



NORTHWESTERN MUTUAL CAPITAL, LLC

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This brochure provides information about the qualifications and business practices of Northwestern Mutual Capital, LLC. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Elizabeth J. Lentini, at 414.665.7800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Northwestern Mutual Capital, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Northwestern Mutual Capital, LLC [is an investment adviser registered] under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training.

Item 2. Material Changes

This Item is not applicable as this is Northwestern Mutual Capital, LLC's initial brochure.

Item 3. Table of Contents

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	3
Item 4	Advisory Business.....	4
Item 5	Fees and Compensation.....	5
Item 6	Performance-Based Fees and Side-By-Side Management.....	6
Item 7	Types of Clients.....	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9	Disciplinary Information.....	9
Item 10	Other Financial Industry Activities and Affiliations.....	9
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	11
Item 12	Brokerage Practices.....	15
Item 13	Review of Accounts.....	17
Item 14	Client Referrals and Other Compensation.....	18
Item 15	Custody.....	18
Item 16	Investment Discretion.....	18
Item 17	Voting Client Securities.....	18
Item 18	Financial Information.....	20
	Additional Information.....	20

Item 4. Advisory Business

Northwestern Mutual Capital, LLC

Northwestern Mutual Capital, LLC (“NMC”, “we” or “us”) is a single member Delaware limited liability company and wholly-owned subsidiary of The Northwestern Mutual Life Insurance Company (“Northwestern Mutual”). We were formed in 1997. Prior to July 1, 2011, NMC was named Northwestern Investment Management Company, LLC. Our advisory clients currently consist of Northwestern Mutual and certain of its affiliates, four co-investment funds in which affiliated entities serve as general partner, and one unrelated third-party client. All of our clients are qualified institutional investors.

NMC supervises and directs the domestic and foreign privately-placed (non-registered) debt and equity investments of client portfolios in accordance with the written investment objectives, policies and/or restrictions of each client. Such objectives, policies and/or restrictions are generally established at the beginning of the client relationship and may be amended by the client from time to time. Clients may impose restrictions on investing in certain securities or types of securities. From time to time NMC may also provide investment advisory services to clients with respect to a small number of public (registered) securities typically obtained in connection with privately-placed investments (such as private equity securities that subsequently become registered, registered securities received through an in-kind distribution in respect of limited partnership interests in private equity funds, or investments with accompanying registration rights which are initially offered pursuant to Rule 144A of the Securities Act of 1933, as amended).

As of December 31, 2011, we managed approximately \$33.10 billion of client assets. These assets are generally managed on a discretionary basis; however certain clients reserve the right to approve certain investments which we have recommended, depending upon the type and amount of the investment.

Affiliated Advisers Relying on NMC’s Registration

Northwestern Mutual Capital Limited (“NMC UK”) is a private limited company organized in 2007. It is registered in England (Company No. 6207264) and is a wholly-owned subsidiary of Northwestern Mutual. NMC UK has been appointed by NMC to serve as sub-adviser for NMC with respect to certain private investments, primarily in the United Kingdom, Ireland and Europe. NMC UK is an affiliate of NMC whose sole business is to assist NMC in providing investment advisory services to NMC’s clients. NMC and NMC UK conduct a single advisory business and share resources, and NMC UK’s employees are subject to NMC’s compliance program and supervision. NMC UK is an affiliated investment adviser relying upon NMC’s registration.

Northwestern Mutual Capital GP, LLC and Northwestern Mutual Capital GP II, LLC (together, the “co-investment fund GPs”) are Delaware single-member limited liability companies and indirect wholly-owned subsidiaries of Northwestern Mutual. Both were formed in 2008. The co-investment fund GPs act as general partners of certain co-investment funds managed by NMC, which also acted as their sponsor, pursuant to agreements with the co-investment fund GPs. The co-investment fund GPs are special purpose vehicles and have no employees. The co-investment fund GPs are affiliated investment advisers relying upon NMC’s registration.

Quinten Road Fund Management LLC ("QRM") is a Delaware limited liability company organized in 2006. NMC owns 50% of the membership interests in QRM, and also serves as its manager. QRM in turn serves as the manager of two private funds which are managed by NMC, one pursuant to an investment management agreement and the other as a result of its position as manager. QRM has no officers or employees and does not conduct any business other than serving as the manager of the noted private funds. QRM is an affiliated investment adviser relying on NMC's registration.

Item 5. Fees and Compensation

We do not have a standard fee schedule for new clients because we typically do not actively seek new investment advisory clients, very infrequently add new clients, and fees payable by each client are individually negotiated at the time NMC and the client enter into an advisory contract. Fees are based on the individual needs of each client and vary depending upon on client investment objectives and needs, and the specific services we are to provide. We do not deduct fees from client assets, but with respect to certain clients, and with the consent of the client, we may withhold money from distributions to pay management fees. We pay NMC UK's sub-advisory fees out of our advisory fees.

NMC receives advisory fees from most of its clients based on a percentage of a client's net assets under management in accordance with the terms of our investment management agreements with each such client. Such advisory fees are generally computed by the client or its designee, on the basis of the value of assets under management (which is also generally computed by the client or its designee) as of the last trading day of each calendar month. These fees are paid periodically, but no less frequently than semi-annually, in accordance with individual investment management agreements. Clients are not required to, and in fact do not, pay advisory fees in advance.

Special compensation arrangements may be agreed upon with a client based on its particular circumstances and structure. For example, in addition to a fee based upon a percentage of a client's assets under management, our fee arrangement with one client includes a percentage of net proceeds received upon the sale or disposition of its assets.

Limited partners in our co-investment funds pay us an annual management fee representing a percentage of aggregate contributions made by the limited partners to the funds, minus contributions made with respect to investments (or the portion thereof) which have been disposed of or written off as a result of a permanent decline in the value of the investment. This fee is reduced by each fund's proportionate share in any directors', financial consulting or transaction fees and any break-up fees from transactions not completed, in each case, paid to NMC or its affiliates with respect to any of such fund's investments. The co-investment fund GPs are also entitled to a percentage of the profits of their respective co-investment funds after achievement of its respective preferred return. Each of the co-investment funds have also agreed to reimburse its respective general partner for its respective share (subject to a cap) of such fund's organizational and startup expenses and all other costs and expenses of the fund not otherwise reimbursed by portfolio companies.

In addition to the advisory and management fees described above, clients are responsible for, and may incur, other expenses in connection with the management of their assets. These expenses may include, but are not limited to, custodian fees and sales fees upon the disposition of a private security and, to the extent public securities are sold, brokerage fees. See Item 12 below for more information on brokerage practices. Additionally, circumstances may arise in which lawyers' fees or other costs must be incurred in connection with events of default by issuers or renegotiations of terms of investments. Though these

fees are generally paid by the issuer, there may be times when this is not the case and the client is responsible for such fees. In addition, clients may incur expenses indirectly in connection with certain investments, such as investments in third-party private equity funds, where the general partner is paid a management fee and is eligible to receive a portion of the proceeds, if any, from investments in excess of the initial cost of the investments (or some other threshold established in such fund's partnership agreement).

Clients' advisory or management agreements may also provide that the advisory fee compensates NMC not only for advisory services, but also for expenses relating to the administration of the affairs of the client. Such services are provided based on individual negotiations with clients and may not be provided to all clients with or without applicable fees. These services may include assistance in the preparation of the client's investment guidelines.

From time to time clients may be paid a fee by an issuer in connection with its request for approval of a consent request by an issuer or an amendment to securities documentation. All of these fees are credited to client accounts in accordance with their respective holdings.

No NMC supervised person accepts compensation in connection with the sale of securities or other investment products.

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

We charge most of our clients advisory fees based on a percentage of assets under management. Accordingly, in those cases our fees increase when assets in the applicable client account increase, and decrease when those assets in decrease. With the exception of those client arrangements described in Item 5, we do not charge any performance-based fees.

A portion of the individual compensation from NMC to its managing directors and others managing client advisory accounts is based on the overall performance of Northwestern Mutual, including Northwestern Mutual's entire managed investment portfolio compared to relevant benchmarks, and the investments for which each such individual is responsible compared to the performance of relevant benchmarks and/or peer groups, or other objectives or goals as may be established. In addition, a portion of individual compensation for certain managing directors and others managing client advisory accounts is based on income, gains and earnings realized on private equity and subordinated debt investments made for clients and realized cash proceeds received on such investments over a pre-determined return. To the extent NMC investment personnel may face a conflict of interest with respect to the treatment of individual client investments as a result of these compensation factors, NMC has adopted its Policy and Procedures on Trade Allocation to seek to manage or mitigate the conflict. See the description of this policy under Item 11, below.

In allocating investment opportunities, there could be incentives for NMC to favor client accounts for which it receives a performance fee over those for which it does not. The only clients who pay NMC performance-based fees are the co-investment funds and one unaffiliated financial institution. In the case of the unaffiliated financial institution client, NMC is not authorized to acquire any investments on its behalf, nor are any of the securities in its account held by other NMC clients, providing no opportunity for preferential treatment. In the case of the co-investment funds, each fund's limited partnership agreement requires that it participates in particular classes of NMC-managed investments at a specific percentage of NMC's total allocation for each applicable investment. Consequently, NMC does

not have the ability to favor the co-investment funds over other client accounts in making investment decisions. The contractual requirements related to the co-investment funds are embedded in NMC's Policy and Procedures on Trade Allocation described more fully in Item 11, below.

Item 7. Types of Clients

Our advisory clients, all of which are institutional investors, currently consist of: (i) Northwestern Mutual, which is our largest client; (ii) an affiliated long-term care insurance company; (iii) a Northwestern Mutual separate account that serves as a funding vehicle for annuity contracts held by Northwestern Mutual's benefit plans; (iii) four limited partnership co-investment funds for which the co-investment fund GPs serve as general partner; (iv) two joint venture entities in which Northwestern Mutual holds a non-controlling equity ownership interest; and (v) an unaffiliated financial institution.

We accept new clients infrequently and pursuant to individually negotiated advisory contracts. Therefore, requirements for opening or maintaining an account have not been established.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Generally

Each client account is managed by one or more of our teams of investment professionals, including portfolio managers, directors or managing directors, analysts and others, each of which have specific roles in the investment process. We may use a variety of sources of information in formulating our investment advice, including proprietary models and analysis, financial publications, on-site due diligence and inspections of corporate activities, research material provided by others, corporate rating services, annual reports, prospectuses, company press releases and filings with the SEC or similar foreign regulatory agencies. We may also use information from sources such as industry, trade association and academic publications and conferences, personal interviews with individuals knowledgeable about a company or industry, and material provided by government agencies, such as the U.S. Departments of Commerce and Labor and the Federal Reserve Board.

The particular investment strategies utilized and specific investments selected for a client depend upon the investment objectives, goals and risk tolerances of the client as established at the beginning of the advisory relationship and as modified thereafter from time to time by the client. Subject to such specific client investment objectives or guidelines, our overall investment strategy is to maximize long-term economic benefits to our clients. The specific investment strategies used to implement these goals include purchases intended to be held until maturity (in the case of fixed income securities) or until other disposition, such as a company sale or public registration of securities (in the case of equity securities) or liquidation after sales or other dispositions of underlying assets (in the case of limited partnership investments in funds). We may, however, sell securities prior to maturity or other disposition for a variety of reasons, for example when valuation targets are achieved, when a portfolio reaches an applicable concentration limit, when new information becomes available or when better investment opportunities are identified. We may also decide to continue to hold a troubled investment through the process of restructuring if we believe it is in the best long-term economic interests of the client(s) holding the investment.

NMC was originally formed to provide investment services to the general account and a separate account of its parent, Northwestern Mutual. Northwestern Mutual's general account has always been, and remains, by far our largest client, with assets representing approximately 97% of our total assets under management. Because of this, we generally only review for acquisition, and acquire for our client accounts, investments that are appropriate for, and that we would consider acquiring for Northwestern Mutual's general account, based on Northwestern Mutual's investment objectives and guidelines. We allocate a portion of these investments to our other clients based upon whether or not the particular investment meets their respective investment objectives and guidelines as established from time to time and otherwise in accordance with our Policy and Procedures on Trade Allocation. For more information on our Policy and Procedures on Trade Allocation, see Item 11, below.

Fixed Income Securities

We typically invest in U.S. and foreign fixed income assets as part of our overall investment strategy. This includes, but is not limited to, investment grade corporate bonds, below investment grade corporate bonds, sovereign debt, and asset-backed securities. In addition, derivatives contracts such as foreign currency and interest rate swaps may be used in an attempt to hedge certain risks.

The proportion of a client's portfolio committed to fixed-income investments in securities of different issuers or different types of securities (i.e., corporate, government, and structured products) and in securities with particular characteristics (i.e., quality, sector, interest rate or maturity) varies based on a variety of factors included in our overall investment analysis. Our "macro" analysis includes factors such as our outlook for the economy, the financial markets and other factors, as well as the client's specific investment objectives, directives, risk tolerances and restrictions. In selecting individual corporate fixed income securities and instruments for our clients, we undertake a comprehensive "bottom-up" credit analysis and an evaluation of the available financial covenants and call risk, subject to any specific directives from the client. This approach focuses on fundamental, detailed research of issuers to identify issuers that appear to have strong relative credit quality, solid balance sheets, improving company specific fundamentals and/or free cash flows, and favorable legal documentation relative to comparable public market securities.

Equity Securities

In selecting U.S. and foreign equity securities and instruments (e.g. common stocks, preferred stocks, warrants, limited liability company membership interests and limited partnership interests in private funds (or their equivalents under local law)), we generally follow a stable cash flow or value strategy. We employ the combined "macro" and "bottom-up" investment analysis described above under "Fixed Income Securities" to identify companies which have a high potential to maintain cash flow as well as to grow at an attractive rate given current and expected economic conditions and the outlook for the economic sector and industry in which they compete. In evaluating individual companies, we consider factors such as the company management team, product outlook, competitive position, global exposure, financial characteristics and valuation.

Risk of Loss

Markets fluctuate substantially over time, and all investments include a risk of loss of your principal and/or any profits that have not been realized. Performance of any investment is not guaranteed, and we cannot guarantee that our clients will not experience a loss of your account assets.

Among the risks our clients should expect to bear are the following:

- *Liquidity Risk*: The sale of certain investments may be restricted under the terms of their documents. In addition, there are no public markets and only limited private opportunities to trade private debt and equity investments of the type managed by NMC. As a result, investments should generally be considered illiquid. With respect to equity investments in particular, it is uncertain as to when profits, if any, will be realized.
- *Active Management Risk*: The performance of a client's account will reflect in part our ability to make investment decisions that are suited to achieving the client's investment objective.
- *Market Risk*: The price of a security may drop in reaction to market events and conditions.
- *Issuer Risk*: The value of a security may decline if the financial condition or prospects of the issuer of that security declines or if overall market and/or economic conditions deteriorate.
- *Credit Risk*: An issuer of a fixed income security may not be able to make principal and/or interest payments on its debt when due.
- *Capital Structure Position Risk*: NMC invests a portion of each client's funds, depending upon their individual guidelines, in securities which may be among the most junior in a company's capital structure, and thus subject to the greatest risk of loss. Though there are usually covenants to limit leverage and certain other corporate activity, generally there is no collateral to protect an investment once made.
- *Interest Rate Risk*: The value of fixed income securities may decline because of a change in market interest rates.
- *Inflation Risk*: Purchasing power may be eroded at the rate of inflation.
- *International and Foreign Currency Risk*: Non-U.S. investments may experience more rapid and extreme changes in value than U.S. companies, and are subject to fluctuations in the value of the U.S. dollar. In addition, foreign currency hedging, if utilized, may not achieve its intended results.
- *Reinvestment Risk*: Future proceeds from investments may have to be reinvested at interest rates or prices that may result in lower rates of return.

Item 9. Disciplinary Information

We are obligated to disclose legal or disciplinary events involving us or any of our "management persons" that are material to your evaluation of our advisory business or the integrity of our management when considering initiating a client/adviser relationship, or to continuing a client/adviser relationship with us. When we refer to our "management persons," we are referring to our executive officers and the supervisors of those who determine the general investment advice provided to advisory clients. These management persons are required to annually complete a questionnaire eliciting disclosure of applicable disciplinary information.

We do not have any legal or other disciplinary events to report to you that we believe are material to your evaluation of our advisory business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations

We are a wholly-owned subsidiary of Northwestern Mutual. Northwestern Mutual offers a spectrum of insurance and investment products directly and through a number of financial services and insurance subsidiaries to which we are affiliated. We have identified below only those affiliated entities with which we have relationships or arrangements which may be considered material to our advisory

business or our advisory clients. We do not believe these affiliations or arrangements impair the objectivity of our investment advice on behalf of our clients

Pooled Investment Vehicles and Sponsors of Limited Partnerships

As described above in Item 4, the co-investment fund GPs, which are affiliates of and are managed by NMC, act as general partners to certain co-investment funds sponsored by NMC. Also as described above in Item 4, QRM, which is an affiliate of, and is managed by, NMC, is the manager of two private funds.

Other Investment Advisers

a. Mason Street Advisors, LLC

Mason Street Advisors, LLC (“MSA”) is a registered investment adviser and a wholly-owned subsidiary of Northwestern Mutual. MSA serves as investment adviser for Northwestern Mutual and a number of its affiliates with respect to investments primarily in publicly traded debt and equity securities. NMC and MSA are related persons because they are under the common control of Northwestern Mutual.

In addition to providing investment advisory services for some of the same clients, including Northwestern Mutual, which is the largest advisory client for each adviser, MSA and NMC have also entered into agreements whereby MSA manages NMC’s proprietary assets and MSA may assist NMC personnel by facilitating the disposition of public securities on behalf of NMC’s clients.

NMC and MSA have adopted insider trading policies and procedures which are designed to restrict the transfer of material non-public information between these entities as well as from these entities to others. These policies and procedures include the establishment of an information barrier which is designed to restrict the disclosure of certain information, including but not limited to material nonpublic information, between the two entities. See Item 11 below for additional information about procedures that are designed to protect the interests of our and MSA’s respective clients.

b. Northwestern Mutual Capital Limited

Northwestern Mutual Capital Limited (“NMC UK”) is a private limited company registered in England (Company No. 6207264) and wholly-owned subsidiary of Northwestern Mutual. NMC UK has been appointed by NMC to serve as sub-adviser for NMC with respect to private investments in the United Kingdom, Ireland and Europe and is an affiliated investment adviser relying upon NMC’s registration. See Item 4 above for additional information.

c. Northwestern Mutual Capital GP and Northwestern Mutual Capital GP II, LLC

Northwestern Mutual Capital GP, LLC and Northwestern Mutual Capital GP II, LLC (together, the “co-investment fund GPs”) are general partners of certain co-investment funds managed by NMC, which also acted as their sponsor, pursuant to agreements with the co-investment fund GPs. The co-investment fund GPs are affiliated investment advisers relying upon NMC’s registration. See Item 4 above for additional information.

d. Quinten Road Fund Management LLC

Quinten Road Fund Management LLC ("QRM") is a Delaware limited liability company organized in 2006. NMC owns 50% of the membership interests in QRM, and also serves as its manager. QRM in turn serves as the manager of two private funds which are managed by NMC. QRM is an affiliated investment adviser relying on NMC's registration. See Item 4 above for additional information.

Insurance Company or Agency

Northwestern Mutual is a Wisconsin mutual insurance company, our parent company and our largest advisory client. NMC and Northwestern Mutual are parties to an administrative services agreement pursuant to which Northwestern Mutual performs certain administrative, corporate support, accounting, human resources, marketing and communications, compliance, information management, and other front, middle and back office administrative services with respect to our investment management business. Northwestern Mutual also includes NMC employees under certain of Northwestern Mutual's benefit plans. Under the agreement, Northwestern Mutual also provides certain property, equipment and facilities to NMC and leases office space to NMC. Fees under the administrative services agreement are generally calculated based upon allocations of time or services rendered, or to the extent possible, actual costs. All of our directors are executive officers of Northwestern Mutual and one is also our President.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Generally

NMC has adopted the following policies designed to ensure that the interests of its clients come before the interests of NMC, its employees or its related persons: Guidelines for Business Conduct (the "Conduct Policy"), Insider Trading Policy and Guidelines for Managing Nonpublic Information ("Insider Trading Policy"), Personal Trading Policy, Policies and Procedures on Transactions with Affiliates ("Transactions with Affiliates Policy"), Conflicts of Interest Policy and Policy and Procedures on Trade Allocation ("Trade Allocation Policy"). Each of these is discussed below.

All NMC and NMC UK directors, officers and investment and administrative staff and certain Northwestern Mutual employees who either provide services to NMC or have access to NMC portfolio information (collectively, "NMC Access Persons") are subject to the Insider Trading Policy and the Personal Trading Policy. Additionally, all NMC and NMC UK directors, officers and investment professionals ("Supervised Persons") are subject to all of the other policies described in the initial paragraph of this Item 11.

Certain Conflicts of Interest

NMC does not purchase any securities of the type it recommends to clients for its own account. However, because many of NMC's clients are related persons, it may from time to time recommend that a client purchase or sell a security in which a related person holds a financial interest or at the same time a related person is purchasing or selling the same security. NMC's Transactions with Affiliates Policy and Trade Allocation Policy are designed to ensure that all clients are treated fairly in such circumstances.

With respect to personal trading, the Personal Trading Policy prohibits, and through its procedures is designed to prevent, NMC Access Persons from trading in securities under consideration for purchase or sale by NMC on behalf of a client. The Conduct Policy, which addresses potential conflicts of Supervised Persons, and NMC's clients, contains the following additional provisions to address conflicts of interest relating to the personal trading of Supervised Persons in issuers in which a client also holds, or may be recommended by NMC to hold, an investment:

(i) Supervised Persons must promptly disclose to NMC's President and its Chief Compliance Officer if he or she holds any securities in an issuer over which such Supervised Person has been given investment authority for any NMC client;

(ii) As a general rule, Supervised Persons are prohibited from trading any such securities for his or her personal account while he or she has investment responsibility in connection with an investment or potential investment by a client (though NMC's President and its Chief Compliance Officer have the authority to jointly waive this provision if it is in the client's best interests); and

(iii) Any Supervised Person who holds an investment in an issuer in which an NMC client also holds an investment is prohibited from being involved in making a decision about the client's investment that may affect the issuer (and therefore an investor in the issuer's securities). In such circumstances NMC's President and its Chief Compliance Officer may also jointly require divestment of the personal investment by, and/or reassignment of the responsibilities of, the Supervised Person.

Code of Ethics

Set out below is a description of the two policies which together comprise NMC's code of ethics. Copies of these policies will be provided free of charge to any client or prospective client upon request by contacting NMC's Chief Compliance Officer, Elizabeth J. Lentini, at the address or telephone number set out on the cover page of this brochure.

a. Conduct Policy

NMC's Conduct Policy complements our Insider Trading Policy and our Personal Trading Policy (each discussed below), and establishes the standards of business conduct that we require of all Supervised Persons, as well as the fiduciary duty we owe to our clients. The Conduct Policy is based on the principle that Supervised Persons are expected to act with the highest standards of personal and professional honesty and integrity. It also sets forth principles that should guide the conduct of all Supervised Persons and requires that they comply with all applicable laws, rules and regulations, with all client investment mandates and directives and with our fiduciary duties to our clients, in all matters related to the business activities of NMC. The Conduct Policy also addresses various affiliations and activities of Supervised Persons which could present conflicts, the receipt of gifts and gratuities, involvement in political activities and confidentiality of client information, as well as the obligation to report violations of the Conduct Policy.

b. Personal Trading Policy

NMC's Personal Trading Policy (the "PTP") sets out reporting and pre-clearance requirements relating to personal securities transactions by NMC Access Persons and limits some of the circumstances under which NMC Access Persons can engage in personal securities transactions. The PTP requires all NMC

Access Persons to pre-clear personal transactions in securities, subject to certain exceptions such as exchange-traded funds and mutual funds. In addition to pre-clearance requirements, the PTP requires approval prior to the investment by any NMC Access Person in initial public offerings or privately-placed securities, and prohibits certain other trading activities, such as front-running.

The PTP requires NMC Access Persons to report their personal securities transactions within 30 days of the end of each calendar quarter. These transactions are subject to review for compliance with the PTP and the Insider Trading Policy.

Insider Trading Policy

Because NMC provides investment services relating to privately-placed debt and equity investments, from time to time employees of NMC and NMC UK come into possession of material nonpublic information regarding the issuers of securities or the market for particular securities. NMC's Insider Trading Policy is designed to restrict NMC Access Persons from trading on the basis of such material non-public information or communicating material non-public information to others in violation of applicable law. It is further designed to restrict the communication of material information that is confidential to NMC and/or NMC UK and our clients to other companies, including other related persons of NMC or NMC UK. In the event NMC and/or NMC UK come into possession of material nonpublic information, they may be limited in the actions they can take with respect to a security held by a client, or an investment opportunity being considered for a client.

MSA has adopted insider trading policies and procedures similar to NMC and NMC UK which are designed to restrict the transfer of material non-public information between these entities. If this information barrier is breached and NMC obtains material non-public information that may be in MSA's possession relating to an issuer, NMC is prohibited by federal securities laws from trading on or disclosing such information. As a result, NMC may be prohibited from acquiring an issuer's securities on behalf of a client, or selling an issuer's securities that may be held by the client, even if NMC believed it was prudent to do so. The client may forego potential gain by not being able to acquire the securities, or incur losses by not being able to sell the securities, until such time as the information is no longer material or becomes publicly available. Of course, the same result would occur if NMC obtained the material non-public information directly from third parties. In addition to the foregoing, if certain personnel of NMC or Northwestern Mutual serve on boards or in a similar capacity with respect to a company in which a client has invested, NMC may be limited as to when and if it may trade in the securities of that company.

Trade Allocation Policy

The Trade Allocation Policy requires that all allocation decisions are made for each client individually, based on the characteristics of the particular security and the "Investment Considerations" of each client, as well as for all clients collectively. Investment Considerations is a broad term that includes, but is not limited to, the client's investment objectives and restrictions, current securities positions, cash available for investment or liquidity needs, projected or current capacity, and similar factors. For example, when making allocation decisions, a portfolio manager may consider the current composition of a client's securities portfolio in terms of factors such as sector and industry weightings, existing portfolio holdings, duration, maturity, risk exposure, credit quality, and (to the extent applicable), risk-based capital requirements and realized and unrealized capital gains and losses. As noted in response to Item 8, however, we generally only review for acquisition, and acquire for our client accounts, investments that we would consider acquiring for Northwestern Mutual's general account, based on

Northwestern Mutual's Investment Considerations. As a result, the Investment Considerations for other clients and allocation procedures are applied only once a determination has been made that the investment is appropriate for Northwestern Mutual.

The Trade Allocation Policy prohibits allocations or other decisions to be based upon whether the client is affiliated or unaffiliated. It also strictly prohibits the allocation of securities to any officer, director, employee or other person affiliated with NMC.

The Trade Allocation Policy sets out procedures which require, after taking into account each client's Investment Considerations (other than Northwestern Mutual's general account, which participates in each investment) and determining whether or not the investment is appropriate for each such client, that securities available for acquisition by NMC clients be allocated either based upon a specified allocation table (in the case of purchases of private investment grade corporate debt, private mezzanine securities, and private direct equity securities) or portfolio manager recommendations (in the case of purchases of limited partnership interests in private equity funds). If the total allocation made available to NMC changes, amounts are reallocated among clients based upon either the allocation tables, if applicable, or pro rata based upon the initial allocation and the amount of securities available.

The Trade Allocation Policy further requires that all sales, exchanges or other types of dispositions by more than one client in the same security must be made at the same time, at the same price, and otherwise on the same terms and conditions. If fewer than all of the same securities held by all of our clients are eligible for, or can be reasonably accommodated in, a sale, exchange or other disposition, participation in such transaction must be allocated among clients on as nearly a pro rata basis as is practically possible based on the amount of each client's holdings of such security.

In the event any of our investment personnel determine that in his or her judgment and in accordance with a client's Investment Considerations, acquired securities should be allocated or a client's securities retained, sold, exchanged or disposed of otherwise than in accordance with the procedures described above, such determination is subject to the written approval of the President of NMC or one of NMC's Managing Directors not involved in the applicable investment who must consider whether or not the resulting treatment of each client is fair and equitable based on the circumstances involved.

Transactions with Affiliates Policy

The Transactions with Affiliates Policy governs certain transactions with or involving affiliates on behalf of client accounts. It addresses principal transactions, agency transactions and cross transactions, and seeks to address the inherent potential conflicts of interest presented by these types of transactions. Such transactions are permitted only if in compliance with the Transactions with Affiliates Policy and applicable rules and regulations.

Conflicts of Interest Policy

NMC's Conflicts of Interest Policy ("Conflicts Policy") is designed to identify and manage NMC's material conflicts of interest. The Conflicts Policy supplements the responsibility of Supervised Persons to disclose and manage conflicts of interest under the Conduct Policy and includes procedures for the identification, mitigation and disclosure of various conflicts.

Item 12. Brokerage Practices

Brokerage Services

NMC provides investment advisory and management services with respect to privately-placed debt and equity securities. These securities are typically purchased without fees or commissions directly from the borrower or issuer (in the case of debt instruments) or directly from the issuer or an equity sponsor (either acting through a limited liability vehicle created for purposes of the specific transaction, in the case of direct equity investments, or as a limited partnership interest in a private equity fund). Purchases may also include so-called “144A securities” which are privately-placed securities sold pursuant to Rule 144A under the Securities Act of 1933, as amended, and often carry an option to register the securities for public resale at some point in the future. With some exceptions, as described above under Item 8, investments are typically held until the debt matures, the company which has issued the equity securities is either sold or its shares are registered for public sale or all of the investment securities held by the private equity fund have been either disposed of, enabling a distribution of net proceeds to limited partners, or publicly-registered securities distributed directly to the limited partners in a so-called “in-kind” distribution.

From time to time, NMC may also provide investment advisory services with respect to a small number of public (registered) securities, which are typically obtained as a result of holding privately-placed investments as described above. As a result, NMC may, from time to time, require the services of a broker to sell public securities held by its clients. It is our policy to effect any sale of these securities in a manner such that each client’s total cost or proceeds in each transaction is the most favorable under the circumstances. We are not obligated to get the lowest possible commission cost, but rather, are obligated to determine whether the transaction represents the best qualitative execution for the client. In selecting a broker to execute a trade, we may consider a range of factors. Because each order is unique, different factors will have different levels of importance for each order. Factors we may consider include, but are not limited to, price (including the applicable brokerage commission or dollar spread), size of order, and the broker-dealer’s (i) knowledge of the particular security and the market for the security; (ii) reliability; (iii) integrity (e.g. ability to maintain confidentiality); (iv) brokerage or research capabilities; (v) willingness to commit capital (e.g. to purchase thinly-traded security for its own inventory); (vi) financial condition; and (vii) quality of services.

We evaluate the reasonableness of commissions paid to brokers and compliance with the factors set out above periodically. The evaluation is based primarily on the professional opinions of the persons responsible for the placement and review of such transactions.

Clients may direct us to execute transactions through a specific broker-dealer. In such instances, the client may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs. Additionally, we may not be able to obtain the most favorable prices on these transactions. Other than in circumstances where we are directed as described above, we have the authority to determine, without obtaining specific client consent, the broker or dealer to be used for any client transaction.

We have been instructed by certain clients to seek the assistance of an affiliated entity, MSA, in the disposition of publicly-traded securities. Under the terms of our arrangement with MSA, MSA has full discretion to allocate transactions to such broker-dealers, for execution on such markets, at such prices and at such commission rates, as in the good faith judgment of MSA will be in the best interest of NMC’s

clients. In performing these services, MSA seeks to place orders with broker-dealers in a manner such that the total cost or proceeds in each transaction is the most favorable under the circumstances, including in accordance with our policy regarding the use of client commission arrangements. MSA may deny a request for assistance by NMC in the event MSA determines that providing such assistance would adversely affect its ability to discharge its obligations to its clients.

Client Commission Arrangements

As permitted by the Securities Exchange Act of 1934 ("Exchange Act"), we may engage in the long-standing investment management industry practice of paying higher commissions to brokers and dealers who provide research and brokerage products and services ("Research and Brokerage Services") than to brokers and dealers who do not provide such Research and Brokerage Services, if higher commissions are deemed reasonable in relation to the value of Research and Brokerage Services provided. These types of transactions are commonly referred to as "soft dollar" transactions.

The Research and Brokerage Services provided to us includes both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party. When we use client brokerage commissions to obtain Research and Brokerage Services, we receive a benefit because we do not have to produce or pay for such research. The use of these products and services allows us to avoid the additional expenses which would be incurred if we utilized our own staff to develop comparable information. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving such products or services rather than our clients' interest in receiving most favorable execution the lowest cost of execution.

Research and Brokerage Services provided may include, but are not limited to, (i) furnishing advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities, or purchasers or sellers of securities; (ii) furnishing seminars, information, analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategies, trading markets and methods, and the performance of accounts if used to assist in making investment decisions, and legislative, political and accounting developments related to the foregoing; (iii) access to research analysts, corporate management personnel, industry experts, economists and government officials; (iv) comparative performance evaluation and technical measurement services and quotation services; and (v) other similar research and brokerage products and services that assist us in making investment decisions. For example, a broker-dealer may provide pre-trade and post-trade analytics that include research on optimal execution venues and trading strategies. Research received from brokers or dealers is supplemental to our own research efforts.

In determining whether a service or product qualifies as a "research" or "brokerage" product or service, we evaluate whether the service or product provides lawful and appropriate assistance to us in carrying out our investment decision-making responsibilities. When a product or service has a "mixed use" (i.e., it also serves functions that do not assist in the investment decision-making or trading process and is therefore partially ineligible under Section 28(e) of the Exchange Act), we may use client commissions to pay for the portion of the product or service that constitutes eligible research or brokerage provided the predominant use is eligible. In such event, we will make a reasonable allocation of the cost of the product or service according to its use, will use client commissions to pay for the portion of the product or service that we determine assists us in the investment decision-making or trading process, and will pay for the remaining cost of the product or service with our own monies. We have implemented

policies and procedures designed to mitigate the potential conflicts of interest that this allocation process may present.

As NMC's largest client, Northwestern Mutual's general account generates all or substantially all of the commissions that are used to pay for Research and Brokerage Services. As a result, Research and Brokerage Services furnished by brokers-dealers are not necessarily utilized for the specific client that generated commissions to the broker-dealer providing such Research and Brokerage Services. Some clients may benefit from the Research and Brokerage Services despite the fact that their commissions may not be used to pay for such Research and Brokerage Services. We do not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Order Aggregation and Allocation

If a number of accounts advised by us are contemporaneously engaged in the sale of the same publicly-traded security, we may aggregate orders to obtain efficiencies that may be available on larger transactions. This may occur routinely due to the investment strategies that we employ on our clients' behalf, which are described in detail in Item 8. In some cases, this policy might adversely affect the price received by an account or the size of the position liquidated for an account. We seek best execution on all client trades. In addition, our Trade Allocation Policy, described in detail in Item 11, seeks to manage and mitigate any conflicts that may arise in connection with our decisions to aggregate and allocate trades for our client accounts.

Item 13. Review of Accounts

Each of NMC's portfolio managers has primary responsibility for the portfolio managed by each of them. Each portfolio manager evaluates the portfolio for which he or she has responsibility on a continuous basis, using a variety of measures, including a continuing evaluation of investments, the percentage of investments in a particular security, sector or industry, comparisons to benchmarks, and the overall make-up of the portfolio.

Ongoing reviews of client accounts for compliance with investment policies and restrictions are conducted for all client accounts by either NMC's Finance Director or the accounting or operations staff of Northwestern Mutual under the administrative services agreement discussed in Item 10 above. Such reviews are performed periodically or more frequently as necessary based on the circumstances of each portfolio and external conditions.

NMC regularly reports to each client on the performance and conditions of its portfolios and the issuers and securities represented in each. The frequency, content and format of reporting depend on the individual client's needs, requirements and directions and the arrangements agreed to between NMC and the client. NMC will furnish clients with such additional reports and details as the client may reasonably request. A variety of client reports are produced and communications with clients take place through a variety of means, including written reports and in-person presentations at client investment committee and/or board of directors meetings.

Item 14. Client Referrals and Other Compensation

We do not currently actively market or advertise our advisory services in search for new investment advisory clients, and thus accept new clients infrequently. As such, we do not compensate any person for client referrals nor do we consider client referrals in connection with selecting broker-dealers.

With respect to receipt of economic benefits from persons who are not advisory clients for providing investment advice or other advisory services to our clients, see Item 12 above for a discussion of client commission arrangements. Such arrangements provide an economic benefit to us in connection with giving advice to clients. In addition, from time to time third parties may offer entertainment, recreational activities, travel and lodging in connection with out-of-town meetings, seminars or site visits by a fund sponsor, issuer, borrower or other third party doing business with NMC, as well as gifts and favors. NMC's Conduct Policy governs the acceptance of benefits or gratuities and dictates the amount and the circumstances under which these may be accepted, if at all. The Conduct Policy sets forth principles that should guide the conduct of all Supervised Persons and requires that they comply with all applicable laws, rules and regulations, with all client investment mandates and directives and with our fiduciary duties to our clients, in all matters related to the business activities of NMC. A copy of the Conduct Policy will be provided to any client or prospective client upon request by contacting NMC's Chief Compliance Officer, by phone at 414-665-7800, or by mail at our mailing address as it appears on the cover page of this brochure.

Item 15. Custody

For certain pooled vehicles, we comply with the custody rules using the "audit exception." In such cases, fund investors do not receive statements from the qualified custodian. Instead, the vehicles are subject to an annual audit and the audited financial statements, prepared in accordance with U.S. generally accepted accounting principles, are distributed to fund investors within 120 days of the vehicles' fiscal year end.

Certain other clients (other than the pooled vehicles described above and affiliates which maintain their own funds and securities) receive account statements directly from the qualified custodian. Clients should carefully review those statements and compare the statements received from us with the statements received from the qualified custodian.

Item 16. Investment Discretion

We are generally appointed as discretionary investment manager with full discretion in our investment advisory agreements; however certain clients reserve the right to approve certain investments based on the type and amount of the investment.

Item 17. Voting Client Securities

NMC's Policy and Procedures on Voting Proxies (the "Proxy Policy") is reasonably designed to ensure that proxies are voted in the best interest of clients in those cases where NMC has been given authority to vote a proxy on behalf of one or more of its clients.

For purposes of the Proxy Policy, the term “proxy” means the exercise of voting rights with respect to the equity security of a publicly-traded company. Because NMC’s clients are primarily invested in private companies and unregistered, privately-placed debt securities, NMC anticipates that it will receive few proxies. Nevertheless, the Proxy Policy was adopted and implemented for the limited situations where it may receive a proxy.

In the event NMC receives a proxy, NMC’s general policy is to exercise the proxy vote in the best interest of our clients, taking into consideration all relevant factors, including without limitation, acting in a manner NMC believes will maximize long-term economic benefits to its clients. Additionally, it is NMC’s policy to seek to avoid material conflicts of interest between its own interests and those of its clients when voting proxies.

Set out below are guidelines set out in the Proxy Policy to be followed for certain types of issues:

1. Routine Proposals: These include such issues as the approval of auditors and election of directors. Generally, these proposals will be voted with management. However, as a matter of policy, it is NMC’s intention to hold corporate officers accountable for actions that conflict with the best interest of its clients.
2. Non-Routine Proposals: These include issues that could have a long-term impact on the way a corporation handles certain matters. Examples of these proposals include: restructuring efforts, changes to the number of directors, name changes, mergers & acquisitions (or equivalent actions), changes in the issuance of common or preferred stock or stock options plans. These proposals will be voted in the best interest of the relevant clients.
3. Corporate Governance Proposals: This category includes poison pills, golden parachutes, cumulative voting, classified boards, limitations of officer and director liabilities, etc. These proposals will be individually evaluated and voted in the best interest of the relevant clients.
4. Social Issues: NMC’s policy is that the merit of social issues should not take precedence over financial ones. These proposals will be individually evaluated and voted in the best interest of the relevant clients.
5. Other Shareholder Proposals: Other proposals may include topics such as compensation and employee hiring. These cannot be generalized other than to say that they reflect individual company circumstances, and typically fall into the category of micro-management, an area that NMC tends to avoid. These proposals will be individually evaluated and voted in the best interest of the relevant clients.

Notwithstanding the foregoing, in the case of voting proxies for client accounts subject to the Employee Retirement Income Security Act of 1974, as amended, NMC considers only those factors that may affect the economic value of its client’s accounts, and does not subordinate the interests of participants and beneficiaries to unrelated objectives.

NMC may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that a client’s interests are better served.

The Proxy Policy requires that any conflict between NMC and its clients with respect to the voting of any proxy must be described in writing and resolved, also in writing, prior to any vote being cast, by a Managing Director, or if a Managing Director is not available or is directly involved in the conflict, the President of NMC or NMC's Chief Compliance Officer. The resolution document must explain how the conflict has been addressed in a manner which treats all clients fairly *vis a vis* each other and must be kept as an official record.

Notwithstanding the foregoing, clients may instruct us how to cast their vote in a particular proxy, or to vote proxies according to particular criteria. Clients or prospective clients may also obtain a copy of our Proxy Policy or contact us with questions about a particular solicitation. All of such instructions or requests should be made in writing and submitted to NMC's Chief Compliance Officer, Elizabeth J. Lentini, at the address set out on the cover page of this brochure.

Item 18. Financial Information

NMC does not have any financial condition that is reasonably likely to impair our ability to meet contractual or fiduciary commitments to clients, and NMC has not been the subject of a bankruptcy proceeding.

Additional Information

Valuation of Securities

Securities held in client accounts are generally valued at either market value or amortized cost, depending on the regulatory requirements applicable to each client. For securities valued at market value, if a market quotation is not readily available or is deemed unreliable, the fair value of a security will be determined in good faith pursuant to our policies and procedures. Although we are not the pricing agents, we may propose a fair value for a security in good faith under such policies and procedures. Because our compensation, and in some cases performance, is based on the value of assets held in an account, we may have a potential incentive to set a high valuation for a security. We believe that this potential conflict is mitigated to a certain extent by our policies and procedures and the clients' role in valuing securities subject to fee and performance calculations. Certain clients may be subject to special rules regarding valuation of investments and may value or arrange for the valuation of their portfolio securities. In those instances, at the direction of the client, the client's valuations will be used for purposes of calculating fees and, where applicable, performance.