

QUESTAR ASSET DESIGNS
MUTUAL FUND (IRA)
NEW BUSINESS PROCEDURES CHECKLIST

Questar Asset Designs features actively managed investment portfolios utilizing research by the following third-party investment advisors:

- Portfolio Strategies, Inc.
- Reinhart Asset Management
- Scofield and Company

TO OPEN A NEW QUESTAR ASSET DESIGNS ANNUITY ACCOUNT:

1. Complete the INVESTOR PROFILE QUESTIONNAIRE with your client.

This form will determine whether the appropriate portfolio should be:

- Aggressive
- Capital Growth
- Balanced
- Conservative

2. Choose the appropriate money manager and strategy.

3. Complete and submit the following forms (Attached):

- INVESTOR PROFILE QUESTIONNAIRE
- QUESTAR ASSET DESIGNS - DISCRETIONARY INVESTMENT MANAGEMENT SERVICES AGREEMENT (390481v3)
- DATALYNX FORMS
 - TRADITIONAL IRA PLAN ESTABLISHMENT DOCUMENTS
 - IRA TRANSFER/ROLLOVER REQUEST FORM

4. Offer client the following form (Not Attached):

- QUESTAR ASSET MANAGEMENT FORM ADV PART II (*Includes Schedule F*)

QUESTAR ASSET DESIGNS RISK QUESTIONNAIRE

CLIENT NAME: _____ SS#: _____

SIGNATURE: _____ DATE: _____

TIME HORIZON QUESTIONS

1. Given your investment objective, when do you expect to begin withdrawing from your investment account?

	Points
A. Under 3 years	2
B. 3-5 years	4
C. 6-8 years	7
D. 9+ years	10
Total Points	_____

2. Once withdrawals begin from your investment account, over how long of a period do you expect the withdrawals to continue?

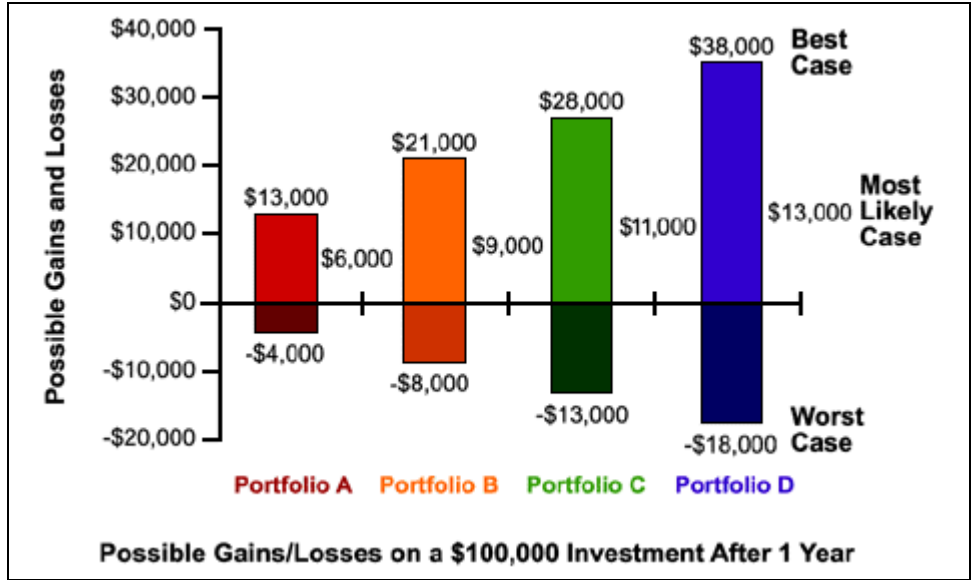
	Points
A. 1 year or less (lump sum withdrawal)	0
B. 1-5 years	2
C. 6-10 years	4
D. 11-15 years	6
E. 16+ years	8
Total Points	_____

RISK AVERSION QUESTIONS

3. Which statement best describes your main concern when selecting an investment?

	Points
A. The potential for loss.	0
B. Mostly the potential for loss, but I am still concerned about the potential for gain.	4
C. Mostly the potential for gain, but I am still concerned about the potential for loss.	9
D. The potential for gain.	14
Total Points	_____

4. The following graph shows the possible gains and losses associated with a \$100,000 investment in four different hypothetical portfolios at the end of a 1-year holding period. The best case, most likely case, and worst case wealth values for an initial \$100,000 investment after 1 year are shown for each portfolio. Based upon your investment goals, in which of these portfolios would you be most willing to invest?



		Points
A.	Portfolio A	0
B.	Portfolio B	5
C.	Portfolio C	11
D.	Portfolio D	16
Total Points		_____

5. Suppose your investment portfolio contains a significant portion of large company stocks in addition to several other assets. Large company stocks have averaged a compound annual return of 11% over the past 72 years.* If large company stocks lost 20% of their value in the past year, what would you do?

		Points
A.	Sell the large company stock portion of my investment portfolio and realize the loss.	0
B.	Sell some, but not all, of the large company stock portion of my investment portfolio.	5
C.	Continue to hold the large company stock portion of my investment portfolio, following a consistent long-term strategy.	10
D.	Buy more large company stocks.	12
Total Points		_____

* Past performance not indicative of future performance.

6. An investor must be willing to expose his or her investments to increased chances for loss in attempting to achieve higher expected returns. The following statements represent possible outcomes for three hypothetical portfolios at the end of one year. Which investment portfolio would you be most comfortable holding?

	Points
A. Portfolio A has a likely return of 6%, and there is a 10% chance for loss at the end of the year.	0
B. Portfolio B has a likely return of 10%, and there is an 18% chance for loss at the end of the year.	7
C. Portfolio C has a likely return of 14%, and there is a 25% chance for loss at the end of the year.	14
Total Points	_____

7. Inflation can significantly reduce the return on your investments. Historically investments with higher risk have exceeded inflation to a greater degree than those with lower risk. Which of the following statements best describes your feelings about investment volatility with respect to inflation?

	Points
A. I prefer to minimize short-term fluctuations in investment value (and limit the potential for loss). I am satisfied with achieving returns that only keep pace or slightly exceed the rate of inflation.	0
B. I am willing to accept moderate short-term fluctuations in investment value (and a moderate potential for loss) in an effort to achieve returns that moderately exceed the rate of inflation.	8
C. I am willing to accept possibly large short-term fluctuations in investment value (and a greater potential for loss) in an effort to achieve returns that significantly exceed the rate of inflation.	15
Total Points	_____

8. Generally, an investor with a longer time horizon can assume more risk in their portfolio, as there is a higher probability that potential short-term losses will be offset by potential gains. Please provide your response to the following statement.
Given my investment time horizon, I am willing to accept significant fluctuations in the value of my investments to achieve potentially higher long-term returns.

	Points
A. Strongly disagree	0
B. Disagree	4
C. Agree	9
D. Strongly agree	13
Total Points	_____

9. The table below shows the risk and return characteristics of three hypothetical portfolios over the 28-year period 1970-1997. Although it is tempting to focus on the average annual return over the past 28 years, one should concentrate on the volatility and short-term loss characteristics of these investments. Given your investment objectives and your ability to withstand short-term investment losses, in which portfolio would you feel most comfortable?

	Average Annual Return	Number of Years With Negative Returns	Worst Year	Points
A. Portfolio A	14%	6	Loss of 31%	16
B. Portfolio B	11%	3	Loss of 14%	8
C. Portfolio C	9%	1	Loss of 5%	0
Total Points				_____

SCORING

A. Time Horizon Score

Add the points from questions 1 and 2. This total represents your time horizon score. _____

B. Risk Aversion Score

Add the points from questions 3 through 9. This total represents your risk aversion score. _____

PORTFOLIO SELECTION

Asset Allocation Summary Grid

Risk Aversion Score	Time Horizon Score				
	0-2	3-4	5-6	7-9	10+
0-19	N/A	I	I	I	I
20-40	I	II	II	II	II
41-60	I	II	II	III	III
61-80	I	II	III	III	IV
81-100	I	II	III	IV	IV

- I. Conservative
- II. Balanced
- III. Capital Growth
- IV. Aggressive Growth

**QUESTAR ASSET DESIGNS
DISCRETIONARY INVESTMENT MANAGEMENT SERVICES AGREEMENT**

THIS AGREEMENT is made between Questar Asset Management, Inc. (“**Questar**”), a Michigan corporation, and the undersigned client (“**Client**”).

1. **Appointment of Questar.** Client hereby retains Questar as an investment adviser to provide its Questar Asset Designs program discretionary investment advisory services and to arrange for execution of transactions and custody of assets (“**Investment Services**”) in the Client’s account (the “**Account**”), in accordance with the terms and conditions set forth herein. Questar hereby accepts its appointment as investment adviser.

2. **Investment Services.** Questar shall invest with full discretionary authority of Client, the securities, cash and/or other assets held in the Account with the custodian designated by Client with due regard for the investment policies and restrictions Client may hereinafter impose by written notice to Questar. Investments shall typically be made in mutual funds, exchange-traded funds and variable annuity and life contract subaccounts or a portion of the Account may be held in cash or cash equivalents including securities issued by money market mutual funds. Client understands that Questar may rely upon the advice of third-party consultants when making purchase and sale decisions for Client’s Account.

Questar agrees to contact Client’s Account custodian for the execution of purchase and sale transactions. Questar shall instruct all brokers and dealers executing orders on behalf of the Account to forward to Questar and the Account custodian copies of all confirmations promptly after execution of each transaction. Client agrees that Questar shall not be responsible for any loss incurred by reason of any act or omission of any broker or dealer or Account custodian.

3. **Selection of Investment Objectives.** Client has specified in the attached Schedule A the investment objectives applicable to recommendations to be made and actions to be taken with respect to the Account and any investment restrictions which govern the Account. Questar shall be entitled to rely on the information contained in Schedule A. It shall be Client’s responsibility to promptly advise Questar in writing of any changes or modifications in Client’s investment objectives, any additional investment restrictions applicable thereto and any material changes in Client’s circumstances which might affect the nature of recommendations with respect to the way Client’s assets should be invested. Client agrees to promptly furnish Questar with any and all documentation which Questar may reasonably request.

Client understands that Questar does not guarantee the results of any recommendation, or the overall performance of the Account, and that losses can occur.

4. **Trading Authorization.** Client hereby grants Questar complete discretionary trading authorization and appoints Questar as agent and attorney-in-fact with respect to the Account. Pursuant to such authorization, Questar may, in its sole discretion and at Client’s risk, purchase, sell, exchange, convert and otherwise trade in the securities and other investments in the Account on such markets, at such prices and at such commission as Questar believes to be in the best interest of the Account. Adviser shall also have authority to arrange for delivery and payment in connection with transactions for the Account, and act on behalf of Client and in all other matters necessary or incidental to the handling of the Account. This authorization does not grant Questar permission to take delivery or possession of Client’s funds or securities except for fees due Questar. Client acknowledges Questar will not be responsible for any loss or liability incurred by reasons of any willful or negligent action or failure to act on the part of Client’s Account custodian or broker.

This trading authorization is a continuing one and shall remain in full force and effect until terminated by Client or Questar pursuant to the provisions of this Agreement. The termination of this authorization will constitute a termination of the Agreement.

5. **Service to Other Clients.** Client understands that Questar may perform research, investment advisory and other services for clients other than those who have appointed Questar as investment manager or adviser. Client recognizes that Questar may give advice and take action in the performance of its duties to other

clients which may differ from advice given, or in the timing and nature of action taken, with respect to Client. Nothing in this Agreement shall be deemed to impose upon Questar any obligation to purchase or sell or recommend for purchase or sale, for Client any security or other investment which Questar or its officers, employees or affiliates may purchase or sell, or recommend for purchase or sale, for its or their own account, or for the account of any other client. Nothing in this Agreement shall be construed to restrict the right of Questar and its officers, affiliates and employees to act as investment managers or to perform investment management or advisory services for any other person or entity.

6. **Execution of Transactions.** Except as provided below, Client directs Questar to execute all securities transactions for the Account through the broker-dealer, custodian or issuer designated by Client. (Any fees charged by any broker or dealer will be charged to the Account.)

7. **Securities Custody.** Questar will not maintain custody of Client securities or funds. Custody of Client's securities, assets and funds in the Account shall be maintained through Client's designated broker-dealer or that firm's clearing broker or other custodian and shall include holding Client's securities in the nominee name of the custodian.

8. **Reports.** Reports regarding the value of assets in the Account are prepared and sent to Client by Client's Account custodian.

9. **Fees.** Client agrees to compensate Questar on a calendar quarterly basis, before Investment Services are provided, in accordance with the fee schedule initialed by Client below. Client understands that fees are negotiable and are often set by Questar's Representatives, thus vary from client to client.

(a) _____ In those instances where Questar receives investment strategy information from Portfolio Strategies, Inc., the following fee schedule applies:

Account Value	Annual Fee	Quarterly Fee
Up to \$500,000	2.5%	.6125
\$500,001 - \$1,000,000	2.25%	.5625
\$1,000,001 - \$1,500,000	1.75%	.4375
1,500,001 and above	1.50%	.3750

OR

(b) _____ In those instances where Questar receives investment strategy information from firms other than Portfolio Strategies, the following fee schedule applies:

Account Value	Annual Fee	Quarterly Fee
Up to \$500,000	2.0%	.5000
\$500,001 - \$1,000,000	1.50%	.3750
\$1,000,001 - \$1,500,000	1.25%	.3125
1,500,001 and above	1.00%	.2500

OR

(c) _____ The specific fee payable to Questar for this Account shall be:

_____ % annually

_____ % quarterly

Fees shall be payable quarterly, in advance, and are calculated based on the market value of the assets in the account, including any cash balances or balances held in a money market account. The initial fee is charged from the date of inception of the account through the end of the first calendar quarter in which the account is opened for at least 30 days. Thereafter, fees are payable quarterly based upon the market value of assets in the account at the end of each calendar quarter. Assets exceeding \$10,000 deposited to an account during any quarter are charged a pro-rated quarterly fee based upon the number of days remaining in the quarter. No adjustment is made to the quarterly fees for changes in the market value of securities held in the account during the calendar quarter. No adjustment is made if assets are withdrawn during the quarter. Questar may, at its discretion, combine the value of related accounts for fee calculation purposes. It may also amend its fees by 90 days advance notice to Clients. Accounts valued at under \$100,000 may be charged an additional \$30 quarterly as an administration fee.

Client hereby authorizes the Client's account custodian to automatically debit the Client's account for Questar's advisory fees. Client also authorizes Questar to sell a sufficient amount of money market or other funds, or other securities, to cover the amount of Questar's bills.

Upon termination of this Agreement fees are prorated to the date of termination. Prepaid unearned fees paid by Client are refunded, except for a termination administration fee of \$100 if this Agreement is terminated during its first year, and \$50 if terminated after the first year.

Client understands that fees are negotiable and are often set by Questar's Representative, thus vary from client to client.

Client hereby authorizes Client's Account custodian(s) to deduct any and all fees when due from assets held in the Account. Client also authorizes Questar to liquidate, without obtaining prior permission from Client, money market funds and other securities in the Account in amounts sufficient to cover Questar's fees.

The fee set forth herein excludes all transaction costs including brokerage commissions. Such brokerage costs, if any, and the costs or charges not included in the fee described herein will be separately charged to the Account.

10. **Valuation.** In computing the market value of any security and other assets in the Account, such as accrued interest, a security listed on a national securities exchange shall be valued, as of the Valuation Date, at the closing price on the principal exchange on which it is traded. The Valuation Date for each calendar quarter shall be the last business day reflected in the account statement issued by the broker-dealer or other custodian maintaining the Account for the month immediately preceding such calendar quarter. When computing fees, Questar may rely on account values obtained electronically from the custodian which may include asset values which are more current than those on the custodian's paper statements. Any other security or asset in the Account shall be valued in a manner determined in good faith to reflect fair market value.

11. **Standard of Care.** It is agreed that the sole standard of care imposed by this Agreement upon Questar is to act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. While Questar will make a good faith effort to require brokers and dealers and issuers selected to effect Account transactions to perform their obligations, Questar shall not be responsible for any loss incurred by reason or any act or omission of any broker, dealer or custodian for the Account. In maintaining its records, Questar does not assume responsibility for the accuracy of information furnished by Client or any other party not under the control of Questar.

12. **Client Authority.** If this Agreement is entered into by a trustee or other fiduciary, such trustee or fiduciary represents that the Investment Services to be provided are within the scope of the investments authorized pursuant to the plan, trust and/or applicable law and that such fiduciary is duly authorized to appoint an investment adviser and to enter into this Agreement. If Client is a corporation, the signatory on behalf of such Client represents that the execution of this Agreement has been duly authorized by the appropriate corporate action. Client undertakes to promptly advise Questar of any event which might affect this authority or the proprietary of this Agreement.

13. **Proxies and Other Legal Notices.** Except as required by applicable law or interpretive regulation, Questar will not be required and is not permitted by Client to take any action or provide any advice with respect to the voting of proxies for securities held in the Account, nor will Questar be obligated to provide advice or take any action on behalf of Client with respect to securities formerly held in the Account, or the issuers thereof, which become the subject of any legal proceedings, including bankruptcies.

14. **Termination of Agreement.** This Agreement may be terminated at will upon 60 days written notice by either party to the other. If Client did not receive Part II of Form ADV at least forty-eight (48) hours prior to entering into this Agreement, Client has the right terminate this Agreement without penalty within five (5) business days of the date Client entered into this Agreement. Termination of this Agreement will not affect any liability with regard to transactions initiated prior to such termination. If this Agreement is terminated, Questar shall be under no obligation to recommend any action with regard to, or to cause the liquidation of the securities or other investments in the Account.

15. **Non-Assignability.** This Agreement may not be assigned or transferred by either party without the prior written consent of the other.

16. **Severability.** If any provision of this Agreement is held or made invalid by a statute, rule, regulation, administrative or judicial decision or otherwise, the remainder of this Agreement shall not be affected thereby and, to this extent, the provisions of this Agreement shall be deemed to be severable.

17. **Entire Agreement.** This Agreement represents the entire agreement between the Client and Questar and, except as provided in Section 9 with respect to the schedule of fees, may not be modified or amended except in writing signed by the parties.

18. **Arbitration.** It is agreed that any controversy between Questar and Client arising out of Questar's business or this Agreement shall be submitted to arbitration conducted pursuant to the code of arbitration procedure of a recognized alternative dispute resolution organization as Client may designate. Client agrees that if Client does not notify Questar in writing of Client's designation within five (5) days after Client receives a written demand for arbitration, then Questar may make such designation. Judgment on the award rendered by arbitration shall be final and may be entered in any court having jurisdiction thereof.

19. **Governing Law.** This Agreement is made under and shall be construed pursuant to the laws of the State of Michigan, provided that nothing herein shall be construed in any manner inconsistent with the Investment Advisers Act of 1940, any rule, regulation or order of the Securities and Exchange Commission promulgated thereunder or any other applicable law, rule, regulation or order. This Agreement shall not be binding until accepted by Questar.

20. **Client Acknowledgment.** Client acknowledges receiving a copy of Questar's Part II of Form ADV and a copy of this Agreement and a copy of this Agreement.

This Agreement contains an arbitration clause in paragraph 18.

Agreed to this ____ day of _____, 200__.

QUESTAR ASSET MANAGEMENT, INC.:

CLIENT:

(Print Name)

By: _____
QUESTAR OFFICER

SIGNATURE OF CLIENT

By: _____
QUESTAR REPRESENTATIVE

SIGNATURE OF CLIENT

Schedule A

Investment Objectives and Restrictions

(Client)

(Client Account No.)

1. The investment objectives governing the Account are:

2. Transactions for the Account shall be subject to the following specific restrictions and limitations [if none, state "none"]:

3. The portfolio or asset management strategy to be followed is:

The foregoing investment objectives, restrictions and limitations shall govern the Account unless and until Questar receives written notice from Client of any changes to or modifications of the foregoing.