconomic outlook and investment research discipline. The LAAP models range from the most conservative model, with the majority of the model allocated to fixed income and the balance to equities, to the most aggressive model, with 100% of the model allocated to equities.

Trades in both the LIS and LAAP portfolios are executed through Lockwood's affiliate, Pershing LLC ("Pershing"). LFS may trade away from Pershing, however, when it believes that it is necessary to do so in order to achieve best execution. Pershing also provides clearance and custody services in connection with the Programs.

In order to participate in either Program, the client will also enter into a separate investment advisory agreement with Lockwood, pursuant to which LFS is granted

investment discretion by the client and LFS exercises such discretion in the day-to-day management of the client's account under the Program. LFS, in its sole discretion, will direct the investment and reinvestment of the assets in the client's account, and may change sub-managers or investment vehicles, revise asset allocations within strategies, and discontinue certain strategies. Lockwood charges a separate "program fee" for its services, which includes the LFS advisory and overlay manager fee, the sub-manager fees, and the clearing, custody and execution fee. The Lockwood program fee is in addition to the fees charged by Securian.

See Lockwood's and LFS' respective Form ADV Part II, Schedule H for further information regarding the LIS Program and the LAAP Program, the model portfolios, the sub-managers and investment vehicles, the services provided by Lockwood and its affiliates, including LFS and Pershing, and the Lockwood program fee.

In conjunction with each Program, Securian will obtain certain financial information from a client, including, but not limited to, the client's financial objectives and risk tolerance, and will assist the client in the formulation of the client's investment objectives. Based on information provided by the client, including a full description of the client's assets and liabilities, investment objectives, earnings and financial objectives, and other pertinent financial information, Securian will assist the client in determining the suitability of the Program, and in selecting one or more of the investment strategy models. Securian will also initiate the steps necessary, including facilitating the transmittal of investment funds, to open an account under the Program with Lockwood, and will be available to the client on an ongoing basis to receive instructions and to communicate to Lockwood any changes in the client's financial situation or investment objectives.

At least annually, Securian will take reasonable steps to speak with the client, either in person or by telephone, for the purpose of (i) reviewing with the client the performance of the client's account and the investment strategy model selected by the client, and (ii) inquiring as to whether any material changes have taken place in the client's financial circumstances or investment objective or if client wishes to impose reasonable restrictions on which securities may be held in the client's account. Securian will also be available to the client on an ongoing basis to discuss any changes which may have occurred in the client's financial circumstances or investment objective.

The services provided by Securian in connection with both the LIS and LAAP Programs are "nondiscretionary." This means that the client always has sole discretion whether to accept or reject any investment strategy model recommended by Securian. It also means that Securian is not responsible for any of the day-to-day decisions concerning the investment management of the assets in the client's account under the Program. Securian has no authority to cause any purchase or sale of securities in any client account, to change a model portfolio, or to direct the account to be invested in any manner other than as previously authorized by the client.

Securian also formerly offered the following investment management services programs, which are now closed to new clients:

- ***Lockwood Managed Account Link Program.*** Prior to May 2006, Securian offered the Lockwood Managed Account Link Program (the “MAL Program”), under which we collect financial and other data from you and assist you in reviewing your investment objective, investment time horizon and risk profile. Based on that review, we then assist you in selecting an asset allocation (or investment style allocation) strategy and in selecting one or more independent, unaffiliated money management firms (“Managers”) to manage your portfolio in accordance with your investment objective and allocation strategy. Assets in your account are invested in individual securities. In connection with the MAL Program, we have entered into a separate agreement with Lockwood Advisors, Inc. (“Lockwood”), pursuant to which Lockwood, or certain of its affiliates, makes Lockwood’s Managed Account Link® (“MAL”) services available to us and to those of our clients who participate in the Program. Lockwood is an investment adviser whose MAL services include research and consulting used in connection with selecting allocation strategies and managers, hiring the manager or managers selected by you, brokerage execution through an affiliated broker-dealer, and certain other administrative services. Lockwood has entered into a separate clearing agreement with its affiliate, Pershing LLC (“Pershing”), pursuant to which Pershing provides execution, clearing and custody services to client accounts maintained at Lockwood. See Lockwood’s form ADV Part II, Schedule H for more detailed information.

We use Lockwood’s MAL services in developing our recommendations under the Program, but you are responsible for making final determinations regarding investment objectives, allocation strategies and the selection of Managers. If you participate in the MAL Program, you will enter into a separate agreement with Lockwood and grant Lockwood discretionary authority to hire and fire the Managers selected. Neither Securian nor Lockwood, however, is responsible for making day-to-day decisions concerning the investment management of your account. Through Lockwood, the Managers selected by you are given discretionary authority to invest and reinvest your securities, cash and other investments. You will also authorize the Managers to use the execution services of Lockwood to effect transactions for the purchase and sale of securities in your account. Transactions are cleared through Pershing, which also serves as custodian for the assets held in your account.

The advisory fees which you pay to Securian for participating in the MAL Program are in addition to the fees which will be charged to you by Lockwood and the Managers for their services. Certain of the services provided by us under the Program may in some cases be available directly from Lockwood or the Managers without payment of additional advisory fees to Securian.

All cash, securities, and other assets of a client in the above Programs shall generally remain in the custody of the client or the custodian of the client's account and Securian shall not at any time receive or retain custody of or exercise control over any such client assets except where the client delivers a security to Securian solely for the purpose of forwarding such security to the custodian. In such cases, Securian will promptly forward the client's security to custodian and custodian will maintain such security, together with the client's other assets in the Program, in a separate account for client under client's name.

Custodian will also send client an account statement, at least quarterly, identifying the amount of the funds and securities in the client's account at the end of the period and setting forth all transactions in the account during that period.

Seminar Services. We present financial and investment-related seminars to help educate the public. Individual clients participating in these seminars will typically be charged a fee, which goes primarily to cover seminar expenses. In certain instances, however, an employer or other organization may agree to bear the cost of sponsoring a seminar for a group of employees or other individuals. In those cases the individuals attending the seminar are not charged a separate fee for their participation. An individual who attends a seminar is our client for purposes of the seminar only, and does not continue to be our client following completion of the seminar unless we subsequently provide additional investment advisory services to the same individual.

The seminar materials are selected by us but are prepared primarily by unaffiliated publishers and distributors of investment seminar program materials and provide investment-related information which is intended to be educational in nature and to provide seminar participants with information regarding certain investment-related topics. The information contained in the seminar materials is not intended as specific investment advice and does not purport to meet the investment objectives or needs of specific individuals or accounts. We will from time to time also offer seminars using materials from unaffiliated third parties as well as other sources, including Minnesota Life.

Our Investment Professionals

Education and Experience. Securian's investment advisory team is comprised of experienced financial professionals, including both management personnel and individual financial advisors, who work together to select and deliver the advisory services we offer to our clients. All of these individuals are required to have either the educational or business backgrounds described below.

Investment Policy Committee. The members of Securian's Investment Policy Committee bring substantial education and industry experience to their responsibilities. Except for Mr. Knutson, the Committee is comprised of individuals who are either principal executive officers or other employees of Securian, each of whom is required to have at least five years of experience in the securities business and be qualified as a general securities principal by NASD. The Investment Policy Committee, which oversees Securian's investment advisory business and determines investment policy, is comprised of the following individuals:

- George Connolly, President of Securian since 1996, received his JD degree from the University of Minnesota Law School and his BA from Johns Hopkins University. Born in 1958, Mr. Connolly has held insurance and investment-related positions with Securian and other financial services companies.
- Richard Diehl, a Chartered Financial Analyst (CFA) serves as Securian's Vice President, Chief Investment Officer and Chairman of the Investment Policy Committee. Mr. Diehl was born in 1951, received his Bachelor of Science degree in Finance from St. Cloud State University, and joined Securian in 1997 after holding various investment-related positions in the investment industry.
- Jeffrey Cahn, Director of Research, earned his Bachelor of Arts degree and an MBA in Finance from the University of Minnesota. Mr. Cahn has held various investment-related positions at Securian and its affiliates, Minnesota Life and Advantus Capital Management, since 1982. Mr. Cahn was born in 1956.
- Matthew Fries is Securian's Manager, Sales and Practice Development. Born in 1972, Mr. Fries received his Bachelor of Arts degree in Economics and History from the University of Notre Dame and a Masters degree in Political Science from the University of Wisconsin – Madison. Mr. Fries joined Securian in 1999 and has held investment-related positions at Securian.
- Gerald L. Knutson is a Vice President and Senior Trust Investment Officer with Securian's affiliate, Securian Trust Company. Born in 1949, Mr. Knutson received his Bachelor of Arts degree from the University of Minnesota and his MBA from the University of Utah. He has over 25 years experience in institutional investment portfolio management, design and administration, and has been with Securian Trust (and its predecessors) since 1996.
- Sharon Lentsch, Trade Desk Manager, joined Securian's affiliate, Minnesota Life Insurance Company, in 1995 and Securian in 1998. Ms. Lentsch received her BS degree in Business Administration from the University of Minnesota. Born in 1959, she has held investment-related positions with Securian and pension-related positions in the financial services industry.
- Jeffrey McGrath, born in 1970, is an Investment Consultant for Securian's Investment Department. Mr. McGrath joined Securian in 2004, and previously worked as a Portfolio Manager at Accredited Investors. Mr. McGrath received his Bachelor of Arts degree in Accounting from Loras College and is a CFA Charterholder.
- Sarah S. Monke, Manager, Compliance Services, earned her Bachelor of Arts degree from the University of Minnesota, and her JD from Hamline University School of Law. Ms. Monke was born in 1953 and has held a compliance position with Securian since 1999.

Financial Advisors. Our products and services are provided through experienced, highly qualified financial advisors, some of whom may also identify themselves as financial planners or by some similar designation. All financial advisors are also registered

representatives of Securian (i.e., registered with the NASD to sell securities) and licensed as insurance agents for Minnesota Life, and must meet at least one of the following requirements:

- Qualify as a Chartered Financial Analyst (CFA), CERTIFIED FINANCIAL PLANNER™ practitioner (CFP®), or Chartered Financial Consultant (ChFC);
- Pass the NASAA Investment Advisors Law (NASD Series 65) exam or the NASAA Uniform Combined State Law (NASD Series 66) exam; or
- Otherwise meet state and firm registration requirements.

Individual financial advisors may also be licensed as insurance agents for other insurance companies, and, in some cases, may also be affiliated with other investment advisory firms or broker-dealers.

Our Approach

Comprehensive Services. We help you take a look at the big financial picture. When you come to us for investment advisory services, we believe it is important to begin with a thorough review of your current financial situation. We examine your investment objectives, tolerance for risk, time horizon and other information. From there, we work with you to determine where you stand in regard to insurance, savings, anticipated retirement dates and goals, employee benefits, and more. All of this information is important in constructing effective investment and financial plans.

Methods of Investment Analysis. We seek to recommend investment strategies or products that will give you a diversified portfolio consistent with your investment objective. We do this by first carefully analyzing the various products, investment strategies and money management firms we offer. In some cases this involves traditional methods of fundamental security analysis. We also continuously analyze the key features of the programs we offer, including those sponsored by other management firms, in order to ensure that our programs are both comprehensive and flexible enough to meet your needs. That analysis includes a review of the structure, cost, and investment performance history of each program.

Information. You are one of the most important sources of information that we employ. In addition to using information from you to prepare our recommendations, we draw on research materials that range from financial newspapers and publications to research services to annual reports, prospectuses and filings with the Securities and Exchange Commission.

Strategies. We concentrate on the needs of you, the investor. The level of service and consultation we provide varies with your objectives and needs. Once we have a profile of your situation, if you so desire, we can develop customized recommendations regarding allocation strategies, the selection of money management firms or financial plans. In all

cases, we emphasize long-term strategies.

Our seminars are designed to provide general financial and investment-related information. If you come to us for Investment Management Services, we provide you with a detailed, customized asset allocation strategy and, where applicable, recommendations regarding money management firms. In the case of our Financial Planning Services, you will receive general investment or insurance recommendations in conjunction with an overall financial plan developed for you.

Depending on your needs and the program of investment advisory services you select, we offer advice about a wide range of securities. These include:

- Mutual funds
- Common stocks (exchange listed and over-the-counter)
- Fixed income investments such as bonds, commercial paper and certificates of deposit
- Variable life insurance and variable annuity contracts
- Real estate partnerships
- Municipal securities
- U.S. Government securities

Please Note: You are never under any obligation to purchase products from us or our financial advisors.

An Ongoing Commitment to Clients

We look for investments that fit your long-term interests, rather than short-term ones. We endeavor to be thorough in our approach and diligent in our selection of the investment strategies we recommend. We will do our best to keep you fully informed about your account, about the identity of the parties effecting transactions on your behalf, and about all relevant factors bearing on the quality of the services provided by those parties.

Reviews and Reports. When we work with you to create an asset allocation, a financial advisor will continue to monitor the components of your program to ensure that they fit your needs and goals. This review is typically done on a regular and periodic basis. The review covers such things as changes in the value of your account, the success of your investment strategy in meeting your investment needs and objectives, and the adequacy of the money management firms selected to manage your account. We continue to keep you informed about the performance of your investments through regular reports, and will recommend adjustments where we see the need.

Because our advisory services principally involve recommendations regarding allocation strategies or the selection of Managers, reviews seldom generate changes from one investment to another. Reviews will more often result in a rebalancing of your account but may also involve a recommendation to add or delete (i) an asset class or style, (ii) one or more Managers. The review may also result in a recommendation to increase or decrease the amount invested in a particular program.

Reports covering your account's holdings and activity will be provided by the custodian holding your account assets. These reports will typically identify your holdings by asset category and compare the current position of your account with the asset allocation model or investment strategy that you originally selected. In either case, your financial advisor will be available to assist you in reviewing and understanding these reports.

Brokerage and Client Transactions. Except in the case of the Managed Account Solutions Program, the Lockwood Managed Account Link Program, the Lockwood Mutual Fund Wrap Program, and the SEI Managed Accounts Program, you alone are in control of your portfolio. Your consent is required before any securities can be purchased or sold in your account. Under the Managed Account Solutions Program, the Lockwood Managed Account Link Program, and the SEI Managed Accounts Program, however, you select one or more Managers and then grant them investment discretion concerning day-to-day investment decisions in your account. Under the Lockwood Mutual Fund Wrap Program, Lockwood Advisors, Inc. has discretionary authority to manage the selection of and allocation among the mutual funds held in your account. We may provide brokerage services in connection with certain transactions in mutual funds provided through one of our mutual fund programs, and clear certain of those transactions through Pershing, but, except for individual securities, if any, in the Portfolio Solutions I program, we do not otherwise effect individual securities transactions in your account as part of the operation of any Program, nor do we recommend brokers. Schwab serves as the broker-dealer in transactions under the Portfolio Solutions II Program and Pershing provides execution and clearing services under the Lockwood Managed Account Link Program and the Lockwood Mutual Fund Wrap Program. You do not pay us a commission for any transaction effected in connection with our Investment Management Services, although transaction fees may, in certain circumstances, be due to Pershing, Schwab or Lockwood.

Code of Ethics. Pursuant to rule 204A-1 under the Investment Advisers Act of 1940 (the "Act"), Securian has established and enforces a written code of ethics ("Code") that describes standards of business conduct, including applicable fiduciary obligations, that must be observed by Securian and its "supervised persons" (as defined in the Act) in connection with Securian's investment advisory business. These standards include requirements:

- To act at all times with the utmost integrity and honesty, dealing fairly with our clients, our company, our associates, and our service provider;
- To place the interests of our clients first;
- To render professional and unbiased investment advice to our clients;
- To provide full, fair, and, timely information to our clients;
- To avoid any conflicts of interest with our clients when conducting personal securities transactions;
- To exercise diligence and care in maintaining and protecting our clients' nonpublic, confidential information; and

- To comply at all times with federal securities laws.

All supervised persons are prohibited from trading on the basis of material non-public information. In addition, the Code prohibits certain supervised persons (“Access Persons”) from trading, in their personal accounts or in other accounts in which they have a beneficial interest, in “reportable securities” (as defined in Rule 204A-1 and the Code) ahead of a client’s trade in the same security, and from purchasing any security that is part of an initial public offering. Access Persons must also obtain prior approval from Securian’s Chief Compliance Officer before purchasing any security as part of a private placement or other limited offering.

In order to avoid conflicts of interest, the Code requires Access Persons to provide, and Securian to review, both initial and annual reports of all reportable securities beneficially owned by such access Person. Quarterly reports of all transactions in reportable securities by Access Persons are also required under the Code and are also required to be reviewed by Securian.

Each supervised person receives a copy of the Code and of each amendment thereto, and is required to acknowledge such receipt in writing. The Code further requires each supervised person to report any violation of the Code promptly to Securian’s Chief Compliance Officer.

A copy of Securian’s Code of Ethics will be provided to any client or prospective client upon request.

The trust you place in us is important. We seek to ensure that you are satisfied with the quality, and also confident of the integrity, of the transactions effected in your account in connection with the advisory services we provide.

Fees and Account Minimums

Minimum account requirements and the fees that these accounts may vary with the type of services provided. Please refer to the appropriate service listed below for a fee schedule. Comparable services may be available from other asset management firms for fees lower, or higher, than those charged by Securian.

Investment Management Services. The standard fees (described below) payable to Securian for Investment Management Services are equal to a specified percentage, computed on an annual basis, of assets under management. Individual financial advisors are authorized to negotiate for the payment of other than standard fees, subject to limitations imposed by Securian. In some cases, this may include a minimum fee not to exceed \$2,500. Fees are billed quarterly in advance, except the fees for the Securian Mutual Fund I Program, the ManagersChoice Program and the SEI Managed Accounts Program which are billed quarterly in arrears.

FEES FOR INVESTMENT MANAGEMENT PROGRAMS

ACCOUNT ASSETS	ANNUAL FEE (as percentage of assets)
First \$500,000	1.75 %
Next \$1.5 million (\$500,001 to \$2.0 million)	1.10 %
Next \$1.0 million (\$2,000,001 to \$3.0 million)	.90 %
Next \$1.0 million (\$3,000,001 to \$4.0 million)	.70 %
Next \$1.0 million (\$4,000,001 to \$5.0 million)	.45 %
Over \$5.0 million	.20 %

In addition to the fees paid to Securian as described above, if you participate in the SEI Managed Accounts Program, you will be charged separate fees by SIMCO for its advisory services, including fees charged by other portfolio managers hired by SIMCO, and the costs of transactions in individual securities. If you participate in the Securian Managed Account Solutions Program, you will be charged separate fees by (i) each Manager selected by you, and (ii) Schwab for its brokerage, custody, and related services. If you participate in either the Lockwood Investment Strategies Program or the Lockwood Asset Allocation Portfolios Program, you will be charged an additional “program fee” by Lockwood for its services, which includes the LFS advisory and overlay manager fee, the sub-manager fees, and the clearing, custody and execution fee. If you participate in the Lockwood Managed Account Link Program you will be charged separate fees by (i) Lockwood, for both its Managed Account Link services and its execution, clearing and custody services (including services provided by Pershing), and (ii) each Manager selected under the Program. You will be billed separately by Lockwood for such other fees.

All administrative service costs incurred in connection with the Securian Portfolio Solutions I and II Programs are paid by us, except for certain brokerage costs (see “Investment Management Services – Portfolio Solutions I and II Programs” above) and IRA or Qualified Retirement Plan fees, if any, which will be charged to you. In connection with the Securian Portfolio Solutions I Program we use a percentage of the asset management fee we receive to pay Pershing for the administrative services performed by Pershing in connection with that Program. In addition, under the Securian Portfolio Solutions I Program, the Pershing NTF Funds pay a Rule 12b-1 service fee to Pershing, a percentage of which is paid to us when the amount invested in such Funds by our clients

exceeds, in the aggregate, \$10,000,000. Mutual funds which are not included among the Pershing NTF Funds may also pay Rule 12b-1 fees to us in connection with the distribution of their shares. Under the Securian Portfolio Solutions II Program, Schwab may receive Rule 12b-1 fees or other service fees from mutual funds whose shares are held in accounts under the Program. No additional administrative fees are charged by SEI in connection with the Securian Mutual Fund I Program, except that clients whose accounts are less than \$250,000 will be charged a quarterly administration fee of \$50. In the Securian Mutual Fund II program, Loring Ward reallocates to Securian a percentage of the fees it receives for due diligence service Securian provides.

The minimum account size for the Securian Portfolio Solutions I and II Programs and the ManagersChoice Program is \$50,000, exclusive of that portion of an account in either the Portfolio Solutions I or II Program which contains a laddered portfolio of individual bonds. The portion of any Portfolio Solutions I or II account containing a bond ladder requires at least \$100,000 of assets, although lesser amounts may be accepted, depending on the type of security proposed to be purchased. Under most situations, the Securian Mutual Fund I and II Programs require a minimum account size of \$100,000. The minimum account size for the SEI Managed Accounts Program is \$250,000 for accounts with an individually managed portfolio of equities and \$1 million for accounts with an individually managed portfolio of laddered municipal bonds. A higher minimum is required when such portfolios are combined with SEI mutual funds. The minimum account size under both the Securian Managed Account Solutions Program and the Lockwood Managed Account Link Program is determined by each Manager you select. Generally, however, each Manager of an equity account requires at least \$100,000 of assets and each Manager of a fixed income account requires at least \$250,000 of assets. The minimum initial investment to establish an account in the Lockwood Investment Strategies Program is \$250,000. The Lockwood Asset Allocation Portfolios Program requires an initial minimum account size of at least \$25,000.

Seminars. Individuals will usually be charged a fee for participating in investment-related seminar programs. Typically the fee is charged to cover the cost of presenting the seminar and will not exceed \$199.00/person, and may often be less. The financial advisor presenting the seminar determines the actual amount of the seminar fee. In situations where an employer or other organization agrees to bear the cost of sponsoring a seminar, the individuals attending the seminar are not charged a separate fee for their participation. The fee charged to the sponsoring organization is negotiated by the financial advisor and will vary with the costs of presenting the seminar.

Financial Planning Services. Financial Planning Services are provided in exchange for an hourly fee or a fixed fee, which in either case is negotiable between the client and the financial advisor. This fee may vary from client to client based upon the complexity of the client's financial position as well as the client's financial objectives. The hourly fee may not exceed \$500 per hour.

Business Planning Services. A fixed fee is charged for business planning services. The

amount of the fee is negotiable between the client and the financial advisor, and will vary from client to client, depending on the complexity of the client's business and circumstances.

Qualified Plan and Participant Advisory Services. Qualified Plan Services are provided in exchange for a fee which is negotiable between the client and the financial advisor. This fee may be an hourly fee, a fixed fee or an asset-based fee, or a combination thereof, and may vary from client to client, based upon the complexity of the plan, the client's objectives, and the services to be provided. The hourly fee may not exceed \$500 per hour.

Participant Advisory Services are provided to a Plan participant in exchange for an annual fee, payable quarterly in advance, equal to a percentage of the fair market value of the securities in the participant's Plan account determined in accordance with the following schedule:

<u>Value of Securities In Participant's Account</u>	<u>Annual Fee</u>
\$0 - \$1 million	1.00%
Over \$1 million	0.75%

Securian will charge this fee based on the fair market value of the securities in the participant's account on the last business day of the quarter. If Services commence at any time other than the beginning of a quarterly period, the initial quarterly fee will be prorated to the end of such first quarterly period. If Services are terminated other than at the end of a quarterly period, the final fee will be based on the value of the securities in the account on the termination date and will be prorated based on the number of days remaining in the quarterly period.

Payment for Referrals

Securian may enter into Solicitors Referral Agreements with individuals, professional firms and financial institutions, which may or may not be affiliated or associated with Securian. Securian may pay these individuals, professional firms, and financial institution a flat fee, or percentage of the regular fee charged to the client for services rendered by Securian. In no instance will this result in higher fees being charged to clients referred to Securian.

Our Other Businesses and Affiliations

Brokerage Services Business. Our principal business activity, representing approximately 70% of our operations, is as a securities broker-dealer. Our securities

brokerage business consists primarily of the sale of mutual funds and variable annuity and variable life insurance contracts, but we also market unit investment trusts, and, on a fully-disclosed basis, general securities through our clearing agreement with Pershing. In this capacity we receive other compensation in the form of dealer concessions, commissions from brokerage customers and/or Rule 12b-1 fees, from which we pay commissions to our registered representatives. Our registered representatives also receive insurance commissions from various insurance companies, including Minnesota Life, for the sale of insurance products to individuals who may also be receiving brokerage or advisory services from us.

As a securities broker-dealer we also provide investment advice to clients which is incidental to the brokerage services provided and for which we do not receive any special compensation, other than the customary commissions or fees charged for such brokerage services.

Regulatory History: In its capacity as a broker-dealer, and in connection with matters unrelated to its investment advisory business, Securian has:

- Consented to a censure and fine by NASD Regulation pursuant to a Letter of Acceptance, Waiver and Consent effective January 29, 2002. The matter involved a Mississippi office of Securian. Without admitting or denying the allegations, Securian accepted and consented to the entry of findings that it permitted a registered representative to be supervised by a registered principal over whom the registered representative had hiring, firing and sales activity responsibilities – a deficiency in supervisory procedures. This resulted because the registered representative’s position as a general agent with an affiliated insurance company was senior to the registered principal’s position with the same insurance company.
- Consented to a censure and fine by NASD Regulation pursuant to a Letter of Acceptance, Waiver and Consent effective June 30, 2005. Without admitting or denying the allegations, Securian consented to the sanction and the entry of findings that it failed to adequately and properly supervise a registered representative with respect to the representative’s recommendations to a customer to borrow home equity and use the funds to purchase mutual funds, without providing the client with a disclosure document required by Securian’s written procedures.
- Consented to a censure and fine by NASD Regulation pursuant to a Letter of Acceptance, Waiver and Consent effective September 29, 2005. Without admitting or denying the allegations, Securian accepted and consented to the entry of findings that between January 1, 2001 and December 31, 2003, it maintained a revenue sharing program with six mutual families and accepted revenue sharing fees from five of them, including four that directed fund

brokerage commissions to Securian as partial payment of their fees. Securian provided the fund families with various benefits, including preferential marketing and distribution. NASD rules prohibit a member firm from favoring the sale of, or recommending, a fund on the basis of the firm's receipt of brokerage commissions.

Other Securities Activities. We are the distributor for the registered variable annuity and variable life insurance contracts issued by Minnesota Life. Securian receives additional compensation, in the form of sales charges and Rule 12b-1 fees, for performing these distribution services.

Business Affiliations Securian is a wholly-owned subsidiary of Securian Financial Group, Inc., and indirect subsidiary of a mutual insurance holding company called Minnesota Mutual Companies, Inc. Minnesota Life and Advantus Capital Management, Inc. (Advantus Capital), an affiliated investment advisor, are also wholly-owned subsidiaries of Securian Financial Group, Inc. Many of our customers, whether for brokerage or advisory services, are also customers of Minnesota Life. Advantus Capital provides investment advice to other affiliated entities, including Minnesota Life, and to private accounts. We believe that we benefit from these affiliations in various ways, including access to additional investment-related research and information. Minnesota Life and Advantus Capital conduct separate businesses but may on rare occasions coincidentally trade for their own accounts in securities that we have recommended to our advisory clients.

How to Contact Us

At Securian, we look forward to providing you with quality investment services. If you have questions, please contact your financial advisor, or you may contact us directly at:

Securian Financial Services, Inc.
400 Robert Street North
Saint Paul, MN 55101-2098
1-888-237-1838