

NLI International Inc. Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of NLI International Inc. If you have any questions about the contents of this brochure, please contact us at (646) 231-4000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about NLI International Inc. is also available on the SEC's website at: www.adviserinfo.sec.gov.

Item 2: Material Changes

This brochure contains information about NLI International Inc. There have been no material changes compared to the previous annual update dated February of 2012.

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Item 4 Advisory Business

NLI International Inc. (“NII”) was formed in 1987 and is a wholly owned subsidiary of Nippon Life Insurance Co. (“NLI”), a Japanese corporation involved in the insurance business. NII was formed for the sole purpose of providing investment advisory services to NLI and its affiliates through investment funds and sub-funds and special purpose investment vehicles (“SPVs”) in which NLI holds majority (more than 99%) of the beneficial interest. Certain SPVs are managed by unaffiliated third parties and sub-advised by NII. Other SPVs are managed directly by NII. As of December 31, 2012, NII managed \$7.13 billion on a discretionary basis on behalf of NLI, its affiliates and other minority investors. NII also serves in an advisory role to its affiliated investment adviser. NII makes investment recommendations for such investment adviser, however, NII is not responsible for implementing the recommended transactions.

The terms of the investment management agreement, investment sub-management agreement or investment guidelines determines whether NII has full discretion in choosing investments. NII’s advisory services consist of making recommendations in real estate funds and fund of funds, private equity, hedge funds, and in the equity and fixed income markets. NII is subject to certain investment restrictions placed on the SPVs, such as cash management restrictions, credit quality guidelines, and exposure limitations, among others.

Item 5 Fees and Compensation

For advisory services provided to NLI and its affiliates, NII charges management fees based on a percentage of the net asset value of the funds or sub-funds NII manages. The fees range from .95% to .02% based on the total value of the funds or sub-funds. Generally fees are billed and

collected quarterly in arrears, however in some instances fees are billed and collected semi-annually in arrears.

NII's fees do not include brokerage commissions, spreads, transaction fees, and other related costs and expenses that are typically paid directly by each client account. Clients also may incur other fees or expenses charged to client accounts by other service providers such as custodians, fund administrators, or other investment advisers selected by the client. Such charges, fees and commissions are exclusive of and in addition to NII's fee, and NII does not receive any portion of these commissions, fees, and costs. Information regarding NII's brokerage practices is included in this brochure under the heading *Brokerage Practices*. In addition, when investing in other private funds clients will incur fees and expenses charged to investors in those funds.

Item 6 Performance Based Fees and Side-by-Side Management

Performance based or incentive fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. An adviser charging performance fees to some accounts faces a variety of conflicts because the adviser can potentially receive greater fees from its accounts having a performance-based compensation structure than from those accounts it charges a fee unrelated to performance (*e.g.*, an asset-based fee). As a result, the adviser may have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the account that pays a performance fee. NII does not charge any performance fees.

Item 7 Types of Clients

NII provides investment management services to the investment funds and SPVs in which NLI holds majority of the beneficial interest. The funds and SPVs are domiciled in the Cayman Islands and Luxembourg. Some of the investment funds are listed on a foreign exchange. NII also provides investment research services and recommendations to its affiliate, Nissay Asset Management Corporation ("NAMCO"). Decisions for the recommended investments are made by NAMCO.

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

NII provides advice with respect to investments which include:

- U.S. fixed income securities
- U.S. equities
- Hedge fund of funds
- Real estate fund of funds and private equity fund of funds

NII uses a system of multiple portfolio managers and analysts to make investment decisions. Portfolio managers and analysts are organized into several dedicated investment teams determined by investment type. For example there is an investment team responsible for researching and selecting U.S. equities. The basic investment philosophy of each team is to seek to invest in attractively valued securities that represent long-term investment opportunities.

All investing involves a risk of loss and the investment strategy offered by NII could lose money over short or even long periods. Performance could be negatively impacted by a number of different market risks including but not limited to:

- Market conditions – the prices of common stocks and other securities may decline due to market conditions and other factors, including those directly involving the issuer.
- Security selection – the identification of securities representing high quality businesses and management teams is a difficult task, and there are no assurances that such opportunities will be successfully recognized over the long term. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses.
- Investments in Fixed Income Securities - Risks associated with investing in fixed income securities (i.e. bonds) include:
 - The bond issuer's inability to pay interest or repay the bond;
 - Changes in market interest rates cause the bond's value to fall;
 - Illiquidity in the bond market may make the bond difficult or impossible to sell;
 - The bond issuer may repay the bond prior to maturity; or
 - Inflation may reduce the effective yield on the bond's interest payments
- Bonds Call Provisions - Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, clients are exposed to reinvestment rate risk – clients will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.
- Investments in Private Funds – investment in private funds tend to be illiquid and this could impair NII's ability to redeem an investment from private funds. In addition, NII will have no ability to assess the accuracy of the valuations received from the private funds since asset values will typically be estimates, subject to revision through the end of each underlying fund's annual audit.

Item 9 Disciplinary Information

NII and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Item 10 Other Financial Industry Activities and Affiliations

NII and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest. However, NII has relationships with various companies also owned or affiliated with NLI, NII's parent company. NII does have an arrangement that is material to its advisory business with NAMCO, a subsidiary of NLI located in Japan. NII provides investment research services and recommendations to NAMCO. NII also has an arrangement with NLI International PLC ("NIP"), a wholly owned subsidiary of NLI in the United Kingdom, whereby NIP provides to NII research services on European private equity funds.

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

NII has adopted a written Code of Ethics (the "Code") designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Investment Advisers Act of 1940 (the "Rule"). This Rule requires NII to adopt a code of ethics that sets forth a standard of business conduct and compliance with federal securities laws by all of NII's employees. NII's Code contains policies and procedures that ensure that all personal securities trading by NII's employees are conducted in such a manner as to avoid conflicts of interest or any abuse of an individual's position of trust and responsibility. NII's Code requires, among other things, that employees:

- Act with competence, dignity, integrity and in an ethical manner when dealing with clients, the public, prospective clients, third-party service providers and colleagues;
- Place the integrity of the investment profession and the interests of clients above one's own personal interest;
- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- To act solely in the best interest of the client and make full and fair disclosure of any conflict of interest;
- To the extent practicable, avoid or disclose any conflicts of interest that are material to providing investment advisory services to clients;
- Conduct all personal securities transactions in a manner consistent with the Code;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities; and
- Abide by the requirements contained in the Investment Advisers Act of 1940, as amended, and rules thereunder, as well as applicable provisions of the Federal Securities laws.

NII's Code prohibits employees from trading in certain securities and also requires employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide NII with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

A copy of NII's Code shall be provided to any client or prospective client upon request.

Item 12 Brokerage Practices

NII focuses on making investments in private and public securities. To the extent it acquires private securities, NII does not ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments. To the extent NII transacts in public securities it intends to select brokers based upon the broker's ability to provide best execution. NII is generally authorized to determine: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

In making its decisions regarding the allocation of brokerage transactions, NII will consider a variety of factors including but not limited to: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer or counter party; and (iv) the competitiveness of commission rates in comparison with other broker-dealers. Although NII generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

NII does not participate in any soft dollar arrangements outside of receiving research available to other institutional investors. Research services received from brokers and dealers are supplemental to NII's own research effort. To the best of NII's knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. NII does not separately compensate such broker-dealers for the research and does not believe that it "pays-up" for such broker-dealers' services due to the difficulty associated with the broker-dealers not breaking out the costs for such services.

NII executes certain fixed income transactions through MarketAxess, a third party electronic trading platform that supports various classes of fixed income securities. The user fees assessed by MarketAxess are paid by NII and not its clients. Depending on the number and volume of trades executed through MarketAxess, NII receives a rebate for a portion or all of the user fees. This is not a soft dollar arrangement. However, this creates an apparent conflict of interest because NII has an incentive to trade through MarketAxess to obtain fee rebates. This conflict is

mitigated by the fact that NII has a duty to seek best execution. NII will only trade through MarketAxess when NII believes the execution to be most favorable for the client.

NII implements investment decisions based on the investment guidelines of each account. When an investment decision is appropriate for more than one client, it is NII's policy to allocate the investment on a pro rata basis. However, in case of limited investment opportunities and partial fills, the Portfolio Manager may allocate the investment in a manner other than pro-rata after obtaining approval from the President, CCO or head of the portfolio management team.

Item 13 Review of Accounts

Accounts are monitored and reviewed on a regular basis by NII's portfolio management team. The portfolio managers will analyze portfolio positions, market trends, and investment opportunities. Portfolio positions are monitored against the net asset value. Risk management tools will also be used to systematically track exposures. Cash positions are monitored to ensure appropriate liquidity and portfolio balance. In addition, reviews of the investment objectives are conducted regularly and a determination is made whether the investment strategy can reasonably be expected to meet account objectives. NII also regularly provides reports to NLI and its affiliates providing updates on account performance.

Item 14 Client Referrals and Other Compensation

NII does not compensate any person for client referrals nor does it offer or receive sales awards or prizes for providing investment advice to clients.

Item 15 Custody

All accounts are held in custody by unaffiliated broker/dealers or banks, and NII does not have access to client funds or securities. Account custodians send statements directly to the clients.

Item 16 Investment Discretion

For accounts that clients have granted NII trading discretion, NII will select the securities and amount to be bought or sold without obtaining specific consent from NLI or its affiliates. Any limitations placed on NII's discretionary authority are described in the investment management agreement, investment sub-management agreement or investment guidelines with the client. As noted above, NII acts in an advisory role to certain clients. NII does not have investment discretion over these clients.

Item 17 Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, NII has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that NII receives will be treated in accordance with these policies and procedures.

NII determines how to vote each proxy based on careful evaluation of the company's performance through a screening process. The screening process evaluates return on equity and stock performance against the performance of the benchmark. If the company passes NII's screening

process, NII generally votes with the recommendation of company management. If the company fails the screening process, NII will vote based on the recommendation of Institutional Shareholder Services, Inc. (“ISS”).

NII has not identified any material conflicts of interest in connection with past proxy votes. Absent specific client instructions, if NII identifies a material conflict of interest it will contact its investors and request how it would like to vote the proxy.

A copy of NII’s proxy voting policies and procedures, as well as specific information about how NII has voted in the past, is available upon written request.

Item 18 Financial Information

NII has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.