

**Form ADV Part 2A**



**Nuveen Investments Advisers, LLC**

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**This Brochure provides information about the qualifications and business practices of Nuveen Investments Advisers, LLC. If you have any questions about the contents of this Brochure, please contact us at 312-917-7700 or 800-847-6369. 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 Nuveen Investments Advisers, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Material Changes**

This Brochure dated August 12, 2016 was materially amended from its last annual updated version dated March 30, 2016, primarily in Items 4 and 8 to reflect an expansion of its business activities to include offering discretionary investment advisory services, including strategic and tactical allocation advice, with respect to a wide range of strategies and asset classes, to a wide range of clients, including funds.

In addition to the foregoing, there were enhancements and clarifications throughout.

## **Table of Contents**

<u>Item</u>		<u>Page</u>
4	ADVISORY BUSINESSES .....	1
5	FEES AND COMPENSATION .....	7
6	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	9
7	TYPES OF CLIENTS.....	10
8	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	11
9	DISCIPLINARY INFORMATION .....	39
10	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	40
11	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	42
12	BROKERAGE PRACTICES .....	44
13	REVIEW OF ACCOUNTS .....	47
14	CLIENT REFERRALS AND OTHER COMPENSATION .....	48
15	CUSTODY .....	50
16	INVESTMENT DISCRETION .....	51
17	VOTING CLIENT SECURITIES .....	52
18	FINANCIAL INFORMATION.....	54
	ADDITIONAL INFORMATION .....	i
	Exhibit A - Primary Financial Industry Subsidiaries.....	ii

## **ITEM 4            ADVISORY BUSINESSES**

Nuveen Investments Advisers, LLC (formerly, Nuveen Investments Advisers Inc.) (“NIA”) provides investment advisory services to individual and institutional clients, which may include investment companies registered under the Investment Company Act of 1940, as amended (the “1940 Act”) and other pooled investment vehicles (each, a “Fund” and collectively, “Funds”). Institutional investment advisory services include both direct advisory and sub-advisory mandates (“Institutional Separate Accounts”). NIA’s investment advisory services are also provided through discretionary and model portfolio managed account programs (wrap fee and dual contract) sponsored by broker-dealers and other financial intermediaries (“SMA Accounts”).

NIA has been in business since 2002. Nuveen Investments Advisers, LLC (formerly, Nuveen Investments Advisers Inc.) converted from a Delaware corporation to a Delaware limited liability company in March 2016. NIA is a subsidiary of TIAA Global Asset Management, LLC (“TGAM”), which is a subsidiary of TIAA, a leading financial services provider. TIAA constitutes the ultimate principal owner of NIA. See Item 10.

### **Types of Advisory Services**

#### General

As discussed above, NIA provides investment advisory services or sub-advisory services to Funds, Institutional Separate Accounts and SMA Accounts.

Depending on the particular strategy, NIA invests in a variety of securities and other investments, including in certain cases derivatives, and employs different investment techniques. Certain strategies include an allocation to Funds, including Funds affiliated with NIA or its affiliates. Certain strategies include elements of other strategies, and may be customized to meet the individualized needs of NIA’s clients. For additional information on NIA’s main strategies and principal risk factors, please see Item 8.

#### Strategic and Tactical Allocation Advice

NIA offers a broad range of strategic and tactical allocation and related investment management and administrative services. NIA’s services can vary widely depending on the particular arrangement. Such services include the recommendation, selection and/or investment in or through other Funds and/or advisers (“Subadvisers”), on a discretionary basis or on a non-discretionary and/or model portfolio basis. NIA’s allocations are generally to Funds advised by advisers under common control (“Affiliated Funds”) and Subadvisers under common control with NIA (“Affiliated Subadvisers”) but may also employ the use of unaffiliated Funds and Subadvisers, and other securities and investments, depending on the arrangement. NIA currently expects to favor Affiliated Funds and Affiliated Subadvisers over unaffiliated Funds and unaffiliated Subadvisers. This presents a conflict because greater aggregate fees will be received by NIA and its Affiliated Subadvisers versus unaffiliated Subadvisers. Clients should be aware of this potential conflict when engaging NIA for asset allocation services. Certain allocation strategies also include the use of derivatives. Some allocation strategies are diversified across numerous asset classes whereas others are concentrated in particular asset classes or market segments. In certain designated strategies, NIA may consider the impact of taxation and seek to create tax efficiencies. NIA’s services can reflect a wide range of approaches, including, without limitation: an active (or tactical) approach with changes to allocations and portfolio composition in response to NIA’s views and factors such as changing market and economic conditions and sentiments; a less active (or strategic) approach with rebalancing to a fixed target allocation on a periodic basis or within bands of tolerance; or more limited services that may or may not include subsequent portfolio changes or rebalancing. Some of NIA’s advisory services are more administrative in nature, and do not reflect the exercise of investment or brokerage discretion.

### Institutional Separate Accounts

NIA offers advisory services to institutional clients including pension funds, profit sharing funds, charitable institutions, banks and thrift institutions, trust accounts, corporations, and insurance companies, and public entities, including municipalities, states and related agencies. The fees and services for each such arrangement are individually negotiated, depending on factors such as asset class, pre-existing relationship, portfolio complexity, client type, and account size or other special circumstances. See Item 5.

### SMA Accounts

NIA provides investment advisory services to SMA Accounts through wrap fee and dual contract managed account programs. In traditional wrap fee programs, NIA provides its advisory services pursuant to an advisory agreement with the wrap fee program sponsor. Wrap fee programs typically include comprehensive custody, financial advisory and certain trading (provided by the program sponsor) and investment advisory services (provided by the manager) for a bundled fee paid to the sponsor ("wrap").

In a dual contract program, NIA provides its advisory services pursuant to an advisory agreement directly with the client. A client may separately arrange with one or more third parties for custody, financial advisory and certain trading services to be provided on a partially-bundled or unbundled basis. In a partially-bundled program, certain of such services (typically custody, financial advisory, and certain trading) are provided for a bundled fee arrangement. In an unbundled arrangement, such services are contracted, provided and paid for separately.

For SMA Accounts, NIA is appointed to act as an investment adviser through a process generally administered or assisted by the program sponsor. Clients participating in a program, generally with assistance from the sponsor, may select NIA to provide investment advisory services for their account (or a portion thereof) for a particular strategy. NIA provides investment advisory services based upon the particular needs of the program client as reflected in the information provided to NIA by the sponsor, and will generally make its representatives available for communication as reasonably requested by clients and/or sponsors. For certain SMA Accounts, administrative support is provided by Nuveen Global Operations ("NGO"), a division of Nuveen Investments Holdings, Inc., an NIA affiliate. See Item 10.

Clients are encouraged to consult their own financial advisors and legal and tax professionals on an initial and continuous basis in connection with selecting and engaging the services of an investment manager for a particular strategy and participating in a wrap or other program. In the course of providing services to SMA Accounts who have financial advisors, NIA generally relies on information or directions communicated by the financial advisor acting with apparent authority on behalf of its client.

In most instances, NIA expects that clients will authorize and direct the custodian selected by the client to invest automatically all cash in a money market fund (unaffiliated with NIA or its Affiliated Subadvisers) selected by the client or its financial advisor.

NIA seeks to commence management of an account as soon as practicable after review of the account documentation in good form, acceptance of its appointment as adviser and contribution of assets to the client's custodian. The time required to commence management varies depending on the time required to complete these steps and the efficiency of the wrap sponsor and/or other third parties. Once management commences, certain asset classes (e.g., municipal bond strategies) may take longer to fully invest than other asset classes (e.g., large cap growth).

In periods of market volatility, NIA may be unable to invest new money contributed to an account, or proceeds from the sale of securities, as quickly as it might have been able to do under normal

market conditions. Similarly, NIA may be unable to sell securities to raise cash, or to accommodate a terminating client's request to sell securities as quickly, or at favorable prices, as it might have been able to do under normal market conditions. Depending on market movements, such delays could have an adverse impact on client accounts. In such periods of market volatility, NIA, when deemed advisable, also may deviate from its normal trading practices with respect to sequencing and allocation of transactions. Market volatility may also cause NIA to deviate from applicable account guidelines. In such circumstances, NIA shall use reasonable efforts to restore the account to guidelines compliance in a prudent manner under the circumstances. Finally, NIA may, but is not required, to deviate from its normal guidelines for temporary or defensive purposes, including investing in cash and cash equivalents. In such circumstances, NIA may not be able to meet the strategy's investment objectives.

NIA may invest in exchange traded funds ("ETFs") or other pooled vehicles including during the wash sale period. ETFs and other funds have certain imbedded costs, including management fees, of which the client account will bear a proportionate share while it is invested in the ETF or other fund.

NIA may provide or make available at no charge reports describing various investment advisers and their products and services, alone and in combination with certain program sponsors and other financial intermediaries who typically include in a program and/or offer or use products and services of NIA or an affiliate. These materials are designed to assist sponsors and intermediaries in educating their advisors and clients about the managed account programs they offer. The information in the report is exclusively provided by the sponsor, or obtained by a third party data source specified by the sponsor or intermediary, and is prepared according to the specifications of the sponsor or intermediary. NIA does not provide any investment advice, research or recommendations in connection with the report or adopt any of the content contained therein.

#### Multiple Investment Strategy Accounts

Primarily with respect to retail SMA Accounts, NIA's services also include investment advisory, administrative and/or other overlay services for clients in multiple investment strategy accounts ("MSA"). An MSA is a single client account that consists of multiple asset classes or investment styles. NIA generally provides non-discretionary or model-based investment advisory and other services with respect to MSAs but may also provide such services on a discretionary basis. NIA's services for MSAs currently include allocations to Subadvisers (primarily Affiliated Subadvisers), but may also include Funds (including Affiliated Funds), depending on the particular MSA strategy. In most cases, a Subadviser manages a portion of the MSA in a particular asset class (a "sleeve") on a discretionary basis, and NIA generally provides assistance with respect to the implementation of the Subadviser's investment decisions for the sleeve of the MSA. MSAs may include combinations of equity strategies (e.g., growth, value, core, large cap, mid cap, small cap, all cap, U.S., international, global, etc.), fixed income strategies (e.g., taxable, municipal bond, investment grade, high yield, etc.) and/or other asset classes. Affiliated Subadvisers include, without limitation, Nuveen Asset Management, LLC, NWQ Investment Management Company, LLC, Symphony Asset Management, LLC, Santa Barbara Asset Management, LLC and Winslow Capital Management, LLC. For detailed information about a particular Subadviser, please refer to the relevant Subadviser's Form ADV; any description of a Subadviser's services or practices contained herein is qualified in its entirety by the Subadviser's Form ADV. Certain actions ascribed herein to NIA may be effectuated by a Subadviser. For retail SMA Accounts, the allocations, asset classes, Subadvisers, and/or funds are generally determined by the program sponsor or agreed to by a Client as part of packaged combination. However, there may be certain MSA arrangements where NIA has discretion to make such decisions in accordance with certain parameters. Depending on the arrangement, NIA's services for MSAs may also entail new account administration, implementation and execution of investment directions, tax loss selling, rebalancing according to the target allocation, coordinating among Subadvisers for investment purposes and other overlay manager responsibilities. For MSAs, administrative support is provided by Nuveen Global Operations ("NGO"), an NIA affiliate. See Item 10.

Certain MSA services may not include rebalancing services. In such arrangements, the value of a sleeve may vary over time, resulting in overall MSA allocations that can vary materially over time. Where NIA does not perform rebalancing of the MSA, a client should review its account and its sleeve allocations periodically. Clients should consult with their financial advisors regarding the terms and features of, and the services NIA provides with respect to, their MSAs.

NIA maintains procedures for executing specific transactions in a MSA client's account for tax reasons. Under these procedures, NIA will generally follow the directions of a client or its financial advisor regarding harvesting tax losses or gains, subject to certain scope, amount and timing limitations. NIA generally relies on directions communicated by a financial advisor acting with apparent authority on behalf of its client.

In providing such directions, the client and its financial advisor are responsible for understanding the merits and consequences of their directions in light of the client's particular tax situation. Daily market risk fluctuations may affect the dollar amount of gain or loss. The monetary benefit derived by tax loss selling, for example, may not exceed the risk of not being fully invested during that time. Executing tax sales (and repurchases) may adversely affect performance. NIA is not a tax advisor, and therefore clients should consult with their tax specialist to review their particular tax situation.

#### Individualization and Investment Restrictions

NIA's services for a particular client varies depending on the specific arrangement, which is generally memorialized thorough a written agreement, guidelines or other documentation with the relevant client, financial intermediary or managed account program sponsor. NIA seeks to provide its services in accordance with agreed-upon investment restrictions applicable to the account.

Although NIA seeks to provide individualized investment advice to its client accounts, NIA will not be able to accommodate investment restrictions that are unduly burdensome (e.g. exceeding a stated percentage of the account) or materially incompatible with the MSA parameters for the particular MSA strategy or investment approach of the particular Subadviser, and reserves the right to decline to accept or terminate client accounts with such restrictions. In addition, NIA reserves the right to decline to permit any account restriction that affects more than a stated percentage of the account.

#### Wrap Fee Programs

The services provided by NIA or a Subadviser to wrap fee program accounts may differ from the services provided to Institutional Separate Accounts and other clients who do not participate in wrap fee programs. The investment strategies NIA or a Subadviser uses in managing wrap fee accounts are similar to those offered to its other clients, but may involve different holdings due to smaller account sizes and client preferences. Also, strategies, restrictions and guidelines may vary among programs.

In consideration for providing investment advisory services to wrap fee program accounts, NIA receives a portion of the wrap fee paid to the program sponsor by program participants. The management fees NIA receives through wrap fee programs may be lower than NIA's management fees for its SMA Account clients and other clients who do not participate in wrap fee programs (which may include dual contract programs).

Depending upon the level of the wrap fee charged by a wrap sponsor, the amount of portfolio activity in a client's account, the value of the custodial and other services that are provided under a wrap arrangement and other factors, a wrap fee client should consider whether the wrap fee would exceed the aggregate cost of such services if they were to be provided separately and if NIA or a Subadviser were free to negotiate commissions with the broker/dealer. Program clients should

review all materials (such as the program brochure) available from a third party sponsor concerning the program, sponsor and the program's terms, conditions and fees.

In most wrap programs, clients are not charged separate commissions or other transaction costs on each trade so long as the wrap sponsor (or its broker-dealer affiliate) executes the trade. A portion of the wrap fee generally is considered as in lieu of commissions or other transaction costs. Thus, NIA or a Subadviser may place trades with the wrap sponsor (or its broker-dealer affiliate) to avoid incurring brokerage costs or other transaction costs in addition to the wrap fee by using other brokers. In particular, a Subadviser generally trades with the program sponsor where an asset class is highly liquid, such as large cap growth equities, or where the Subadviser's investment process or philosophy with respect to the particular asset class or strategy does not call for the use of trading away to seek to achieve best execution under the circumstances. In other cases, NIA or the Subadviser may determine to trade away from the wrap program sponsor or its affiliate when deemed to be in the best interest of clients, and clients may incur costs and fees in connection with such trades in addition to the wrap fee payable to the wrap program sponsor. These trades may be shown "net" on account statements (inclusive of transaction costs). In particular, a Subadviser generally trades away from the wrap sponsor when the Subadviser believes that such sponsor or its affiliate cannot provide best price or execution under the circumstances, such as the case with municipal bond and certain other fixed income strategies, and certain international and value equity strategies. Wrap fee clients in certain international and global strategies may incur fees and costs associated with the purchase of non-U.S. securities in ordinary form ("ORDs") and conversion of such ordinary shares into American Depositary Receipts ("ADRs"), in addition to the wrap fee payable to the wrap program sponsor.

#### Model Portfolio Advice

For certain arrangements, NIA provides investment advisory services on a model portfolio basis. Model portfolios may relate to the same or similar strategies that are also offered or provided on a discretionary or other basis. From a timing perspective, the model portfolio recommendations may relate to the same recommendation, decisions or trades being made by NIA or a Subadviser prior, contemporaneously or after the model portfolio is delivered to its recipient, typically an overlay manager.

In this circumstance, trades ultimately placed by the overlay manager for its clients may be subject to price movements, particularly with large orders or where the securities are thinly traded, that may result in model-based program clients receiving prices that are less favorable than the prices obtained by NIA or a Subadviser for its discretionary client accounts.

On the other hand, the overlay manager may initiate trading based on the model portfolio before or at the same time NIA or a Subadviser is also trading for its discretionary client accounts. Particularly with large orders or where the securities are thinly traded, this could result in NIA or a Subadviser's discretionary clients receiving prices that are less favorable than prices that might otherwise have been obtained absent the overlay manager's trading activity. Because NIA and Subadvisers do not control the overlay manager's execution of transactions for the overlay manager's client accounts, NIA and Subadvisers cannot control the market impact of such transactions to the same extent that it would for their own discretionary client accounts.

Where NIA participates in model-based managed accounts programs, the model-based program sponsor or overlay manager is responsible for the ultimate investment decisions and performing many other services and functions typically handled by a manager in a traditional discretionary managed account program. Depending on the particular facts and circumstances, NIA may or may not have an advisory relationship with model-based program clients. To the extent that this Form ADV Part 2A is delivered to program clients with whom NIA has no advisory relationship, or under circumstances where it is not legally required to be delivered, it is provided for informational purposes only. Furthermore, because a model-based program sponsor or overlay manager generally exercises investment discretion and, in many cases, brokerage discretion, performance



and other information relating to NIA's services for which it exercises investment and/or brokerage discretion is generally provided for informational purposes only, and may not be representative of model-based program client results or experience. NIA and Subadvisers are not responsible for overseeing the provision of services by a model-based program sponsor or overlay manager and cannot assure the quality of its services.

#### Marketing and Marketing-Related Services

In addition to providing investment advice as discussed above, NIA also produces marketing materials and provides marketing-related support services to certain affiliates.

NIA may produce and publish marketing materials containing its views, opinions, commentaries and/or model portfolios to financial intermediaries and/or to the public. These materials are generally for marketing and general information purposes only and should not be considered or relied upon as investment advice. In particular, such materials do not take into account the financial status, investment objectives, tax situation, or other needs of specific investors, and, in the absence of a specific written investment advisory agreement, provision of these materials does not reflect, establish or evidence an advisory or fiduciary relationship between NIA (or any Nuveen affiliate) on the one hand, and the recipients (and its advisors and/or clients), on the other. When providing such materials, NIA and its affiliates do not assume responsibility for determining the suitability of an actual portfolio based on these materials for any investor, or for making specific investment decisions in connection with the implementation of any investment program that might be based (in whole or in part) on these materials for any such investor, which responsibilities will be borne solely by the recipient (and its advisors and/or clients). NIA's materials reflect its views as of a particular date and is under no obligation to update its views at any particular time. For model portfolios, NIA may also manage on a discretionary basis internal seed capital and/or client accounts in accordance with the model or a strategy similar to the model portfolio, and Nuveen's management of its discretionary accounts may vary materially from model portfolios published for marketing purposes.

NIA also provides marketing support services regarding its Affiliated Advisers, including preparing and providing various marketing materials in the retail managed account program channel to financial advisors, clients and prospective clients. For marketing services on behalf of Affiliated Advisers, NIA may be compensated or reimbursed through internal inter-company arrangements.

#### **Assets Under Management**

As of December 31, 2015, NIA's total assets under management (AUM) were approximately \$269.6 million managed on a non-discretionary basis and excludes model portfolio services.

## ITEM 5 FEES AND COMPENSATION

NIA's advisory fees are generally based on a percentage of assets under management. Fees and services may be negotiable based on factors such as assets under management, depending on the range of duties, asset class, pre-existing relationship, portfolio complexity and account size or other special circumstances or requirements. Some existing clients pay higher or lower fees than new clients. Related accounts may be aggregated for fee calculation purposes in certain circumstances.

### Advisory Fees for Institutional Separate Accounts and Funds

Fees for advisory services provided to Institutional Separate Accounts and Funds are separately negotiated between NIA and the relevant Institutional Separate Account or Fund. Fees may be based on a percentage of assets under management and/or performance-based.

### Advisory Fees for SMA Accounts Offered through Wrap Fee and Dual Contract Programs

For SMA Accounts offered through wrap fee programs, NIA's fee is determined by agreement between the sponsor and NIA. In a traditional wrap fee program, the client pays a bundled fee which covers multiple services, including NIA's services. The program sponsor pays a portion of this fee to NIA for its investment advisory services, generally based upon a percentage of assets under NIA's management. For dual contract SMA Accounts, NIA and sponsors each charge their fees separately. Fees charged to dual contract SMA Accounts are individually contracted between NIA and the client. Certain dual contract program sponsors collect and remit NIA's fee to NIA separately.

### Additional Fee Calculation Information

NIA's fees are generally payable quarterly (either in advance or in arrears based on client agreement or, in the case of wrap accounts, as determined by the wrap sponsor) based upon the calendar quarter market value of the assets in the account. Generally, if an account is opened or closed during a billing period, the advisory fees are prorated for that portion of the billing period during which the account was open.

Clients are encouraged to request and review quarterly account statements (including asset amounts and transactions during the period) sent directly from their custodian (e.g., broker-dealer, bank or trust company). See Item 15.

As part of the strategies it offers, NIA or its related persons may invest client assets or recommend that clients invest in shares or other interests in Funds (including ETFs), including Affiliated Funds (e.g., Nuveen Funds). With respect to non-Affiliated Funds, the client will bear its proportionate share of fees and expenses as an investor in the fund in addition to NIA's investment advisory fees. With respect to Affiliated Funds, NIA may, depending on the arrangement and any legal requirements, waive investment advisory fees on the assets invested in such Affiliated Fund, credit the account for the fees paid by the Affiliated Fund to NIA's related persons, avoid or limit the payment of duplicative fees to NIA and its related persons through other means, or charge fees both at the Affiliated Fund level and separate account level.

For MSAs, subject to a specific arrangement with the client, NIA generally pays the fees of the Subadvisers out of its advisory fees.

NIA's clients generally will incur brokerage and other transaction costs either separately or through a bundled fee. In wrap fee programs that permit NIA and Subadvisers to trade away from the wrap sponsor or its broker-dealer affiliate, when NIA or the Subadviser believes that such sponsor or its affiliate cannot provide best price or execution under the circumstances, NIA and Subadvisers will generally trade away from such parties. In such cases, clients generally incur transaction and other

costs and fees in addition to the wrap program fee. Program clients should review all materials available from a third party sponsor concerning the program, sponsor and the program's terms, conditions and fees. See Item 4 and 12.

NIA and Subadvisers may give advice to and take action for certain clients that differ from advice given to or the timing or nature of action taken for other client accounts. For example, a Subadviser may have a policy or practice under which it will provide investment advice or instructions, or execute transactions for certain accounts (such as MSA accounts), only after taking action for other client accounts (such as institutional separate accounts). The market impact of providing investment advice or instructions to, or executing securities transactions for certain accounts (e.g., MSA accounts) only after the Subadviser has taken the same action for its other clients may cause the MSA accounts to pay higher prices when buying securities, or receive lower prices when selling securities, compared to the Subadviser's other accounts.

From time to time, a client may instruct NIA to suspend investment management services for their accounts for a period of time. Such accounts will generally be unmanaged during such time. NIA generally charges standard fees for a portion of such time to reflect the administrative costs associated with implementing such instructions.

For program agreements that provide that NIA's fees are to be paid in advance, NIA will refund any prepaid, but unearned fees to the program sponsor. The sponsor is then responsible for refunding fees, as applicable, to the client upon termination of the agreement. The refunded amount will be determined on a pro rata basis if the service is terminated within the payment period. For wrap accounts, termination provisions vary by wrap program.

A client or NIA generally may terminate its agreement at any time by providing thirty (30) days written notice. For Institutional Separate Account clients and dual contract SMA Account clients where NIA's fees are to be paid in advance, NIA will refund any prepaid, but unearned fees to the Client upon termination of services. The refunded amount will be determined on a pro rata basis if the service is terminated within the payment period.

NIA's supervised persons and related sales personnel typically market NIA's investment capabilities to various prospects and intermediaries. NIA's investment capabilities are available through provision of investment advisory services to SMA Accounts (including wrap fee and dual contract programs) and Institutional Separate Account clients.

Certain NIA supervised persons and related sales personnel may also be associated with NIA's affiliated broker-dealer, Nuveen Securities, LLC ("Nuveen Securities"), and in that capacity engage in marketing or selling activities with respect to shares or interests in Affiliated Funds and certain other funds. See Item 10. Certain NIA supervised persons and related sales personnel will be internally compensated for successful marketing or selling activities with respect to shares or interests in Affiliated Funds and certain other funds.

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

NIA offers investment advisory services to multiple accounts with different investment objectives, guidelines and policies, and with different fee structures.

NIA may receive both asset-based fees and performance-based fees as compensation for its advisory services. Performance-based fees may create an incentive for NIA to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee. In these instances, NIA's compensation may be greater than it would otherwise have been, as the fee will be based on account performance instead of, or in addition to, a percentage of assets under management. NIA's compliance department reviews accounts with performance-based fees to detect evidence or patterns of preferential treatment relative to comparable accounts without performance-based fees.

## **ITEM 7            TYPES OF CLIENTS**

NIA provides investment advisory, administrative and other overlay services for SMA Accounts, primarily MSAs through wrap fee and dual contract programs. SMA Accounts are generally retail-oriented and comprised of individuals, trusts and smaller institutional accounts.

NIA also offers and seeks to provide investment advisory services to Institutional Separate Accounts and Funds. See Item 4.

For SMA Accounts, NIA generally requires a minimum account of \$100,000 of assets although the specific minimum account size varies by program. For Institutional Separate Accounts, NIA generally requires a minimum account of \$1 million. NIA may waive these minimums based on client type, asset class, pre-existing relationship with client, wrap program requirements and other factors.

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

NIA offers a broad range of strategic and tactical allocation and related investment management and administrative services. NIA's services can vary widely depending on the particular arrangement. Such services include the recommendation, selection and/or investment in or through Subadvisers (including Affiliated Subadvisers) and/or Funds (including Affiliated Funds), as well as other securities and investments, on a discretionary basis, non-discretionary and/or model portfolio basis. Certain allocation strategies also include the use of derivatives, typically for the purpose of tilting a client portfolio in a certain investment direction.

The specific strategy applicable to an account varies depending on the specific client arrangement, which is generally memorialized through a written agreement, guidelines or other documentation with the relevant client, financial intermediary or managed account program sponsor.

Depending on the strategy, the underlying asset classes in which NIA invests include a broad array of fixed income, equity and other investment strategies, such as municipal bonds, taxable fixed income, global and international, value, growth and core, real assets, asset allocation, index, non-traditional, socially responsible, and others. Certain strategies include elements of other strategies, and are customized to meet the individualized needs of NIA's clients.

Some allocation strategies are diversified across numerous asset classes whereas others are concentrated in particular asset classes or market segments.

NIA's services can reflect a wide range of approaches, including, without limitation: an active (or tactical) approach with changes to allocations and portfolio composition in response to NIA's views and factors such as changing market and economic conditions and sentiments; a less active (or strategic) approach with rebalancing to a fixed target allocation on a periodic basis or within bands of tolerance; or more limited services that may or may not include subsequent portfolio changes or rebalancing. Some of NIA's services are more administrative in nature, and do not reflect the exercise of investment or brokerage discretion.

Primarily with respect to retail SMA Accounts, NIA's services include investment advisory, administrative and/or other overlay services for clients in MSAs. See Item 4.

With respect to its investment advisory services, NIA is primarily engaged in the business of providing investment advice with respect to securities. However, for certain client accounts, NIA's advice also relates to commodity interests (e.g., futures, options on futures and swaps), generally on a limited basis. When providing such advice, NIA operates under an exemption or exclusion from registration as a commodity trading advisor ("CTA") with the Commodity Futures Trading Commission ("CFTC"). Disclosure regarding NIA's services with respect to commodity interests is provided for regulatory informational purposes only and is not intended or provided for marketing or solicitation purposes.

NIA, and Subadvisers and Funds, as applicable, may invest in a wide range of investments depending on a particular client's objectives, strategies, policies, applicable law and other relevant factors. Investments in securities involves risk of loss that clients should be prepared to bear. Certain investments entail additional or enhanced risks.

General descriptions of the underlying asset classes in which NIA may invest are included below. These descriptions are not intended to serve as applicable account guidelines. In addition, NIA develops other investment strategies and invests in other asset classes from time to time.

NIA reserves the right to limit the availability of any particular strategy at any given time based on factors including asset class capacity, pre-existing relationships, minimum account sizes, fees and distribution channels. Certain strategies are available only in certain channels or through investing

in Funds. For Funds, the descriptions of the investment strategies below are qualified in their entirety by the information included in a Fund's prospectus or other official offering documentation. Prior to investing in any Fund, an investor should review the relevant prospectus or offering memorandum for important information.

## **ASSET CLASSES**

### **Equity**

**Large Cap** portfolios are invested primarily in common stocks of large capitalization U.S. and/or non-U.S. companies, including emerging markets issuers. Large Cap portfolios may reflect growth, value or core (investing in both growth and value stocks) investment approaches.

**Mid Cap** portfolios are invested primarily in common stocks of mid-capitalization U.S. and/or non-U.S. companies, including emerging markets issuers. Mid Cap portfolios may reflect growth, value or core (investing in both growth and value stocks) investment approaches.

**Small Cap** portfolios are invested primarily in common stocks of small-capitalization U.S. and/or non-U.S. companies, including emerging markets issuers. Small Cap portfolios may reflect growth, value or core (investing in both growth and value stocks) investment approaches.

**All Cap or Multi-Cap** portfolios are primarily invested in equity securities of U.S. and/or non-U.S. companies, including emerging markets issuers, of any market capitalization. All Cap or Multi-Cap portfolios may reflect growth, value or core (investing in both growth and value stocks) investment approaches.

**Dividend-oriented** portfolios are invested primarily in equity securities of U.S. and/or non-U.S. companies, including emerging markets issuers, with an emphasis on dividends. Dividend-oriented portfolios may reflect growth, value or core (investing in both growth and value stocks), and/or U.S. global and international, investment approaches.

**Index** portfolios generally invest a substantial amount of their assets in common stocks included in a particular broad-based securities index, such as a large cap, mid cap or small cap index. A portfolio generally does not hold all of the stocks included in a particular index, or hold them in the same weighting as the index.

**Equity Index** portfolios are intended to replicate the performance of an equity index such as the S&P 500 Index, the S&P Mid Cap 400 or the Russell 2000 as closely as possible with consideration given to costs and fees.

**Covered Call** strategies invest in various passive and active underlying equity strategies, generally benchmarked to a particular index, and employ, to varying degrees, option overwrite strategies that seek to enhance risk-adjusted performance over time.

**Low Volatility** portfolios are invested primarily in equity securities of companies with varying market capitalizations. The portfolios seek to produce long-term returns superior to the market with reduced absolute risk by selecting attractive, low correlated securities that when combined seek to reduce risk in the portfolio. Low Volatility portfolios may pursue other strategies or invest in other instruments described in this Brochure.

**Concentrated** portfolios invest in a relatively small number of securities compared with non-concentrated portfolios, thus providing greater exposure to each such security. Concentrated portfolios may relate to different asset classes (e.g., equities, preferred securities, etc.) and focus on companies of a particular capitalization (e.g., such as large cap, mid cap, small cap) and reflect growth, value or core (investing in both growth and value stocks) investment approaches.

**Long/Short and Dynamic Equity** portfolios establish long and short positions, typically in stocks of U.S. companies, with an objective of long-term capital appreciation. Certain long/short portfolios seek absolute returns independent of market direction (market neutral) and are not intended to outperform stocks and bonds during strong market rallies.

**Tax-Advantaged Total Return Strategy** portfolios are invested primarily in dividend-paying common and, to a certain extent preferred, stocks that at the time of investment are believed eligible to pay dividends that qualify for favorable federal income taxation at rates applicable to long-term capital gains ("tax-advantaged dividends"). A portion of the portfolios' assets may be invested in securities that are not eligible to pay tax-advantaged dividends.

**Diversified Dividend & Income** portfolios invest primarily in (a) U.S. and foreign dividend-paying common stocks, (b) dividend-paying common stocks issued by real estate companies, (c) emerging markets sovereign debt, and (d) senior secured loans. Under normal circumstances, the fund's target weighting is approximately 50% equity and 50% debt. The strategy may employ the use of leverage.

**Energy MLP** portfolios invest primarily in a portfolio of publicly traded master limited partnerships ("MLPs") operating in the energy infrastructure sector of the market.

**Real Estate** portfolios are invested primarily in securities of U.S. and non-U.S. companies, including emerging markets issuers, in the real estate industry.

**Additional Information about Equity Strategies.** Equity securities in which the portfolios invest may include common and preferred stocks, publicly-traded units of master limited partnerships ("MLPs"), real estate investment trusts ("REITs"), exchange traded funds ("ETFs") and other investment companies, convertible preferred stocks and debt securities that are convertible into common stocks. Each of the equity portfolios may pursue other strategies or invest in other instruments described in this Brochure.

Certain of the above equity securities portfolios may use derivatives, including options, futures contracts, options on futures contracts, and forward non-U.S. currency contracts, to manage various types of risk, enhance a portfolio's return, equitize cash or hedge against adverse movements in currency exchange rates. In addition, certain portfolios may use derivatives such as swaps, including interest rate swaps, total return swaps, credit default swaps and non-U.S. currency swaps, as well as other derivatives, to hedge the risk of investment in securities, substitute for a position in an underlying security, reduce transaction costs, maintain full market exposure, manage cash flows and preserve capital.

Certain portfolios may also use derivatives, such as participatory notes and equity-linked securities, to gain exposure to equity and other securities of certain issuers. In addition, certain portfolios may write (sell) covered call options or buy put options on an index, or on some or all of the stocks or other securities they invest in, as well as using call spreads or other types of options to generate premium income and reduce volatility on a portfolio's return, with the intent of improving a portfolio's risk adjusted return.

Certain portfolios may invest in stock index futures contracts, options on stock indices, and options on stock index futures to maintain the liquidity needed to meet redemption requests, to increase the level of portfolio assets devoted to replicating an index, and to reduce transaction costs. In addition, certain portfolios may utilize forwards contracts to enhance returns. The portfolios may also be invested in warrants and securities convertible or exchangeable for equity securities, such as convertible bonds.

A portion of a portfolio's assets may be invested in non-dollar denominated equity securities of non-U.S. issuers. In addition, a portion of a portfolio's assets may be invested in non-dollar denominated



equity securities of non-U.S. issuers and in dollar-denominated equity securities of non-U.S. issuers that are either listed on a U.S. stock exchange or represented by depositary receipts that may or may not be sponsored by a domestic bank. Certain portfolios may invest primarily in depositary receipts.

NIA may offer balanced strategies that combine equity and fixed income strategies described herein. Certain portfolios may invest in equity securities of companies of various market capitalizations, as determined by the investment adviser. Certain portfolios may pursue a strategy that focuses on undervalued companies. Certain portfolios exclude investments that are deemed inconsistent with environmental, social and governance (“ESG”) guidelines.

Certain portfolios may invest a portion of their assets in preferred securities, as well as debt and other fixed income securities, issued or guaranteed by any government, state, local authority or political sub-division of government. These debt securities may be rated below investment grade (“high yield”). Debt securities may also include senior secured and unsecured loans. Additionally, certain portfolios may invest in securities that are not readily marketable (i.e. illiquid).

### **International/Global**

**Global** portfolios invest primarily in U.S. and/or non-U.S. issuers (that trade in U.S. or non-U.S. markets) (including emerging markets), with market capitalizations determined by the investment adviser. Global portfolios may reflect growth, value or core (investing in both growth and value stocks) investment approaches. Certain portfolios gain international investment exposure by investing in ADRs and similar depositary receipts. ADRs are the receipts for the shares of a non-U.S.-based company traded on U.S. exchanges. Portfolios may hold ordinary non-U.S. securities (sometimes referred to as “ORD”) directly (instead of or in addition to ADRs).

**Global Infrastructure** portfolios are invested primarily in U.S. and non-U.S. (including emerging markets) equity securities of infrastructure-related companies. Infrastructure-related companies include companies involved in the ownership, development, construction, renovation, financing or operation of infrastructure assets, or that provide the services and raw materials necessary for the construction and maintenance of infrastructure assets. Infrastructure assets are the physical structures and networks upon which the operation, growth and development of a community depends, which includes water, sewer, and energy utilities; transportation and communication networks; health care facilities, government accommodations and other public service facilities; and shipping, timber, steel, alternative energy, and other resources and services necessary for the construction and maintenance of these physical structures and networks.

**Emerging Markets** portfolios are invested primarily in shares of non-U.S. issuers that are located in emerging market countries, as well as issuers in developed market countries with significant revenues, profits or assets in emerging market countries.

**International** portfolios invest primarily in non-U.S. issuers that trade in U.S. or non-U.S. markets (including emerging markets). International portfolios may reflect growth, value and core investment approaches. Certain portfolios gain international investment exposure by investing in ADRs and similar depositary receipts. ADRs are the receipts for the shares of a non-U.S.-based company traded on U.S. exchanges. Portfolios may hold ordinary non-U.S. securities (sometimes referred to as “ORD”) directly (instead of or in addition to ADRs).

**Global Value Opportunities** portfolios are invested primarily in a diversified global portfolio of equity securities, as well as debt securities issued by corporate and governmental entities.

**Real Asset Income** portfolios invest primarily in infrastructure and real estate related securities (i.e., real assets) across the capital structure. Securities may include U.S. and non-U.S. (including emerging market) equities and debt (including below investment grade debt).

**Additional Information about International/Global Strategies.** Certain of the above International/Global portfolios may use derivatives, specifically options, future contracts, options on futures contracts, and forward foreign currency exchange contracts, to manage market or business risk, enhance the portfolio's return, or hedge against adverse movements in currency exchange rates. In addition, certain portfolios may write (sell) covered call options or buy put options on an index, or on some or all of the stocks or other securities they invest in. Certain portfolios may take long and short positions in securities. Certain portfolios may invest a portion of their assets in equity securities issued by U.S. and non-U.S. companies, derivatives, investment companies and money market instruments and other short-term securities in order to facilitate cash flows, meet redemption requests and pay fund expenses. Certain of the International/Global Portfolios may invest in debt securities, including securities rated below investment-grade.

### **Commodities**

**Commodities** portfolios generally provide long-only or long and/or short exposure to global commodity markets, including energy, industrial metals, precious metals, foods and fibers, livestock and agriculture. Portfolios may invest directly in commodity futures contracts and/or derivatives instruments or investments in a separate account or fund that provides investment exposure to commodities. Portfolios may also include fixed income investments. Commodities strategies may involve frequent trading.

### **Fixed Income**

**Municipal Fixed Income** portfolios invest primarily in municipal bonds. Municipal Fixed Income portfolios pursue a number of different strategies of varying maturity, duration and quality. Certain Municipal Fixed Income portfolios invest primarily in investment-grade municipal securities and other portfolios may pursue a strategy that invests a small or large portion of their assets in medium- to low-quality municipal securities rated below investment grade, which may include bonds considered high yield. A portion of a portfolio's assets may be invested in municipal securities that are unrated, but that the Subadviser deems to be of comparable quality to a particular rating. Split rated securities are generally deemed to receive the higher rating. Certain portfolios that invest primarily in investment grade securities may also invest a portion of their assets in below-investment grade securities (including high yield securities).

"State-specific" Municipal Fixed Income portfolios invest primarily in municipal securities that are exempt from federal and a particular state's income tax. State-specific Municipal Fixed Income portfolios may also invest a portion of their assets in high yield securities or taxable obligations. The municipal securities in which state-specific Municipal Fixed Income portfolios may invest include municipal bonds and notes, including general obligation and "revenue" bonds, as well as other securities issued to finance and refinance public projects of a state, other related securities and derivatives creating exposure to municipal bonds, and municipal lease obligations, which are participations in lease obligations or installment purchase contract obligations of municipal authorities or entities.

A certain portion of a Municipal Fixed Income portfolio's assets may be invested in inverse floating rate securities (sometimes referred to as "inverse floaters") issued in tender option bond ("TOB") transactions. In a TOB transaction, one or more highly-rated municipal bonds are deposited into a special purpose trust that issues floating rate securities ("floaters") to outside parties and inverse floaters to long-term investors like the Fund. The floaters pay interest at a rate that is reset periodically (generally weekly) to reflect current short-term tax-exempt interest rates. Holders of the floaters have the right to tender such securities back to the TOB trust for par plus accrued interest (the "put option"), typically on seven days' notice. Holders of the floaters are paid from the proceeds of a successful remarketing of the floaters or by a liquidity provider in the event of a failed remarketing. The inverse floaters pay interest at a rate equal to (a) the interest accrued on the underlying bonds, minus (b) the sum of the interest payable on the floaters and fees payable in connection with the TOB. Thus, the interest payments on the inverse floaters will vary inversely

with the short term rates paid on the floaters. Holders of the inverse floaters typically have the right to simultaneously (a) cause the holders of the floaters to tender those floaters to the TOB trust at par plus accrued interest and (b) purchase the municipal bonds from the TOB trust. Because holders of the floaters have the right to tender their securities to the TOB trust at par plus accrued interest, holders of the inverse floaters are exposed to all of the gains or losses on the underlying municipal bonds, despite the fact that their net cash investment is significantly less than the value of those bonds. This multiplies the positive or negative impact of the underlying bonds' price movements on the value of the inverse floaters, thereby creating effective leverage. The effective leverage created by any TOB transaction depends on the value of the securities deposited in the TOB trust relative to the value of the floaters it issues. The higher the percentage of the TOB trust's total value represented by the floaters, the greater the effective leverage. For example, if municipal bonds worth \$100 are deposited in a TOB trust and the TOB trust issues floaters worth \$75 and inverse floaters worth \$25, the TOB trust will have a leverage ratio of 3:1 and the inverse floaters will exhibit price movements at a rate that is four times that of the underlying bonds deposited into the trust. If that same TOB trust were to issue only \$50 of floaters, the leverage ratio would be 1:1 and the inverse floaters would exhibit price movements at a rate that is only two times that of the underlying bonds.

Municipal Fixed Income portfolios may invest in municipal securities that are secured by insurance (including, in certain portfolios, insurance that guarantees the timely payment of principal and interest), bank credit agreements, or escrow accounts. A certain portion of Municipal Fixed Income portfolios' assets may be invested in taxable bonds.

Inflation-protected municipal bond portfolios seek a current yield that compensates an investor for current inflation expectations, and also seek to mitigate the effect that subsequent increases in inflation expectations may have on the purchasing power of the account by investing in inflation-linked instruments, such as Consumer Price Index (CPI) swaps, in amounts sufficient to approximate the duration characteristics of the account's underlying municipal bond portfolio.

Certain Municipal Fixed Income portfolios also utilize investment strategies designed to limit the risk of bond price fluctuations and to preserve capital. These strategies include the use of derivatives, such as financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts, or other derivatives whose prices, in an investment adviser's opinion, correlate with the prices of the portfolios' investments. A portfolio may also use derivatives strategies to shorten or lengthen the effective duration, and therefore the interest rate risk, of a portfolio, and to adjust other aspects of the portfolio's risk/return profile. A portfolio may use derivatives if it is deemed more efficient from a transaction cost, total return or income standpoint than selling and/or investing in cash securities. A portfolio may also use derivatives to enhance return, hedge the risks of its investments in fixed income securities or as a substitute for a position in an underlying asset. Additionally, a portfolio may use derivatives to manage market, credit and yield curve risk, and to manage the effective maturity or duration of portfolio securities. The portion of a Municipal Fixed Income portfolio that is invested in derivatives at times may be substantial.

Certain investors select municipal bond strategies for interest that is exempt from U.S. federal income tax, and in some cases, state and/or local income tax. Changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliant conduct of a bond issuer, among other events, could lead to declines in the value of municipal bonds and other unfavorable results. Clients are encouraged to consult their own financial, tax and legal advisors regarding the suitability of investing in municipal bond strategies.

Certain portfolios invest in lower quality municipal bonds, including high yield bonds.

Municipal Fixed Income portfolios may pursue other strategies or invest in other instruments described in this Brochure.

**Taxable Fixed Income** portfolios invest primarily in debt securities according to the following strategies:

**Short Term Fixed Income** portfolios invest primarily in short term debt securities, which may include corporate debt, mortgage-backed, asset-backed and U.S. government securities. A portfolio normally invests primarily in investment-grade securities.

**Intermediate Term Fixed Income** portfolios invest primarily in intermediate term investment-grade debt securities.

**Core Fixed Income** portfolios invest primarily in investment-grade debt securities, including U.S. government, mortgage-backed, asset-backed and corporate debt securities.

**Core Plus Fixed Income** portfolios invest primarily in corporate debt, U.S. government, mortgage-backed and asset-backed securities. A portfolio generally invests a majority of assets in investment-grade debt securities but also can invest more than 10% in non-investment-grade securities, emerging market debt, and non-dollar denominated debt, and foreign currencies.

**High Yield/High Income** portfolios invest primarily in below investment grade debt and other income producing securities and may include U.S. and non-U.S. securities.

**Government** portfolios invest in securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, including U.S. Treasuries, U.S. agency debt and mortgage-backed securities, and may also invest in global government debt securities and debt-related derivatives instruments.

**Currency** portfolios are primarily invested in fixed income securities that provide long and short exposure to selected non-U.S. currencies. The fixed income securities include, but are not limited to, non-U.S. sovereign debt securities, securities issued by the U.S. government agencies and instrumentalities and debt obligations of corporate issuers. Currency portfolios also may invest in instruments that provide exposure to selected non-U.S. currencies, including derivatives such as forward currency contracts, non-deliverable forward currency contracts, currency swap contracts and other currency derivatives deemed appropriate by the investment manager.

**Inflation-Protected Securities** portfolios invest primarily in inflation protected debt securities issued by U.S. and non-U.S. governments, their agencies and instrumentalities, and domestic and non-U.S. corporations. A portion of the portfolio's assets may also be invested in holdings that are not inflation protected. Inflation-Protected Securities portfolios may also use derivatives, including options, futures contracts, options on futures contracts, currency contracts, options on currencies, interest rate caps, collars, and floors, index- and other asset-linked notes, swaps including interest rate, currency, credit default and index swaps, and options on such swaps in order to manage market risk, currency risk, credit risk and yield curve risk, and to manage the effective maturity or duration of the portfolio's securities or for speculative purposes in an effort to increase a portfolio's yield or to enhance returns. A portfolio may also use derivatives to gain exposure to non-dollar denominated securities markets to the extent it does not do so through direct investments. A portfolio's derivatives investments may be exchange-traded or traded over the counter.

**Preferred Securities** portfolios invest primarily in securities that generally pay fixed or adjustable rate distributions to investors, and have preference over common stock in the payment of distributions and the liquidation of a company's assets, but are junior to most other forms of the company's debt.

**Credit Opportunities** portfolios are invested primarily in debt instruments (e.g., bonds, loans and convertible securities), a substantial portion of which may be rated below investment-grade or, if unrated, deemed to be of comparable quality.

**Build America Bonds** portfolios are invested primarily in Build America Bonds (“BABs”), which are bonds issued by state and local governments to finance capital projects such as public schools, roads, transportation infrastructure, bridges, ports and public buildings, among others, pursuant to the Build America Bonds program of the American Recovery & Reinvestment Act of 2009 (the “Act”). Issuance of BABs commence in April 2009 and ended December 31, 2010. BAB portfolios may also use derivatives such as bond futures or interest rate swaps to hedge interest rate risks. Additionally, BABs portfolios may use leverage, including through investment in inverse floating rate securities and borrowings.

**Tax-Advantaged Floating Rate Income** portfolios are invested primarily in adjustable rate securities that are eligible to pay dividends consisting primarily of tax-advantaged dividend income, including preferred stock and other adjustable rate securities, including securities issued by special purpose vehicle pools (the assets of which will consist of such preferred stock or other adjustable rate securities), some of which may be issued by banks and other financial institutions.

**Quality Preferred Income** portfolios are invested primarily in fully taxable preferred securities, including both fixed rate preferred and adjustable rate preferred securities.

**Mortgage and Mortgage Related** portfolios invest in mortgage-related assets that directly or indirectly represent a participation in or are secured by and payable from mortgage loans.

**Senior Income** portfolios are invested primarily in adjustable rate, U.S. dollar-denominated secured and unsecured senior loans (“Senior Loans”), which may be secured by specific collateral, made to corporations and other entities to finance various transactions. These corporations and other entities may be organized or located in countries outside the U.S.

**Floating Rate Income** portfolios invest primarily in adjustable rate loans, primarily secured senior loans. Portfolios also may invest in unsecured senior loans and secured and unsecured subordinated loans made to U.S. and non-U.S. corporations and other entities. Senior loans may be secured by specific collateral.

**Global Total Return Bond** portfolios invest primarily in sovereign, corporate, mortgage-backed and securitized debt from developed and emerging markets around the world. Securities may be U.S. dollar denominated and denominated in foreign currencies.

**U.S. Infrastructure Bond** portfolios invest primarily in U.S. taxable and tax-exempt municipal bonds issued to finance the ownership, development, construction, renovation or operation of infrastructure assets, and debt securities issued by, or loans issued to, U.S. infrastructure-related companies, which include companies involved in the ownership, development, construction, renovation, financing or operation of infrastructure assets, or that provide the services and raw materials necessary for the construction and maintenance of infrastructure assets.

**Multi-Sector Bond/Strategic Income** portfolios invest primarily in U.S. government securities (issued or guaranteed by the U.S. government or its agencies or instrumentalities), residential and commercial mortgage-backed securities, asset-backed securities, domestic and non-U.S. corporate debt obligations, including obligations issued by special-purpose entities that are backed by corporate debt obligations, fixed and floating rate loans, including senior loans and secured and unsecured junior loans, debt obligations of non-U.S. governments and/or municipal securities. Such securities may include below investment grade securities.

**Emerging Market Debt** portfolios invest primarily in debt issued by government or government-related entities that are located in emerging market countries, as well as debt issued by emerging market corporate entities.

**Additional Information about Taxable Fixed Income Strategies.** Taxable Fixed Income portfolios may invest in securities rated investment grade or below investment grade, which may

include bonds considered high yield, and such investments for certain portfolios may be substantial. Additionally, a Taxable Fixed Income portfolio may invest a portion of its assets in securities and other instruments that are, at the time of investment, illiquid. A Taxable Fixed Income portfolio's assets may also be invested in U.S. dollar and non-dollar denominated debt obligations of non-U.S. corporations and governments, including those located in emerging market countries. Taxable Fixed Income portfolios may pursue other strategies or invest in other instruments described in this Brochure.

Taxable Fixed Income portfolios may also invest in other types of fixed income securities, such as asset-backed securities, residential and commercial mortgage-backed securities, corporate debt obligations, municipal securities and inverse floating rate securities.

Taxable Fixed Income portfolios may invest in and employ derivatives including, but not limited to, futures; interest rate swaps, caps, collars and floors; index swaps, total return swaps, credit default swaps and non-U.S. currency swaps; forward currency contracts and non-deliverable forward currency contracts; options on futures, non-U.S. currencies and swaps (as well as selling call options and purchasing put options on individual or a basket of securities, as well as on swaps); and/or other derivatives. The derivatives in which the Taxable Fixed Income portfolios may invest may be exchange traded or traded over the counter. Taxable Fixed Income portfolios may also invest a portion of their total assets in dollar roll transactions.

A Taxable Fixed Income portfolio may utilize derivatives strategies to enhance return, hedge some of the risks of their investments in securities, as a substitute for a position in an underlying asset, to reduce transaction costs, to maintain full market exposure, to manage or generate cash flows, to manage the effective maturity and duration of portfolio securities, to increase yield or enhance returns, to create debt or non-U.S. currency exposure, to limit exposure to losses due to changes to non-U.S. currency exchange rates, to preserve capital, and/or other reasons to the extent permitted by client guidelines.

The portion of a Taxable Fixed Income portfolio that is invested in derivatives at times may be substantial.

Taxable Fixed Income portfolios may also invest a portion of their assets in cash and cash equivalents. Additionally, certain Taxable Fixed Income portfolios may invest in equity securities and warrants acquired in connection with investments made in certain fixed income securities.

### **Asset Allocation**

**Allocation** portfolios invest primarily in other mutual funds, closed-end funds, ETFs, ETNs, and other pooled investment vehicles, including in some cases funds that are also advised by NIA or its Affiliated Subadvisers. The portfolios seek to achieve their respective objectives by investing in mutual funds that invest in certain types of securities. Certain allocation portfolios pursue the following strategies: aggressive growth and growth (investments in underlying funds that invest in equity securities, including small company and international company equity securities, with relatively little emphasis on underlying funds that invest in fixed income securities); balanced (investments in underlying funds that invest in both equity securities and fixed income securities, but with a higher allocation to equity securities under most market conditions); and conservative (investments primarily in underlying funds that invest in fixed income securities, with limited exposure to investments in underlying funds that invest equity securities). Other allocation portfolios invest in underlying funds according to a portfolio's risk profile (conservative, moderate, or growth).

**Additional Information about Allocation Portfolios.** Allocation portfolios may pursue other strategies or invest in other instruments described in this Brochure. Portfolio assets may also be invested in ETFs, ETNs, closed-end investment companies and other pooled investment vehicles. A portfolio may utilize the following derivatives: options; futures contracts; options on futures contracts, including futures on equity and commodities indices; interest rate and currency futures;

interest rate caps, collars, and floors; non-U.S. currency contracts; options on non-U.S. currencies; and interest rate, total return, currency and credit default swaps, and options on the foregoing types of swap agreements. A portfolio may use these derivatives in an attempt to manage market risk, currency risk, credit risk and yield curve risk; to manage the effective maturity or duration of securities in the portfolio; or for speculative purposes in an effort to increase yield or to enhance returns.

## **RISKS**

As with any investment, loss of principal is a risk of investing in accordance with any of the investment strategies described above. This Brochure does not include every potential risk associated with an investment strategy, or all of the risks applicable to a particular portfolio. Rather, it is a general description of the nature and risks of Subadvisers' principal strategies. The strategies described above also are subject to the risks listed below.

### **General Risks**

The following risks are generally applicable to Equity, Fixed Income, International/Global, Asset Allocation and other strategies. Such risks are in addition to the risks described more specifically with respect to Equity, Fixed Income, International/Global and Asset Allocation in this Item.

*Concentration Risk* - A portfolio's concentration of investments in securities of issuers located in a particular industry or sector or a particular state, country or region subjects a portfolio to economic conditions that may adversely affect an industry, sector or geographic area. In addition, concentration of investments of issuers located in a particular geographic area subjects a portfolio to government policies within that geographic area. As a result, a portfolio will be more susceptible to factors that adversely affect issuers in a particular industry or geographic area than a portfolio that does not have as great a concentration in such issuers. A concentrated portfolio may also invest a larger portion of its assets in the securities of a limited number of issuers and may be more sensitive to any single economic, business, political or regulatory occurrence than a less concentrated, more diversified portfolio.

*Commodities Risk* - Certain portfolios may invest in instruments providing exposure to commodities. Commodities markets historically have been extremely volatile, and the performance of securities that provide an exposure to those markets therefore also may be highly volatile. Commodities prices are affected by factors such as the cost of producing commodities, changes in consumer demand for commodities, the hedging and trading strategies of producers and consumers of commodities, speculative trading in commodities by commodity pools and other market participants, disruptions in commodity supply, drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments. Suspensions or disruptions of market trading in the commodities markets and related futures markets may adversely affect the value of securities providing an exposure to the commodities markets.

The CFTC is continuing to propose, adopt, and implement regulations governing the trading of swaps and other derivatives that the CFTC regulates. Those regulations may impose recordkeeping, reporting, clearing, business conduct, and trade execution requirements, among other things. Compliance with these requirements, and other requirements that may be adopted in the future, may increase expenses or transaction costs for portfolios. The regulation of commodity transactions in the United States is a rapidly changing area of law and is subject to ongoing modification by government, self-regulatory and judicial action. The effect of any future regulatory change is impossible to predict, but could be substantial and adverse.

*Counterparty Risk* - Changes in the credit quality of the companies that serve as counterparties with respect to derivatives or other transactions supported by another party's credit may affect the

value of those instruments. Certain entities that have served as counterparties in the markets for these transactions have recently incurred significant losses and financial hardships including bankruptcy as a result of exposure to sub-prime mortgages and other lower quality credit investments that have experienced recent defaults or otherwise suffered extreme credit deterioration. As a result, such hardships have reduced these entities' capital and called into question their continued ability to perform their obligations under such transactions. By using derivatives or other transactions, a portfolio assumes the risk that its counterparties could experience similar financial hardships. In the event of insolvency of a counterparty, a portfolio may sustain losses or be unable to liquidate a derivatives position. The counterparty risk for cleared derivatives is generally lower than for uncleared over-the-counter ("OTC") derivative transactions since generally a clearing organization becomes substituted for each counterparty to a cleared derivative contract and, in effect, guarantees the parties' performance under the contract as each party to a trade looks only to the clearing house for performance of financial obligations. However, there can be no assurance that the clearing house, or its members, will satisfy its obligations to a portfolio.

*Derivatives Risk* - The use of derivatives presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. These risks include market risk, credit risk, management risk and liquidity risk, among others. Derivatives can be highly volatile, illiquid and difficult to value, and there is the risk that changes in the value of a derivative held by a portfolio will not correlate with the underlying instruments or the portfolio's other investments.

The use of derivatives can lead to losses because of adverse movements in the price or value of the underlying asset, index or rate, which may be magnified by certain features of the derivatives. Derivative instruments also involve the risk that loss may be sustained as a result of the failure of the counterparty to the derivative instruments to make required payments or otherwise comply with the derivative instruments' terms. These risks are heightened when the Subadviser uses derivatives to enhance a portfolio's return or as a substitute for a position or security, rather than solely to hedge (or offset) the risk of a position or security held by the portfolio. In addition, when the portfolios invest in certain derivative securities, including, but not limited to, when-issued securities, forward commitments, futures contracts and interest rate swaps, they are effectively leveraging their investments, which could result in exaggerated changes in the portfolios' holdings and can result in losses that exceed the amount originally invested. The success of a portfolio's derivatives strategies will depend on the Subadviser's ability to assess and predict the impact of market or economic developments on the underlying asset, index or rate and the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions.

A portfolio may also enter into over-the-counter ("OTC") transactions in derivatives. Transactions in the OTC markets generally are conducted on a principal-to-principal basis. The terms and conditions of these instruments generally are not standardized and tend to be more specialized or complex, and the instruments may be harder to value. In general, there is less governmental regulation and supervision of transactions in the OTC markets than of transactions entered into on organized exchanges. In addition, certain derivative instruments and markets may not be liquid, which means a portfolio may not be able to close out a derivatives transaction in a cost-efficient manner. Short positions in derivatives may involve greater risks than long positions, as the risk of loss on short positions is theoretically unlimited (unlike a long position, in which the risk of loss may be limited to the amount invested).

A portfolio may be subject to credit risk with respect to the counterparties to certain derivatives agreements entered into by the portfolio. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the portfolio may experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding. The portfolio may obtain only a limited recovery or may obtain no recovery in such circumstances.



Writing (selling) covered call options on some or all of a portfolio's holdings subjects the portfolio to additional risks. Because a covered call strategy limits participation in the appreciation of the underlying asset, in this case the securities, owning securities in a portfolio is not the same as an investment linked to the performance of the securities. By writing covered call options on the securities, a portfolio will give up the opportunity to benefit from potential increases in the value of the securities above the exercise prices of the options, but will continue to bear the risk of declines in the value of the securities. The premiums received from the options may not be sufficient to offset any losses sustained from the volatility of the securities over time.

A portfolio may purchase index put options to protect against a significant market decline over a short period of time. When index put options become expensive relative to the protection afforded a portfolio, the portfolio may reduce the amount of index put options to a level that is less than the full value of the portfolio. If a put option purchased by the portfolio is not sold or exercised when it has remaining value, the portfolio will lose its entire investment in the index put option. Also, where an index put option is purchased to hedge all or part of the portfolio, the price of the index put option may move more or less than the value of the index.

Certain commodity-linked derivative instruments, repurchase agreements, swap agreements and other forms of financial instruments that involve counterparties subject a portfolio to the risk that the counterparty could default on its obligations under the agreement, either through the counterparty's bankruptcy or failure to perform its obligations. In the event of default, a portfolio could experience lengthy delays in recovering some or all of its assets or no recovery at all. A futures commission merchant ("FCM") may default on an obligation set forth in an agreement between a portfolio and the FCM, including the FCM's obligation to return margin posted in connection with the portfolio's futures contracts.

The Dodd-Frank Act requires the SEC, the CFTC, and other federal financial regulators to develop an expanded regulatory framework for derivatives. These new regulations are in the process of being implemented, and their ultimate impact is still unknown, but has the potential to increase the costs of using derivatives, may limit the availability of some forms of derivatives or Subadviser's or a portfolios' ability to use derivatives in pursuit of its investment objectives, and may adversely affect the performance of some derivative instruments used.

Certain derivatives (e.g., futures, options on futures and swaps) may be considered commodities and subject to the risks and limitations associated with commodities. See *Commodities Risk*.

*Non-Diversification Risk* - A less diversified portfolio may invest a large portion of its assets in a fewer number of issuers than a diversified portfolio. If a relatively high percentage of a portfolio's assets may be invested in the securities of a limited number of issuers, a portfolio may be more susceptible to any single, economic, political or regulatory occurrence than a diversified portfolio.

*Liquidity Risk* - Liquidity risk exists when particular investments are difficult to purchase or sell. A portfolio's investments in illiquid securities may reduce the returns of the account because it may be unable to sell the illiquid securities at an advantageous time or price. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. In such cases, a portfolio, due to potential limitations on investments in illiquid securities and the difficulty in purchasing and selling such securities or instruments, may be unable to achieve its desired level of exposure to a certain sector.

*Management/Asset Allocation Risk* - Actively managed portfolios, particularly asset allocation portfolios, are dependent upon an adviser or sub-adviser's ability to make investment decisions to achieve a portfolio's investment objective. As a result, a portfolio may underperform its benchmark or other portfolios with similar investment objectives.

*Multi-Manager Risk* - The interplay of the various strategies employed by NIA and/or Subadvisors may result in an account holding a significant amount of certain types of securities. This may be beneficial or detrimental to an account's performance depending upon the performance of those securities and the overall economic environment. NIA and/or Subadvisors may make investment decisions which conflict with each other; for example, at any particular time, one Subadvisor may be purchasing shares of an issuer whose shares are being sold by another Subadvisor. Consequently, an account could indirectly incur transaction costs without accomplishing any net investment result. In addition, the multi-manager approach could increase an account's portfolio turnover rate which may result in higher transaction costs and higher taxes.

*Issuer Risk* - The risk that an issuer's earnings prospects and overall financial position will deteriorate, causing a decline in the value of the issuer's financial instruments over short or extended periods of time.

*Downgrade Risk* - The risk that securities are subsequently downgraded should rating agencies believe the issuer's business outlook or creditworthiness has deteriorated.

*Market Risk* - The market values of securities owned by the portfolios may decline, at times sharply and unpredictably. Market values of securities are affected by a number of different factors. For equity securities, market risk may be more significant in small and mid-capitalization companies. Market values of fixed income securities may be affected by changes in interest rates, the credit quality of issuers, and general economic and market conditions. These risks may be magnified for lower-quality fixed income securities.

*Other Investment Companies Risk* - When an account invests in investment companies (including ETFs), the client account bears both its advisory fees payable to NIA, and, indirectly, the expenses of the other investment companies. Furthermore, the account is exposed to the risks to which the other investment companies may be subject.

*Real Estate Securities and Sector Risk* - Certain of the portfolios may invest in REITs. Equity REITs will be affected by changes in the values of and incomes from the properties they own, while mortgage REITs may be affected by the credit quality of the mortgage loans they hold. REITs are also dependent on specialized management skills, which may affect their ability to generate cash flow for operating purposes and to pay distributions. Additionally, REITs may have limited diversification and are subject to the risks associated with obtaining financing for real property. A real estate securities portfolio may invest a majority of its assets in REITs and in the real estate sector. Stocks within specific industries or sectors can periodically perform differently than the overall stock market due to changes impacting that particular industry or sector.

*Technology Risk* - Certain strategies may rely on quantitative analysis and systems and other proprietary and third party data and systems to support investment decision making. Data imprecision, software or other technology malfunctions, programming inaccuracies and similar circumstances may impair the performance of these systems, which may negatively affect performance.

*Cybersecurity Risk* - Cybersecurity breaches may allow an unauthorized party to gain access to customer data, or proprietary information, or cause issuers and other to suffer data corruption or lose operational functionality. These breaches may result in private lawsuits and/or regulatory actions, and declines in an issuer's security price.

*Additional Regulatory Risk* - Recent instability in the financial markets has led the U.S. government to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. Most significantly, the U.S. government has enacted a broad-reaching new regulatory framework over the financial services industry and consumer credit markets, the potential impact of which on the value of securities held by a portfolio is unknown. Federal, state,

and other governments, their regulatory agencies, or self-regulatory organizations may take actions that affect the regulation of the instruments in which a portfolio invests, or the issuers of such instruments, in ways that are unforeseeable. Governments or their agencies may also acquire distressed assets from financial institutions and acquire ownership interests in those institutions. The implications of government ownership and disposition of these assets are unclear, and such a program may have positive or negative effects on the liquidity, valuation and performance of a portfolio's holdings. Furthermore, volatile financial markets can expose portfolios to greater market and liquidity risk and potential difficulty in valuing instruments held in the portfolios. The value of a portfolio's holdings is also generally subject to the risk of future local, national, or global economic disturbances based on unknown weaknesses in the markets in which a portfolio invests. In the event of such a disturbance, issuers of securities held by a portfolio may experience significant declines in the value of their assets and even cease operations, or may receive government assistance accompanied by increased restrictions on their business operations or other government intervention. In addition, it is not certain that the U.S. government will intervene in response to a future market disturbance and the effect of any such future intervention cannot be predicted. It is difficult for issuers to prepare for the impact of future financial downturns, although companies can seek to identify and manage future uncertainties through risk management programs.

Considerable additional regulatory attention has been focused on financial services companies and products. The Dodd-Frank Act regulates markets, market participants and financial instruments that previously have been unregulated and substantially alters the regulation of many other markets, market participants and financial instruments. Because many provisions of the Dodd-Frank Act require rulemaking by the applicable regulators before becoming fully effective and the Dodd-Frank Act mandates multiple agency reports and studies (which could result in additional legislative or regulatory action), it is difficult to predict the impact of the Dodd-Frank Act on a portfolio, and the markets in which portfolios may invest. The Dodd-Frank Act could result in a portfolio's investment strategy becoming non-viable or non-economic to implement. Therefore, the Dodd-Frank Act and regulations adopted pursuant to the Dodd-Frank Act could have a material adverse impact on the profit potential of a portfolio.

## Fixed Income Risks

### General Fixed Income Risks

*Credit Risk* - Credit risk is the risk that an issuer of a debt security will be unable to make interest and principal payments when due and the related risk that the value of a security may decline because of concerns about the issuer's ability to make such payments. Credit risk may be heightened for portfolios that invest in lower quality bonds, including "high yield" securities.

*Credit Spread Risk* - Credit spread risk is the risk that credit spreads (i.e., the difference in yield between securities that is due to differences in their credit quality) may increase when the market believes that bonds generally have a greater risk of default. Increasing credit spreads may reduce the market value of the portfolio's debt securities. Credit spreads often increase more for lower rated and unrated securities than for investment grade securities. In addition, when credit spreads increase, reductions in market value will generally be greater for longer-maturity securities.

*Income Risk* - The income earned from a portfolio may decline because of falling market interest rates. Also, if a portfolio invests in inverse floating rate securities, whose income payments vary inversely with changes in short-term market rates, the portfolio's income may decrease if short-term interest rates rise.

*Index Call Option Risk* - Because index options are settled in cash, sellers of index call options cannot provide in advance for their potential settlement obligations by acquiring and holding the underlying securities.

*Interest Rate Risk* - Interest rate risk is the risk that the value of a portfolio will decline because of rising interest rates. Debt securities held by a portfolio will fluctuate in value with changes in interest rates. In general, debt securities will increase in value when interest rates fall and decrease in value when interest rates rise. Longer term debt securities are generally more sensitive to interest rate changes, and thus entail greater interest rate risk. Rising interest rates also may lengthen the duration of debt securities with call features, since exercise of the call becomes less likely as interest rates rise, which in turn will make the securities more sensitive to changes in interest rates and result in even steeper price declines in the event of further interest rate increases. A portfolio may be subject to a greater risk of rising interest rates than would normally be the case due to the current period of historically low rates and the effect of potential governmental fiscal policy initiatives and resulting market reaction to those initiatives.

*Prepayment Risk* - During periods of declining interest rates, the issuer of certain types of securities may exercise its option to prepay principal earlier than scheduled, forcing a portfolio to reinvest in lower yielding securities. This is known as call or prepayment risk. Debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer.

*Extension Risk* - During periods of rising interest rates, the average life of certain types of securities may be extended because of lower than expected principal payments. This may lock in a below market interest rate, increase the security's duration and reduce the value of the security. This is known as extension risk. Market interest rates for investment grade fixed-income securities are currently significantly below the historical average rates for such securities. This decline may have increased the risk that these rates will rise in the future; however, historical interest rate levels are not necessarily predictive of future interest rate levels.

*Inflation Risk* - The value of assets or income from investments may be lower in the future as inflation decreases the value of money. As inflation increases, the value of a portfolio's assets can decline, as can the value of a portfolio's distributions.

*Bond Market Liquidity Risk* - Inventories of bonds held by brokers and dealers have decreased in recent years, lessening their ability to make a market in these securities. This reduction in market making capacity has the potential to decrease liquidity and increase price volatility and trading costs in the fixed income securities and/or markets, particularly during periods of economic or market stress. As a result of this decreased liquidity, a portfolio may have to accept a lower price to sell a security, sell other securities to raise cash, or give up an investment opportunity, any of which could have a negative effect on performance.

*Call Risk* - If an issuer calls higher-yielding debt instruments held by an account, performance could be adversely impacted.

*Call Option Risk* - For accounts that sell (write) options, the value of such call options sold (written) by an account will fluctuate. Additionally, the account may not participate in any appreciation of its portfolio as fully as it would if the account did not sell call options. In addition, an account that sells (writes) options will continue to bear the risk of declines in the value of its portfolio.

*Valuation Risk* - The debt securities in which a portfolio may invest typically are valued by a pricing service utilizing a range of market-based inputs and assumptions, including readily available market quotations obtained from broker-dealers making markets in such instruments, cash flows and transactions for comparable instruments. There is no assurance that a portfolio will be able to sell a security at the price established by the pricing service, which could result in a loss to the portfolio. Pricing services generally price debt securities assuming orderly transactions of an institutional "round lot" size, but some trades may occur in smaller, "odd lot" sizes, often at lower prices than institutional round lot trades.

*Recent Events in the Fixed Income Markets* - Following the financial crisis that began in 2007, the Board of Governors of the Federal Reserve System has sought to stabilize the U.S. economy by keeping the federal funds rate at or near zero percent. In addition, the Federal Reserve, in a program called Quantitative Easing, has purchased securities issued or guaranteed by the U.S. government, its agencies or instrumentalities on the open market. As the Federal Reserve reduces Quantitative Easing, and when the Federal Reserve raises the federal funds rate, there is a risk that interest rates across the U.S. financial system will rise. These policy changes may expose fixed-income (including municipal bonds) and related markets to heightened volatility and may reduce liquidity for certain investments, which could cause the value of a portfolio's investments to decline.

#### Fixed Income Risks Relating to Particular Strategies

*Alternative Minimum Tax Risk* - Certain municipal bond strategies are not limited in as to the amount that can be invested in alternative minimum tax bonds, therefore, all or a portion of the portfolio's otherwise exempt-interest dividends may be taxable to those portfolio holder's subject to the federal alternative minimum tax.

*Build America Bond Risk* - Build America Bonds ("BABs") are bonds issued by state and local governments to finance capital projects such as public schools, roads, transportation infrastructure, bridges, ports and public buildings, among others, pursuant to the Build America Bonds program of the American Recovery & Reinvestment Act of 2009 (the "Act"). Interest received on BABs is subject to U.S. federal income tax and may be subject to state income tax. The Act, enacted in February 2009, authorizes state and local governments to issue taxable bonds on which, assuming certain specified conditions are satisfied, issuers may either (i) receive payments from the U.S. Treasury equal to a specified percentage of its interest payments (known as "direct pay" BABs) or (ii) cause investors in the bonds to receive federal tax credits ("tax credit" BABs).

Direct pay BABs entitle issuers to receive reimbursement from the U.S. Treasury equal to a certain percentage of the interest paid on the bonds, which allows such issuers to issue bonds that pay interest rates that are expected to be competitive with the rates typically paid by private bond issuers in the taxable fixed income market. The portfolios may invest in either direct pay BABs or tax credit BABs in any amount at any time. Issuance of BABs commenced in April 2009 and ended December 31, 2010. To the extent that there are no new issuances of BABs or other taxable municipal securities with interest payments subsidized by the U.S. Government through direct pay subsidies, the ability to execute a BABs strategy may be impaired.

BABs portfolios may also use derivatives such as bond futures or interest rate swaps to hedge interest rate risks. Additionally, BAB portfolios may utilize leverage, including through investment in inverse floating rate securities and borrowings. Due to the finite universe of BABs previously issued, and maturation, calls and other factors relating to such securities, there is a limited supply of BABs.

*Loan Risk* - The corporate and bank loans in which portfolios may invest may not be (i) rated at the time of investment, (ii) registered with the Securities and Exchange Commission or (iii) listed on a securities exchange. In addition, the amount of public information available with respect to such loans may be less extensive than that available for more widely rated, registered and exchange-listed securities. Because no active trading market currently exists for some corporate and bank loans, such loans may be illiquid and more difficult to value than more liquid instruments for which a trading market does exist. Portfolio transactions in corporate and bank loans may settle in as short as seven days, but typically can take up to two or three weeks, and in some cases much longer. Unlike the securities markets, there is no central clearinghouse for trading such loans, and the loan market has not established enforceable settlement standards or remedies for failure to settle. Because the interest rates of floating-rate loans may reset frequently, if market interest rates fall, the loans' interest rates will be reset to lower levels, potentially reducing a portfolio's income.

*Convertible Securities Risk* - Convertible securities generally offer lower interest or dividend yields than non-convertible fixed-income securities of similar credit quality because of the potential for capital appreciation. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. In the event of a liquidation of the issuing company, holders of convertible securities would be paid before that company's common stockholders. Consequently, an issuer's convertible securities generally entail less risk than its common stock. However, convertible securities rank below debt obligations of the same issuer in order of preference or priority in the event of a liquidation or reorganization and are typically unrated or rated lower than such debt obligations. Different types or subsets of convertible securities may carry further risk of loss.

*Defaulted Bond Risk* - Defaulted bonds are speculative and involve substantial risks in addition to the risks of investing in high yield securities that have not defaulted. A portfolio generally will not receive interest payments on the defaulted bonds and there is a substantial risk that principal will not be repaid. In any reorganization or liquidation proceeding relating to a defaulted bond, the portfolio may lose its entire investment.

*Dollar Roll Transaction Risk* - In a dollar roll transaction, a portfolio sells mortgage-backed securities for delivery in the current month while contracting with the same party to repurchase similar securities at a future date. Because the portfolio gives up the right to receive principal and interest paid on the securities sold, a mortgage dollar roll transaction will diminish the investment performance of a portfolio unless the difference between the price received for the securities sold and the price to be paid for the securities to be purchased in the future, plus any fee income received, exceeds any income, principal payments, and appreciation on the securities sold as part of the mortgage dollar roll. Whether mortgage dollar rolls will benefit a portfolio may depend upon the adviser's ability to predict mortgage prepayments and interest rates. In addition, the use of mortgage dollar rolls by a portfolio increases the amount of the portfolio's assets that are subject to market risk, which could increase the volatility of the price of the portfolio's total value.

*Mortgage- and Asset-Backed Securities Risk* - These securities generally can be prepaid at any time, and prepayments that occur either more quickly or more slowly than expected can adversely impact the value of such securities. They are also subject to extension risk, which is the risk that rising interest rates could cause mortgages or other obligations underlying the securities to be prepaid more slowly than expected, thereby lengthening the duration of such securities, increasing their sensitivity to interest rate changes and causing their prices to decline. A mortgage-backed security may be negatively affected by the quality of the mortgages underlying such security, the credit quality of the issuer or guarantor, and the nature and structure of its credit support.

*High Yield Securities Risk* - High yield securities, which are rated below investment grade and commonly referred to as "junk" bonds, are high risk investments that may cause income and principal losses for a portfolio. They generally have greater credit risk, are less liquid and have more volatile prices than investment grade securities.

*Inflation-Protected Securities Risk* - Interest payments on inflation protected debt securities will vary with the rate of inflation, as measured by a specified index. There can be no assurance that the CPI-U (used as the inflation measure by U.S. Treasury inflation protected securities) or any non-U.S. inflation index will accurately measure the real rate of inflation in the prices of goods and services. Moreover, there can be no assurance that the rate of inflation in a non-U.S. country will be correlated to the rate of inflation in the United States. If the market perceives that the adjustment mechanism of an inflation protected security does not accurately adjust for inflation, the value of the security could be adversely affected. There may be a lag between the time a security is adjusted for inflation and the time interest is paid on that security. This may have an adverse effect on the trading price of the security, particularly during periods of significant, rapid changes in inflation. In addition, to the extent that inflation has increased during the period of time between the inflation adjustment and the interest payment, the interest payment will not be protected from the inflation increase.

*Inflation-Protected Municipal Bond Strategy Risk* - In addition to other risks, this strategy may entail additional risks described below:

*Declining Inflation Risk* - Certain inflation-hedging strategies involve the use of Consumer Price Index (CPI) swaps. Such portfolios will benefit from a CPI swap if actual inflation during the swap's period is greater than the level of inflation expected for that period at the time the swap was initiated. However, if actual inflation turns out to be less than expected, the portfolio will lose money on the swap. In such circumstances, the portfolio will underperform an otherwise identical municipal bond portfolio that had not utilized such inflation hedges.

*Inflation-Linked Instruments Risk* - The returns of CPI swaps or other inflation-linked instruments reflect a specified index of inflation. There can be no assurance that the inflation index used will accurately measure either the actual future rate of inflation or the rate of expected future inflation reflected in the prices and yields of municipal bonds. As a result, a portfolio's inflation-hedging strategy may not perform as expected. CPI swaps may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions and could result in losses that significantly exceed the portfolio's original investment. CPI swaps create leverage, which may cause the portfolio's value and returns to be more volatile than they would be if the portfolio had not used swaps. CPI swaps also expose the portfolio to counterparty risk, which is the risk that the swap counterparty will not fulfill its contractual obligations.

*Insurance Risk* - Many significant providers of insurance for municipal securities have recently incurred significant losses as a result of exposure to sub-prime mortgages and other lower credit quality investments that have experienced recent defaults or otherwise suffered extreme credit deterioration. Such losses have reduced the insurers' capital and called into question their continued ability to perform their obligations under such insurance if they are called upon to do so in the future. The insurance feature of a municipal security is contingent of the ability of the issuer to fulfill its obligations. Therefore, insurance does not completely assure the full payment of principal and interest when due through the life of an insured obligation or the market value of the insured obligation.

*Inverse Floaters Risk* - The use of inverse floaters by a portfolio effective leverage. Due to the leveraged nature of these investments, they will typically be more volatile and involve greater risk than the fixed rate municipal bonds underlying the inverse floaters. An investment in certain inverse floaters will involve the risk that the portfolio could lose more than its original principal investment. Distributions on inverse floaters bear an inverse relationship to short-term municipal bond interest rates. Thus, distributions paid to the portfolio on its inverse floaters will be reduced or even eliminated as short-term municipal interest rates rise and will increase when short-term municipal interest rates fall. Inverse floaters generally will underperform the market for fixed rate municipal bonds in a rising interest rate environment.

*Liquidity Risk* - The portfolios may invest in lower-quality debt instruments. Lower-quality debt tends to be less liquid than higher-quality debt. If the economy experiences a sudden downturn, or if the debt markets for a particular security become distressed, a portfolio may have particular difficulty selling its assets in sufficient amounts, at reasonable prices and in a sufficiently timely manner.

The secondary market for municipal bonds, and particularly for high-yield municipal bonds, tends to be less well developed and less liquid than many other securities markets. As a result, an account may have to accept a lower price to sell a security, sell other securities to raise cash, or give up an investment opportunity, any of which could have a negative effect on performance. An account may invest a significant portion of its assets in unrated bonds. The market for these bonds may be less liquid than the market for rated bonds of comparable quality.

*Municipal Bond Market Liquidity Risk* - Inventories of municipal bonds held by brokers and dealers have decreased in recent years, lessening their ability to make a market in these securities. This reduction in market making capacity has the potential to decrease a portfolio's ability to buy or sell bonds, and increase bond price volatility and trading costs, particularly during periods of economic or market stress. In addition, recent federal banking regulations may cause certain dealers to reduce their inventories of municipal bonds, which may further decrease a portfolio's ability to buy or sell bonds. As a result, a portfolio may be forced to accept a lower price to sell a security, to sell other securities to raise cash, or to give up an investment opportunity, any of which could have a negative effect on performance. If a portfolio needed to sell large blocks of bonds to raise cash, those sales could further reduce the bonds' prices and hurt performance. Certain strategies invest a significant portion of the portfolio's assets in unrated bonds. The market for these bonds may be less liquid than the market for rated bonds of comparable quality.

*Preferred Securities Risk* - Preferred securities risk involves credit risk, which is the risk that a preferred security will decline in price or fail to make dividend payments when due because the issuer of the security experiences a decline in its financial status. Additional special risks include:

*Subordination.* Preferred securities are subordinated to bonds and other debt instruments in a company's capital structure and therefore are subject to greater credit risk than bonds and other debt instruments.

*Limited voting rights.* Generally, preferred security holders have no voting rights with respect to the issuing company unless preferred dividends have been in arrears for a specified number of periods, at which time the preferred security holders may elect a number of directors to the issuer's board. Generally, once all the arrearages have been paid, the preferred security holders no longer have voting rights. In the case of certain preferred securities, holders generally have no voting rights, except (i) if the issuer fails to pay dividends for a specified period of time or (ii) if a declaration of default occurs and is continuing. In such an event, preferred security holders generally would have the right to appoint and authorize a trustee to enforce the trust or special purpose entity's rights as a creditor under the agreement with its operating company.

*Special redemption rights.* In certain circumstances, an issuer of preferred securities may redeem the securities prior to their stated maturity date. For instance, for certain types of preferred securities, a redemption may be triggered by a change in federal income tax or securities laws. As with call provisions, a redemption by the issuer may negatively impact the return of the security held by a portfolio.

*Payment deferral.* Generally, preferred securities may be subject to provisions that allow an issuer, under certain conditions, to skip ("noncumulative" preferred securities) or defer ("cumulative" preferred securities) distributions. Non-cumulative preferred securities can defer distributions indefinitely. Cumulative preferred securities typically contain provisions that allow an issuer, at its discretion, to defer distributions payments for up to 10 years. If a portfolio owns a preferred security that is deferring its distribution, the portfolio may be required to report income for tax purposes while it is not receiving any income.

*Liquidity.* Preferred securities may be substantially less liquid than many other securities, such as U.S. government securities or common stock.

*Financial services industry.* The preferred securities market is comprised predominately of securities issued by companies in the financial services industry. Therefore, preferred securities present substantially increased risks at times of financial turmoil, which could affect financial services companies more than companies in other sectors and industries.



*Tax risk.* Portfolios may invest in preferred securities or other securities the federal income tax treatment of which may not be clear or may be subject to recharacterization by the Internal Revenue Service.

*Municipal Lease Obligations Risk* - Certain portfolios may purchase participation interests in municipal leases. These are undivided interests in a lease, installment purchase contract, or conditional sale contract entered into by a state or local government unit to acquire equipment or facilities. Participation interests in municipal leases pose special risks because many leases and contracts contain “non-appropriation” clauses that provide that the governmental issuer has no obligation to make future payments under the lease or contract unless money is appropriated for this purpose by the appropriate legislative body. Although these kinds of obligations are secured by the leased equipment or facilities, it might be difficult and time consuming to dispose of the equipment or facilities in the event of non-appropriation, and the portfolio might not recover the full principal amount of the obligation.

*Risks Related to Changes in Tax Laws* - The value of a portfolio’s investments may be adversely affected by changes in tax rates and policies, which may be driven by unfavorable changes in tax laws or adverse interpretations by the Internal Revenue Service or state tax authorities, or by noncompliant conduct of a bond issuer. This risk is heightened for municipal bond strategies. Because interest income from municipal securities is normally not subject to regular federal income tax, the attractiveness of municipal securities in relation to other investment alternatives is affected by changes in federal income tax rates or changes in the tax-exempt status of interest income from municipal securities. Any proposed or actual changes in such rates or exempt status, therefore, can significantly affect the demand for and supply, liquidity and marketability of municipal securities. This could in turn affect the portfolio’s value and ability to acquire and dispose of municipal securities at desirable yield and price levels. Proposals have been introduced in Congress to restrict or eliminate the federal income tax exemption for interest on municipal securities, and similar proposals may be introduced in the future. Proposed “flat tax” and “value added tax” proposals would also have the effect of eliminating the tax preference for municipal securities. Some of the proposals have applied to interest on municipal securities issued before the date of enactment, which would have adversely affected their value to a material degree. If such a proposal were enacted, the availability of municipal securities for investment by a portfolio and the value of the portfolio would be adversely affected. All clients (especially tax-exempt or tax-deferred accounts) are encouraged to consult their own financial advisors and legal and tax professionals on an initial and continuous basis in connection with engaging a manager and selecting a strategy (especially a municipal bond strategy).

*Political and economic risks* - The values of municipal securities may be adversely affected by local political and economic conditions and developments. Adverse conditions in an industry significant to a local economy could have a correspondingly adverse effect on the financial condition of local issuers. Other factors that could affect municipal securities include a change in the local, state, or national economy, demographic factors, ecological or environmental concerns, statutory limitations on the issuer’s ability to increase taxes, and other developments generally affecting the revenue of issuers (for example, legislation or court decisions reducing state aid to local governments or mandating additional services). A municipal bond strategy that is limited (exclusively or materially) to bonds from a particular state (plus U.S. territories (e.g., Puerto Rico)) may be more susceptible to adverse economic, political or regulatory changes affecting municipal bond issuers in those states (plus U.S. territories (e.g., Puerto Rico)). Certain such strategies may include exposure to Puerto Rico bonds, and municipal bond issuers in Puerto Rico have recently experienced financial difficulties and rating agency downgrades, which has caused the prices of such bonds to decline.

*Zero coupon bonds risk* - As interest on zero coupon bonds is not paid on a current basis, the values of the bonds are subject to greater fluctuations than the value of bonds that distribute income regularly, and may be more speculative than such bonds.

*Risks Related to Investments in Public Private Investment Program ("PPIP") Eligible Assets* - PPIP Eligible Assets generally are debt securities that entitle the holders thereof to receive payments of interest and principal that depend primarily on the cash flow from or sale proceeds of a specified pool of assets, either fixed or revolving, that by their terms convert into cash within a finite time period, together with rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities. Investments in these securities may be speculative. Investing in PPIP Eligible Assets entails various risks: credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks, geographical concentration risks, basis risks and legal risks. PPIP Eligible Assets are subject to the significant credit risks inherent in the underlying collateral and to the risk that the servicer fails to perform. PPIP Eligible Assets are subject to risks associated with their structure and execution, including the process by which principal and interest payments are allocated and distributed to investors, how credit losses affect the issuing vehicle and the return to investors in such PPIP Eligible Assets, whether the collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed-end, under what terms (including maturity of the PPIP Eligible Asset) any remaining balance in the accounts may revert to the issuing entity and the extent to which the entity that is the actual source of the collateral assets is obligated to provide support to the issuing vehicle or to the investors in such PPIP Eligible Asset. In addition, concentrations of PPIP Eligible Assets of a particular type, as well as concentrations of PPIP Eligible Assets issued or guaranteed by affiliated obligors, serviced by the same servicer or backed by underlying collateral located in a specific geographic region, may subject the PPIP Eligible Assets to additional risk.

Loans and other assets underlying any PPIP Eligible Asset may be situated outside the United States. Non-U.S. investments are generally denominated in non-U.S. currencies and involve certain risks not typically associated with investments in the United States. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less governmental supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Furthermore, restrictions imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate non-U.S. currency.

*Senior Loan Risk* - Senior loans may not be rated by an NRSRO at the time of investment, generally will not be registered with the Securities and Exchange Commission and generally will not be listed on a securities exchange. In addition, the amount of public information available with respect to senior loans generally will be less extensive than that available for more widely rated, registered and exchange-listed securities. Because the interest rates of senior loans reset frequently, if market interest rates fall, the loans' interest rates will be reset to lower levels, potentially reducing a portfolio's income.

No active trading market currently exists for many senior loans. Senior loans are thus relatively illiquid. Liquidity relates to the ability of a portfolio to sell an investment in a timely manner at a price approximately equal to its value on the portfolio's books. The illiquidity of senior loans may impair a portfolio's ability to realize the full value of its assets in the event of a voluntary or involuntary liquidation of such assets. Because of the lack of an active trading market, illiquid securities are also difficult to value, and prices provided by external pricing services may not reflect the true fair value of the securities. However, many senior loans are of a large principal amount and are held by a large number of financial institutions. To the extent that a secondary market does exist for certain senior loans, the market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. If a substantial portion of a portfolio's assets are invested in senior loans, it may restrict the ability of the portfolio to dispose of its investments in a timely fashion and at a fair price, and could result in capital losses to the portfolio. The market for senior loans could be disrupted in the event of an economic downturn or a substantial increase or decrease in interest rates.

Borrowers under senior loans may default on their obligations to pay principal or interest when due. This non-payment would result in a reduction of income to a portfolio and a reduction in the value of a senior loan experiencing non-payment. Although some senior loans in which a portfolio will invest will be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. In the event of bankruptcy of a borrower, the portfolio could experience delays or limitations in its ability to realize the benefits of any collateral securing a senior loan.

A portfolio also may purchase a participation interest in a senior loan, and by doing so acquire some or all of the interest of a bank or other lending institution in a loan to a corporate borrower. A participation interest typically will result in the portfolio having a contractual relationship only with the lender, not the borrower. In this instance, the portfolio will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the participation interest, and only upon receipt by the lender of the payments from the borrower. If the portfolio only acquires a participation interest in the loan made by a third party, the portfolio may not be able to control the exercise of any remedies that the lender would have under the senior loan. Such third party participation arrangements are designed to give senior loan investors preferential treatment over high yield investors in the event of deterioration in the credit quality of the issuer. Even when these arrangements exist, however, there can be no assurance that the principal and interest owed on the senior loan will be repaid in full.

*Additional Regulatory Risk relating to Municipal Bonds* – In addition to the various regulatory risks described herein, certain regulations and regulatory initiatives may present additional risks for municipal bonds, the municipal bond markets and municipal bond strategies. The Volcker Rule and the Risk Retention Rule, mandated by the Dodd-Frank Act, may have negative implications with respect to the ability of banks to sponsor TOB trusts and the current structure of TOBs. The treatment of municipal bonds under the liquidity coverage ratio (LCR) requirements of Basel III, the international standard for bank capital requirements, also raises risks. The failure to give banks appropriate credit for their municipal bond holdings under such LCR requirements may entail risks to the efficient function of the municipal market and the value of municipal bonds.

## Equity Risks

### General Equity Risks

*Common Stock Risk* - Stocks may decline significantly in price over short or extended periods of time. Price changes may occur in the market as a whole, or they may occur in only a particular country, company, industry, or sector of the market. In addition, the types of stocks in which a particular portfolio invests, such as value stocks, growth stocks, large-capitalization stocks, mid-capitalization stocks, small-capitalization stocks and/or micro-capitalization stocks, may underperform the market as a whole. In addition, growth stocks can be more volatile than other types of stocks. Value stocks can continue to be undervalued by the market for long periods of time. Additionally, dividends paid on common stocks can vary significantly over the short-term and long-term. Dividends on common stocks are not fixed, but are declared at the discretion of an issuer's board of directors. There is no guarantee that the issuers of common stocks in which a portfolio invests will declare dividends in the future, or that if declared they will remain at current levels or increase over time.

### Equity Risks Related to Particular Strategies

*Illiquid Securities Risk* - Illiquid securities are securities that are not readily marketable, and may include some restricted securities, which are securities that may not be resold to the public without an effective registration statement under the Securities Act or, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. Illiquid

securities involve the risk that the securities will not be able to be sold at the time desired or at prices approximating the value at which a portfolio is carrying the securities on its books.

*Small-Cap Stock Risk* - Small-cap companies involve substantial risk. Small-cap companies may lack the management expertise, financial resources, product diversification, and competitive strengths of larger companies. Prices of small-cap stocks may be subject to more abrupt or erratic movements than stock prices of larger, more established companies or the market averages in general. In addition, the frequency and volume of their trading may be less than is typical of larger companies, making them subject to wider price fluctuations. In some cases, there could be difficulties in selling the stocks of small-cap companies at the desired time and price. Stocks at the bottom end of the capitalization range of small-cap companies sometimes are referred to as “micro-cap” stocks. These stocks may be subject to extreme price volatility, as well as limited liquidity and limited research.

*Mid-Cap Stock Risk* - While stocks of mid-cap companies may be slightly less volatile than those of small-cap companies, they still involve substantial risk. Mid-cap companies may have limited product lines, markets or financial resources, and they may be dependent on a limited management group. Stocks of mid-cap companies may be subject to more abrupt or erratic market movements than those of large, more established companies or the market averages in general.

*Large-Cap Stock Risk* - To the extent a portfolio invests in large capitalization stocks, the portfolio may underperform portfolios that invest primarily in stocks of smaller capitalization companies during periods when the stocks of such companies are in favor.

*Growth Stock Risk* - Growth stocks tend to be more volatile than certain other types of stocks and their prices usually fluctuate more dramatically than the overall stock market. A stock with growth characteristics can have sharp price declines due to decreases in current or expected earnings and may lack dividends that can help cushion its share price in a declining market.

*Energy Risk* - A portfolio may at times have significant investments in energy commodities, which could result in the portfolio performing poorly during a downturn in one or more of the industries that heavily impact the energy sector. General risks of the energy sector include volatile fluctuations in price and supply of energy fuels, international politics, terrorist attacks, reduced demand, the success of exploration projects, clean-up and litigation costs relating to oil spills and environmental damage, and tax and other regulatory policies of various governments.

*Short Sales Risk* - When a portfolio sells a stock short, it sells borrowed securities in anticipation that the borrowed securities will underperform the market, thereby enabling the portfolio to replace the borrowed securities at a lower price. Short sales expose the portfolio to the risk that it will be required to buy the security sold short (also known as “covering” the short position) at a time when the security has appreciated in value, thus resulting in a loss to the portfolio. Short selling is considered “leverage” and may magnify gains or losses for the portfolio. Clients with portfolios that may hold long and short positions should be aware that the value of the stocks held “long” could decline, or could decline at the same time that the value of the stocks held short could increase, resulting in greater losses. The portfolio’s investment adviser may not be able to close out short positions at an advantageous time or at a favorable price. Unlike stocks held long, the potential of loss on stocks sold short is unlimited.

*Style-Specific Risk* - Different types of stocks tend to shift in and out of favor depending on market and economic conditions. To the extent a portfolio emphasizes a value or growth style of investing, a portfolio runs the risk that undervalued companies’ valuations will never improve or that growth companies may be more volatile than other types of investments, respectively.

*Index Replication/Tracking Risk* - The ability of portfolios to replicate the performance of their respective broad-based indices may be affected by, among other things, changes in securities markets, the manner in which performance of the index is calculated, changes in the composition

of the index, the composition of the portfolio, the amount and timing of cash flows into and out of the portfolio, commissions, sales charges (if any), and other expenses.

*Frequent Trading Risk* – Frequent trading of portfolio securities may produce capital gains, which are taxable to shareholders when distributed. Frequent trading may also increase the amount of commissions or mark-ups to broker-dealers that a portfolio pays when it buys and sells securities, which may detract from portfolio performance.

*Initial Public Offering Risk* - By virtue of its size and institutional nature, an adviser may have greater access to IPOs than individual investors. Most IPOs involve a high degree of risk not normally associated with offerings of more seasoned companies. Companies involved in IPOs generally have limited operating histories, and their prospects for future profitability are uncertain. These companies often are engaged in new and evolving businesses, and are particularly vulnerable to competition and to changes in technology, markets and economic conditions. They may be dependent on certain key managers and third parties, need more personnel and other resources to manage growth and require significant additional capital. They may also be dependent on limited product lines and uncertain property rights, and need regulatory approvals. Investors in IPOs can be affected by substantial dilution in the value of their shares, by sales of additional shares and by concentration of control in existing management and principal shareholders. Stock prices of IPOs can also be highly unstable, due to the absence of a prior public market, the small number of shares available for trading and limited investor information. IPOs will frequently be sold within 12 months of purchase. This may result in increased short-term capital gains, which will be taxable to shareholders as ordinary income.

*Master Limited Partnership (MLP) Risk* - An investment in an MLP exposes the portfolio to the legal and tax risks associated with investing in partnerships. MLPs may have limited financial resources, their securities may be relatively illiquid, and they may be subject to more erratic price movements because of the underlying assets they hold.

*Real Estate Investment Risk* - The real estate industry has been subject to substantial fluctuations and declines on a local, regional and national basis in the past and may continue to be in the future. Also, the value of a REIT or similar investment can be hurt by economic downturns or by changes in real estate values, rents, property taxes, interest rates, tax treatment, regulations, or the legal structure of the REIT or similar investment.

*Market Neutral Style Risk* - A market neutral strategy may underperform compared to the general stock market or other equity strategies that do not utilize a market neutral strategy. For example, in a rising stock market, a portfolio's short positions may significantly impact its overall performance and cause it to underperform traditional long-only equity portfolios or to sustain losses, particularly in a sharply rising market. In addition, there is no guarantee that a Subadviser will be able to construct a portfolio that limits exposure to market movements. Further, market neutral strategies may involve frequent trading through rebalancing long and short positions in an attempt to maintain a market neutral position.

*Infrastructure Sector Risk* - Because infrastructure portfolios concentrate their investments in infrastructure-related securities, the portfolios have greater exposure to adverse economic, regulatory, political, legal, and other changes affecting the issuers of such securities. Infrastructure-related businesses are subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, costs associated with environmental and other regulations, the effects of economic slowdown and surplus capacity, increased competition from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors. Additionally, infrastructure-related entities may be subject to regulation by various governmental authorities and may also be affected by governmental regulation of rates charged to customers, service interruption and/or legal challenges due to environmental, operational or other mishaps and

the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards. There is also the risk that corruption may negatively affect publicly-funded infrastructure projects, especially in emerging markets, resulting in delays and cost overruns.

*Short Selling Risk* - Strategies that include short selling will incur a loss as a result of a short sale if the price of the security sold short increases in value between the date of the short sale and the date on which the portfolio purchases the security to replace the borrowed security. In addition, a lender may request, or market conditions may dictate, that securities sold short be returned to the lender on short notice, which may result in the portfolio having to buy the securities sold short at an unfavorable price. If this occurs, any anticipated gain to the portfolio may be reduced or eliminated or the short sale may result in a loss. In a rising stock market, a portfolio's short positions may significantly impact the portfolio's overall performance and cause the portfolio to underperform traditional long-only equity strategies or to sustain losses, particularly in a sharply rising market. The use of short sales may also cause the portfolio to have higher expenses than long only portfolios. Short sales are speculative transactions and involve special risks, including greater reliance on the Subadviser's ability to accurately anticipate the future value of a security. Because losses on short sales arise from increases in the value of the security sold short, such losses are theoretically unlimited. By contrast, a loss on a long position arises from decreases in the value of the security and is limited by the fact that a security's value cannot go below zero.

The combination of short sales with long positions in a portfolio in an attempt to improve performance or reduce overall portfolio risk may not be successful and may result in greater losses or lower positive returns than if the portfolio held only long positions. It is possible that a portfolio's long securities positions will decline in value at the same time that the value of its short securities positions increase, thereby increasing potential losses to the portfolio. In addition, a portfolio's short selling strategies may limit its ability to fully benefit from increases in the equity markets.

To the extent a portfolio invests the proceeds received from selling securities short in additional long positions, the portfolio is engaging in a form of leverage. The use of leverage may increase the portfolio's exposure to long positions and make any change in the portfolio's value greater than it would be without the use of leverage. This could result in increased volatility of returns.

## **International/Global Risks**

### **General International/Global Risks**

*Correlation Risk* - The U.S. and non-U.S. equity markets often rise and fall at different times or by different amounts due to economic or other developments particular to a given country or region. This phenomenon would tend to lower the overall price volatility of a portfolio that included both U.S. and non-U.S. stocks. Sometimes, however, global trends will cause the U.S. and non-U.S. markets to move in the same direction, reducing or eliminating the risk reduction benefit of international investing.

*Non-U.S./Emerging Markets Risk* - Non-U.S. issuers or U.S. issuers with significant non-U.S. operations may be subject to risks in addition to those of issuers located in or that principally operate in the United States as a result of, among other things, political, social and economic developments abroad and different legal, regulatory and tax environments. These additional risks may be heightened for securities of issuers located in, or with significant operations in, emerging market countries.

*Non-U.S. Government/Sovereign Debt Risk* - Investment in the debt of non-U.S. governments can involve a high degree of risk. The governmental or non-U.S. sovereign issuer that controls the repayment of debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. An issuer's willingness or ability to repay the principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a

payment is due, the relative size of the debt service burden to the economy as a whole and the political constraints to which a governmental entity may be subject. Governmental entities also may be dependent on expected disbursements from other foreign governments, multilateral agencies and others abroad to reduce the principal and interest due on their debt.

*International Investing Risk* - Investing in securities or issuers in markets other than the United States involves risks not typically associated with U.S. investing, such as currency risk, risks of trading in non-U.S. securities markets, and political and economic risks.

*Currency Risk* - Because the non-U.S. securities in which the portfolios invest, with the exception of depositary receipts, generally trade in currencies other than the U.S. dollar, changes in currency exchange rates will affect the value of non-U.S. denominated securities, the value of dividends and interest earned from such securities, and gains and losses realized on the sale of securities. A strong U.S. dollar relative to these other currencies will adversely affect the value of a portfolio. Depositary receipts are also subject to currency risk.

*Non-U.S. Securities Market Risk* - Securities of many non-U.S. companies or U.S. companies with significant non-U.S. operations may be less liquid and their prices more volatile than securities of comparable U.S. companies. Securities of companies traded in many countries outside the U.S., particularly emerging markets countries, may be subject to further risks due to the inexperience of local investment professionals and financial institutions, the possibility of permanent or temporary termination of trading, and greater spreads between bid and asked prices for securities. In addition, non-U.S. stock exchanges and investment professionals are subject to less governmental regulation, and commissions may be higher than in the United States. Also, there may be delays in the settlement of non-U.S. stock exchange transactions.

*Fixed Income Foreign Investment Risk* - Investment in fixed income securities or financial instruments of foreign issuers involves increased risks due to adverse issuer, political, regulatory, currency, market or economic developments. These developments may impact the ability of a foreign debt issuer to make timely and ultimate payments on its debt obligations to the portfolio or impair the portfolio's ability to enforce its rights against the foreign debt issuer. Foreign investments may also be less liquid and more difficult to value than investments in U.S. issuers.

*Political and Economic Risks* - International investing is subject to the risk of political, social, or economic instability in the country of the issuer of a security, the difficulty of predicting international trade patterns, the possibility of the imposition of exchange controls, expropriation, limits on removal of currency or other assets, and nationalization of assets.

The above risks may be heightened for securities of issuers located in emerging markets countries.

Additionally, a portfolio's income from non-U.S. issuers may be subject to non-U.S. withholding taxes. Non-U.S. companies generally are not subject to uniform accounting, auditing, and financial reporting standards or to other regulatory requirements that apply to U.S. companies; therefore, less information may be available to investors concerning non-U.S. issuers. In addition, some countries restrict to varying degrees foreign investment in their securities markets. These restrictions may limit investment in certain countries or may increase the cost of such investments.

Certain strategies gain international investment exposure by investing in American Depositary Receipts ("ADR"s) and similar depositary receipts. ADRs are the receipts for the shares of a non-U.S.-based company traded on U.S. exchanges. ADR portfolios may have reduced exposure to the range of international investment opportunities available through ordinary U.S. securities. ADRs may be more thinly traded in the U.S. than the underlying shares traded in the country of

origin, which may increase volatility and affect purchase or sale prices. ADRs do not eliminate the currency and economic risks associated with international investing. To the extent a portfolio invests in ADRs and other depositary receipts, a portfolio will be generally subject to substantially all of the same risks as when investing directly in ordinary non-U.S. securities. To the extent that a Subadviser purchases non-U.S. ordinary shares and arranges for such shares to be converted into ADRs, portfolios will incur certain fees and costs associated with the conversion. Such fees and costs may be attributable to local broker fees, stamp fees, and local taxes, and are generally included in the net price of the ADR.

*Recent Global Market Conditions* - The global financial crisis, including the European sovereign debt crisis, resulted, and may continue to result, in an unusually high degree of volatility in the financial markets. Liquidity in some markets has decreased; the ability to obtain credit has become challenging worldwide; and the values of some sovereign debt and of securities of issuers that hold that sovereign debt have fallen. These market conditions may continue or possibly deteriorate further, and may add significantly to the risk of short-term volatility in a portfolio. Under such conditions, it may also become very difficult to execute portfolio transactions in affected markets. In addition, global economies and financial markets are becoming increasingly interconnected, which increases the possibility that conditions in one country or region might impact issuers in a different country or region, sometimes adversely. In response to the crisis, the European Union, the U.S. and various governments, as well as the European Central Bank, the U.S. Federal Reserve and other central banks, took steps to support financial markets. Withdrawal of this support, failure of efforts in response to the crisis, or investor perception that such efforts are not succeeding, could adversely impact the value and liquidity of certain securities. The severity or duration of these conditions may also be affected by policy changes made by governments or quasi-governmental organizations. Because the situation was widespread and largely unprecedented, and its effects continue to be felt in many markets, it may be unusually difficult to identify both risks and opportunities using past models of the interplay of market forces or to predict the duration of these market conditions, and therefore the effects of these potential events on a portfolio is impossible to predict.

### **Asset Allocation Risk**

*Underlying Fund Risk* - Investing in underlying funds and in unaffiliated investment companies, particularly in an asset allocation portfolio, causes a shareholder in a portfolio to indirectly bear the portfolio's portion of the costs and expenses of the underlying fund, in addition to portfolio expenses. Investing in underlying funds also subjects a shareholder to the same risks associated with directly investing in securities held by the underlying fund. Additionally, for index-based funds (including ETFs), the performance of the fund may diverge from the performance of such index (commonly known as tracking error).

*ETN Risk* - Like other index-tracking instruments, ETNs are subject to the risk that the value of the index may decline, at times sharply and unpredictably. In addition, ETNs, which are debt instruments, are subject to risk of default by the issuer.

*Statistical Method Risk* - Certain allocation strategies attempt to keep its volatility within a specified range using a proprietary statistical method. There can be no assurance that this method will perform as anticipated or enable an account to achieve its objective.

*Index Methodology Risk* - There can be no assurance that the U.S. or any foreign inflation index will accurately measure the real rate of inflation in the prices of goods and services.

*Allocation Risk* - An actively managed asset allocation strategy and its performance will reflect the Subadviser's ability to make asset allocation and other investment decisions to achieve the portfolio's investment objective. Due to its active management, the portfolio could underperform other accounts with similar investment objectives.



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The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment strategy. Prospective clients and clients are encouraged to consult their own financial advisors and legal and tax professionals on an initial and continuous basis in connection with selecting and engaging the services of an investment manager for a particular strategy. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed herein.

**ITEM 9            DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of or the integrity of NIA or its management persons.

## **ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Certain management persons and/or other personnel of NIA may be registered as registered representatives and associated persons of Nuveen Securities, an affiliated broker-dealer.

As discussed above, NIA is a subsidiary of Nuveen Investments, which is an indirect subsidiary of TIAA Global Asset Management, LLC ("TGAM"). TGAM is a subsidiary, and represents the Asset Management division, of TIAA, a leading financial services provider. TIAA constitutes the ultimate principal owner of NIA. For additional information on the TIAA ownership structure, please see Form ADV Part 1, Schedules A and B.

TIAA's subsidiaries include various financial entities, including broker-dealers, other investment advisers, commodity pool operators and/or commodity trading advisers, banking or thrift institutions, insurance companies or agencies, pension consultants, sponsors or syndicators of limited partnerships, and sponsors, general partners, or managing members of pooled investment vehicles, among other entities. For further information on these subsidiaries, please see Exhibit A.

TIAA is considered a control person of NIA and TIAA's other financial industry entities may be considered affiliates of NIA under various other regulatory regimes, including as applicable the Investment Advisers Act, the 1940 Act and the Employee Retirement Income Security Act of 1974 ("ERISA").

Neither TIAA nor its other affiliates have material involvement in NIA's day-to-day investment and voting determinations on behalf of clients. NIA exercises its own independent investment and voting discretion in accordance with its investment philosophy, fiduciary duties and client guidelines, and NIA maintains certain information barriers designed generally to provide for such independent exercise of investment and voting power.

At any given time, each of NIA, on one hand, and TIAA and its other affiliates, on the other hand, will engage in their own respective commercial activities with a view toward advancing their own respective business interests. These activities and interests potentially include multiple advisory, transactional, financial, and other interests in securities, financial instruments and companies, and a wide variety of financial services activities. NIA is committed to putting the interests of its clients first and seeks to act in a manner consistent with its fiduciary and contractual obligations to its clients and effected in accordance with applicable law. At times, NIA may determine, in an exercise of its discretion, to limit or refrain from entering into certain transactions, for some or all clients, in order to seek to avoid a potential conflict of interest, or where the legal, regulatory, administrative or other costs associated with entering into the transaction are deemed by NIA to outweigh the expected benefits. Further, certain regulatory and legal restrictions or limitations and internal policies (including those relating to the aggregation of different account holdings by NIA and its affiliates) may restrict certain investment or voting activities of NIA on behalf of its clients. For example, NIA and Subadvisers reserve the right to limit its investment or voting activities with respect to certain securities, issuers, regulated industries and non-U.S. markets where applicable laws or regulations would impose limits or burdens with respect to exceeding certain investment thresholds when aggregated with its affiliates.

To the extent permitted by the Advisers Act, the 1940 Act, ERISA, and other law, as applicable, NIA may give advice, take action or refrain from acting in limiting purchases, selling existing investments, or otherwise restricting or limiting the exercise of rights, including voting rights, in the performance of its duties for certain client accounts that may differ from such advice or action, or the timing or nature of such advice or action, for other client accounts including, for example, for clients subject to one or more regulatory frameworks.

TIAA affiliates market, distribute, make referrals of, use and/or recommend investment products and services (including funds and pooled investment vehicles, and investment advisory services) of other affiliates (including NIA), and such affiliates may pay and receive fees and compensation

in connection thereto. As a result of the potential economic benefit to NIA and/or its affiliates resulting from such activities, there is a potential conflict of interest for NIA, which NIA seeks to mitigate in a variety of ways, depending on the nature of the conflict, such as through oversight of these activities and/or by disclosure in this Brochure. To the extent permitted by applicable law, NIA may delegate some or all of its responsibilities to one or more affiliates, including affiliated investment advisers. NIA's affiliates may likewise delegate some or all responsibilities to NIA. Affiliated broker-dealers and their personnel act as distributors with respect to and/or promote and provide marketing support to affiliated Funds and broker-dealer personnel are internally compensated for those activities. Such distribution activities are subject to the broker-dealer's own procedures.

Where NIA-advised MSAs employ the use of Affiliated Subadvisers, NIA and its affiliates retain a greater amount of the total fees than if unaffiliated Subadvisers are used. NIA addresses this conflict by disclosing in this Brochure and other materials its affiliation with an Affiliated Subadviser.

NIA's affiliates or shared services units provide it with supplemental account administration, trading, operations, client service, sales and marketing, product development and management, risk management, information technology, legal and compliance services, human resources and other corporate, finance or administrative services. The scope of certain such services varies depending on the particular strategy, distribution channel, program, and client size and type.

Within TGAM, the Retail and High Net Worth Product & Distribution business unit supports certain products designed for the retail and high net worth marketplace, and this business unit and its products may be referred to by the "Nuveen Investments" or "Nuveen" brand.

In addition to providing investment advisory services, NIA also provides marketing services regarding its Affiliated Advisers, including preparing and providing various marketing materials in the retail managed account program channel to financial advisors, clients and prospective clients. When providing such materials to certain wrap fee program sponsors (or other firms), NIA may be requested to provide information in a manner determined by the sponsor or firm. For marketing services on behalf of Affiliated Advisers, NIA may be compensated or reimbursed through internal inter-company arrangements.

**ITEM 11            CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT  
TRANSACTIONS AND PERSONAL TRADING**

Code of Ethics

NIA has adopted policies and procedures ("Code of Ethics") designed to detect and prevent conflicts of interest relating to personal trading by its employees and to ensure that NIA effects transactions for clients in a manner that is consistent with its fiduciary duty to its clients and in accordance with applicable law. NIA's employees who wish to purchase or sell most types of securities may do so only in compliance with certain procedures outlined in the Code of Ethics, such as pre-approval by compliance personnel and periodic holdings reporting. Additionally, NIA employees are prohibited from effecting transactions in individual municipal securities.

NIA's Code of Ethics also prohibits the misuse of material nonpublic information and confidential information. A copy of NIA's Code of Ethics will be provided upon request of any client or prospective client. Please see the cover page to this Brochure for contact information.

Initially and from time to time, employees of NIA and its affiliates may invest in an affiliated Fund of NIA or its affiliates. Such investments may represent all of or a significant percentage of the affiliated Fund's assets. NIA or its affiliated entities also may establish proprietary separate accounts, including seed capital accounts.

To the extent that NIA or its employees have established a separate proprietary account or have made investments in an affiliated Fund that is equal to or greater than 25% of the affiliated Fund's assets, such affiliated Funds or proprietary accounts are managed in a manner consistent with NIA's fiduciary duty to its other clients to address the potential conflicts of interest resulting from this situation. It is the general policy that affiliated Funds or proprietary accounts should receive neither special advantages nor disadvantages.

NIA and its related persons may invest in securities for their personal accounts that are also recommended to NIA clients. Potential conflicts arise in this situation because NIA or its related persons may have a material interest in or relationship with the issuer of a security, or may use knowledge about pending or currently considered securities transactions for clients to profit personally. To address these potential conflicts, each employee is required to provide NIA and/or certain related persons with securities trading activity reports and securities holding reports upon commencement of employment and thereafter on a quarterly and annual basis. In addition, employee transactions are subject to limitations regarding the type and timing of transactions, including certain trading prohibitions, and pre-approval and monitoring by compliance professionals of NIA and/or certain related persons.

NIA, its employees and its affiliates may give advice and take action in the performance of their duties for some clients that may differ from advice given, or the timing or nature of actions taken, for other clients or for their proprietary or personal accounts.

Subject to the restrictions described above, NIA and its employees may at any time hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which a client account may have an interest from time to time. NIA has no obligation to acquire for a client account a position in any investment which it, acting on behalf of another client, or an employee, may acquire, and the client accounts shall not have first refusal, co-investment or other rights in respect of any such investment.

The following restrictions apply to related persons of NIA who (i) in connection with their regular functions or duties make or participate in making recommendations regarding the purchase or sale of securities for a client account, or (ii) are natural persons in a control relationship with NIA or its affiliates and obtain information concerning recommendations made to a client account, portfolio

managers, portfolio assistants, securities analysts, traders, or any other persons designated as such by NIA or any affiliated entity (each such person is an "Investment Person").

In the event that a client account transacts within seven (7) days preceding or following an Investment Person's transaction in the same (or related, or equivalent) security, the Investment Person may be required to dispose of the security and/or disgorge any profits associated with his or her transaction. Such disposal and/or disgorgement may be required notwithstanding any prior written approval granted.

With respect to other related persons that are not Investment Persons, NIA and its advisory affiliates maintain procedures (including certain information barriers) designed generally to provide for independent exercise of investment and voting power.

To the extent NIA determines that there is no material conflict of interest, certain officers and employees of NIA from time to time may engage in outside business activities, including serving on boards of unaffiliated entities.

#### Cross Trades

For certain client accounts, in accordance with applicable law, NIA or the Subadviser may effect cross trades between the accounts of clients advised by it or its affiliates in appropriate circumstances.

Any cross trades involving U.S. registered open-end and closed-end investment companies are carried out in accordance with Rule 17a-7 under the 1940 Act and applicable policies and procedures.

Cross trades involving accounts subject to ERISA are not generally permitted.

For additional information, see Item 10.

## ITEM 12      **BROKERAGE PRACTICES**

Generally, the overall objective in effecting portfolio transactions for NIA or the Subadviser will be to seek to obtain the best combination of net price and execution under the circumstances. The best net price, giving effect to brokerage commission, if any, and other transaction costs, is normally an important factor in this decision, but a number of other judgmental factors may also enter into the decision. These generally include: knowledge of negotiated commissions rates currently available and other current transaction costs; the nature of the security being traded; the size of the transaction; the desired timing of the trade; the activity existing and expected in the market for the particular security; confidentiality; the execution, clearance and settlement capabilities of the broker or dealer selected, including status as a market-maker in the security, and others which are considered; knowledge of the financial stability of the broker or dealer selected and such other brokers or dealers; and knowledge of actual or apparent operational problems of any broker-dealer. Recognizing the value of these factors, NIA or Subadviser may pay a brokerage commission in excess of that which another broker might have charged for affecting the same transaction. NIA or a Subadviser may choose a broker on a best execution basis that has referred or introduced potential clients to NIA or the Subadviser, or that has other business relationships with NIA or the Subadviser.

With respect to NIA advisory accounts that include allocations to Subadvisers, Subadvisers normally will have authority to direct the investments of that portion of a client's account allocated to it without prior consultation with NIA or the client. Pursuant to this authority, the Subadviser normally will determine which securities are bought and sold for the portion of the account, the total amount of such purchases and sales, the brokers or dealers through which transactions will be executed, and the commission rates or other transaction fees paid to effect the transactions.

NIA provides general investment services oversight with respect to Subadviser's services, including identifying and quantifying the impact of the use of derivatives and counterparty exposures. For detailed information about a particular Subadviser and its services, including the factors it considers in selecting or recommending broker-dealers for client transactions, please refer to the relevant Subadviser's Form ADV Part 2A. Any description of a Subadviser's services and practices contained herein is qualified in its entirety by the Subadviser's Form ADV.

For certain SMA accounts and for certain Subadvisers, NIA (or NGO) may provide the implementation services relating to the execution of securities transactions based on the Subadviser's investment directions (generally provided in the form of model portfolios to NIA). In such cases, NIA (or NGO) will typically trade with the program sponsor or relevant account custodian. There are typically no or minimal brokerage charges associated with such purchases of Fund shares in SMA Accounts, and in wrap fee programs such costs are typically included in the wrap fee paid by a client. Certain broker-dealers serving as custodian charge ticket charges and fees for settling transactions and clients should review the terms and conditions imposed by custodians for custody services.

For SMA Accounts in wrap fee programs (and certain partially-bundled dual contract arrangements where a client has contracted with the sponsor for certain services (typically custody, financial advisory, and certain trading, but excluding investment management) on a bundled basis), clients are not charged separate commissions on each trade so long as the program sponsor (or a broker-dealer designated by the sponsor) executes the trade, a portion of the wrap fee generally is considered as in lieu of commissions or other transaction costs. Thus, NIA or a Subadviser may place trades with the wrap sponsor (or its broker-dealer affiliate) to avoid incurring brokerage costs or other transaction costs in addition to the wrap fee. In particular, a Subadviser generally trades with the program sponsor where an asset class is highly liquid, such as large cap growth equities, or where the Subadviser's investment process or philosophy with respect to the particular asset class or strategy does not call for the use of trading away to seek to achieve best execution under the circumstances. In other cases, NIA or the Subadviser may determine to trade away from the wrap program sponsor or its affiliate when deemed to be in the best interest of clients, and clients

may incur costs and fees in connection with such trades in addition to the wrap fee payable to the wrap program sponsor. These trades may be shown “net” on account statements (inclusive of transaction costs). In particular, a Subadviser generally trades away from the wrap sponsor when the Subadviser believes that such sponsor or its affiliate cannot provide best price or execution under the circumstances, such as the case with municipal bond and certain other fixed income strategies, and certain international and value equity strategies. Wrap fee clients in certain international and global strategies may incur fees and costs associated with the purchase of non-U.S. securities in ordinary form (“ORDs”) and conversion of such ordinary shares into American Depositary Receipts (“ADRs”), in addition to the wrap fee payable to the wrap program sponsor. Further, certain managed accounts programs may impose a significant limitation on the ability of NIA or the Subadviser to seek best price and execution by placing trades through other broker dealers.

When directly executing transactions for client accounts, NIA does not expect to cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (“paying up”), in recognition of the value of the brokerage and research products and services provided by the broker-dealer. Subadvisers may pay up for soft dollar benefits, in recognition of the value of the brokerage and research products and services provided by the broker-dealer. When a Subadviser uses client brokerage commissions or markups or markdowns to obtain research products and services, it receives a benefit because it does not have to produce or pay for such research or products. A Subadviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving research or other products or services, rather than on its clients’ interest in receiving most favorable execution. For additional information on a Subadviser’s soft dollars practices, please see the relevant Subadviser’s Form ADV Part 2A.

Although NIA and the Subadvisers reserve the right to aggregate purchases of securities in a block trade when in the best interest of clients, orders may be processed separately from other orders, and may not be included in aggregated orders. NIA and the Subadvisers generally seek to allocate securities based on the investment needs of the each account on a fair and equitable basis over time.

With respect to NIA accounts that include allocations to Funds, NIA will seek to direct orders of Fund shares in a manner that seeks to meet standards of best execution under the circumstances. For SMA Accounts, NIA will typically trade Fund shares with the program sponsor or relevant account custodian. There are typically no or minimal brokerage charges associated with such purchases of Fund shares in SMA Accounts, and in wrap fee programs such costs are typically included in the wrap fee paid by a client. Certain broker-dealers serving as custodian charge ticket charges and fees for settling transactions. For Institutional Separate Accounts, NIA will typically trade Fund shares with the underlying Funds’ transfer agent or the client’s account custodian. There are typically minimal brokerage charges associated with such purchases.

With respect to the underlying Fund itself, the client will be an investor in the Fund shares, and there will be no advisory relationship between the Fund adviser and the client or NIA. For detailed information about a particular Fund and the relevant practices of such Fund’s investment adviser, please refer to the relevant Fund prospectus and statement of additional information or applicable offering documents. Any description of a Fund contained herein is qualified in its entirety by the Fund prospectus and statement of additional information or applicable offering documents.

For certain client arrangements, NIA or the Subadviser may also have the authority to negotiate and enter into investment arrangements with respect to derivatives, including swaps, futures, options and other types of exchange-traded or over-the-counter (OTC) arrangements on behalf of its client accounts. NIA or the Subadviser enters into derivatives transactions for a variety of purposes relating to a client’s objectives, including seeking to tilt a client portfolio in a certain investment direction, taking advantage of an investment opportunity, hedging a risk (e.g., interest rate risk) or for other investment purposes. Counterparties to these derivatives transactions are



selected based on a number of factors, including credit rating, execution prices, execution capability with respect to complex derivative structures, reputation, responsiveness and/or other criteria relevant to a particular transaction.

For more information on wrap fee programs, see Item 4.

## **ITEM 13      REVIEW OF ACCOUNTS**

### **General Description**

NIA provides monitoring and oversight of the accounts it manages, and accounts are reviewed on an exception basis.

Discretionary advisory accounts are regularly reviewed by NIA or NGO personnel under the supervision of NIA's investment management head. Non-discretionary advisory accounts are reviewed by NIA or NGO personnel under the supervision of NIA's overlay portfolio management group, in accordance with the particular program requirements, or as otherwise agreed upon with a client.

Where Subadvisers are employed, NIA will generally coordinate with Subadvisers regarding any specific client instructions or restrictions for review of their accounts. Affiliated Subadvisers will review their respective portions of the MSA in accordance with their standard review policies. Non-Affiliated subadvisers will rely on NGO to review their respective portions of the MSA in accordance with predetermined criteria. For a description of a Subadviser's review process, see the Subadviser's Form ADV.

Additional factors that trigger a review of client accounts may include material contributions and withdrawals of cash or securities.

### **Client Reports**

NIA provides portfolio reports to the extent agreed with the client, upon request, or specified under the SMA program agreement. Portfolio reports generally include portfolio holdings and may include performance information. Such reports are not intended to replace a client's custodial account statements as records for official or tax reporting purposes. Clients are encouraged to request and review quarterly account statements (including asset amounts and transactions during the period) sent directly from their custodian (e.g., broker-dealer, bank or trust company). SMA Account clients may receive reports of portfolio holdings and performance from the program sponsor or their relevant financial intermediary.

NIA also may distribute economic commentaries and other materials periodically. Special reports may be prepared to meet specific client requirements. NIA may provide reports to sponsors, financial intermediaries and certain institutional clients that are not regularly sent to clients regarding performance, portfolio holdings and other portfolio information. See Item 4 regarding other reports and materials.

For Fund clients, NIA provides Fund boards with quarterly reports that may include, among other information, holdings and transaction information, performance and attribution analysis, brokerage allocation, accounting data, portfolio reviews, reviews of diversification, and distribution information. NIA also provides additional information or reports as requested by the board. Fund investors receive annual and semi-annual reports and quarterly account statements.

## **ITEM 14            CLIENT REFERRALS AND OTHER COMPENSATION**

In the ordinary course of business, NIA or a related person provides corporate gifts, meals and entertainment such as golfing and tickets to cultural and sporting events to personnel of firms that do business with NIA or its affiliates. Such gifts, meals and entertainment provided by NIA or a related person generate a conflict of interest to the extent that they create an incentive for the recipient or beneficiary to use, recommend, offer or include products or services of NIA in a particular program, include NIA in a preferred list of advisers, or refer clients to NIA. In the ordinary course of business NIA employees also are the recipients of corporate gifts, meals and entertainment. NIA's receipt of gifts, meals and entertainment generates a conflict of interest to the extent that they create an incentive for the recipient or beneficiary to use the services of the provider (e.g., in the case of a broker-dealer, brokerage services) of the gifts, meals and entertainment. The giving and receipt of gifts and other benefits are subject to limitations under internal policies and procedures.

In addition to its investment advisory activities, NIA markets the services of its Affiliated Advisers. NIA may be compensated through inter-company arrangements for such services.

NIA pays fees to consultants for their advice and services, industry information or data, or conference attendance, and may pay fees to financial intermediaries for referrals of separate account clients. If a particular payment constitutes, in NIA's judgment, a client solicitation arrangement under Rule 206(4)-3 under the Investment Advisers Act of 1940, NIA will comply with the Rule. The payment of fees to consultants generates a conflict of interest to the extent that such payment creates an incentive for the recipient or beneficiary to use, recommend, offer or include products or services of NIA in a particular program, include NIA in a preferred list of advisers, or refer clients to NIA.

NIA is affiliated with the Nuveen Investments Wealth Management Services group, a division that provides free general educational services to financial advisors of program sponsors and other financial intermediaries who typically offer or use products or services of NIA and/or its advisory affiliates. Nuveen Investments Wealth Management Services makes available various financial and educational tools, reports, materials and presentations on current industry topics relevant to a financial advisor. Certain financial tools and illustrations may use data provided by a financial advisor. Materials and services provided by the Nuveen Investments Wealth Management Services group are not intended to constitute financial planning, tax, legal, or investment advice and are for educational purposes only. The provision of Nuveen Investments Wealth Management services and materials generates a conflict of interest to the extent that such provision creates an incentive for the recipient or beneficiary to use, recommend, offer or include products or services of NIA in a particular program, include NIA in a preferred list of advisers, or refer clients to NIA.

In appropriate instances, NIA and its related persons refer business to each other with respect to each other's products and services. Prospects and clients to whom such referrals have been made should be aware of the conflict inherent in such referral as a result of the common control of such parties. See Item 10.

In the ordinary course of business, NIA (or an affiliate) makes payments to firms or persons that use, recommend, offer or include separate account products or services of NIA (and its affiliates) in a particular program, include NIA (and its affiliates) in a preferred list of advisers, or refer separate account clients to NIA (or its affiliates). The types of payments include, without limitation, conference, program or event attendance, participation or exhibition sponsorship fees; educational and training fees; license, data access, operational or administrative fees; or fees linked to program participation or specific marketing initiatives within an existing program or new program. The amounts of such payments, which are generally made on an enterprise-wide basis, can be significant for certain SMA program sponsor or financial intermediary firm recipients (e.g., up to or in excess of \$1 million annually). NIA (or an affiliate on NIA's behalf) sometimes pays travel, meal and entertainment expenses for a firm's representatives and others who visit NIA's or its affiliate's

offices or other locations (including hotels and conference centers) to learn about its products and services. The foregoing payments generate a conflict to the extent that they create an incentive for the recipient or beneficiary of the payment to use, recommend, offer or include products or services of NIA in a particular program, include NIA in a preferred list of advisers, or refer clients to NIA.

NIA (or an affiliate on NIA's behalf) also makes charitable contributions or underwrites or sponsors charitable events at the request of others. Payments described above vary significantly from firm to firm depending on the nature of NIA's and its affiliated investment advisers' separate account activities with the firm and the amount of the firm's separate account client assets under NIA's and its affiliated investment advisers' management. Such contributions generate a conflict to the extent that they create an incentive for the recipient or beneficiary of the payment to use, recommend, offer or include products or services of NIA in a particular program, include NIA in a preferred list of advisers, or refer clients to NIA. Payments are subject to NIA or a related person's internal review and approval procedures.

SMA Account clients are encouraged to request and review materials from program sponsors (such as a sponsor's program brochure) describing business and financial terms and arrangements between program sponsors and investment advisers. All clients are encouraged to make relevant inquiries of their financial advisory firms and financial advisors, consultants and other intermediaries regarding the arrangements and practices described above.

In addition to the foregoing, with respect to Funds, NIA or an affiliate makes payments to firms or individuals that use, offer or sell shares of the Funds advised by NIA, or place the Funds on a recommended or preferred list. Such Fund-related payments may generate a conflict to the extent that they create an incentive for the recipient or beneficiary of the payment to use, offer or sell shares of the Funds advised by NIA, or place the Funds on a recommended or preferred list. Fund investors should review a Fund's prospectus (or statement of additional information) for important information about such Fund-related payments.

## **ITEM 15            CUSTODY**

Clients should receive quarterly or monthly account statements from the broker-dealer, bank or other financial services firm that serves as qualified custodian to their account(s), and clients should carefully review those statements. Clients who do not receive such account statements are encouraged to follow-up directly with their custodian and request such statements. Clients who receive additional reports from NIA are urged to compare these reports to the account statements they receive from the qualified custodian. NIA's reports are generally preliminary and may vary from custodial statements based on accounting procedures, reporting dates, valuation methodologies and other factors. They are not intended to be a substitute for account statements provided by a qualified custodian, and should not be used for official purposes.

In the event of an inadvertent receipt of check or other financial instrument payable to a client, NIA reserves the right to send the check or instrument to the client or its custodian rather than back to the original sender when it believes that such procedure provides the best overall protection for the underlying assets.

Individual clients who seek to direct transfers or payments from their separate account to third parties (e.g., to pay bills or transfer funds) should directly contact and instruct the account's custodian and/or primary financial advisor. It is generally outside the scope of NIA's authority and services to process or intermediate such instructions.

## **ITEM 16            INVESTMENT DISCRETION**

NIA offers a broad range of strategic and tactical allocation and related investment management and administrative services. NIA's services can vary widely depending on the particular arrangement. Such services include the recommendation, selection and/or investment in or through Subadvisers and/or Funds, on a discretionary basis or on a non-discretionary and/or model portfolio basis.

NIA endeavors to follow reasonable directions, investment guidelines and limitations. NIA will not be able to accommodate investment restrictions that are unduly burdensome or materially incompatible with the parameters for the particular strategy (or investment approach of the particular Subadviser, if applicable), and reserves the right to decline to accept or terminate client accounts with such restrictions. In addition, NIA reserves the right to decline to permit any account restriction that affects more than a stated percentage of the account.

NIA provides investment advisory services based upon the particularized needs of the client as reflected in information provided to NIA by the sponsor, and will generally make itself available for direct telephone conversations or in-person meetings as reasonably requested by clients and/or sponsors. Clients are encouraged to consult their own financial advisors and legal and tax professionals on an initial and continuous basis in connection with selecting and engaging the services of an investment manager in a particular strategy and participating in a wrap or other program. In the course of providing services to program clients who have financial advisors, NIA generally relies on information or directions communicated by the financial advisor acting with apparent authority on behalf of its client. NIA has no ongoing responsibility to assess for a program client the value of services provided by the program sponsor.

For additional information about NIA's investment advisory services and investment restrictions, see Item 4.

## ITEM 17 VOTING CLIENT SECURITIES

In cases where NIA invests directly in securities that issue proxies and has the authority to vote proxies, NIA will generally vote such proxies. NIA does not vote proxies where a client withholds proxy voting authority, and in certain nondiscretionary and model programs. When voting, NIA votes proxies in accordance with its policies and procedures in effect from time to time. NIA's compliance team provides oversight of NIA's proxy voting policies and procedures, including providing an administrative framework to facilitate and monitor the exercise of such proxy voting, and to fulfill obligations of reporting and recordkeeping under the federal securities laws.

In cases where Subadvisers are used, the Subadviser is generally responsible for voting proxies relating to the assets under its discretionary management in accordance with the Subadviser's proxy voting policies and procedures. For detailed information about a particular Subadviser's proxy voting policies and procedures, including how a Subadviser addresses conflicts of interest, please refer to the relevant Subadviser's Form ADV. In certain arrangements, NIA may perform or cause to be performed administrative and/or recordkeeping functions, and will ensure that proxy voting records with respect to a client account are made available to a client as reasonably requested. On occasion, where MSA sleeves contain overlapping securities and program sponsors provide proxies with respect to such securities on an aggregated basis in a manner that limits the exercise of individual Subadviser proxy voting, NIA may engage an independent third party or proxy voting service to vote such proxy or to determine how the proxy should be voted.

NIA has approved and adopted the proxy voting policies of an independent third party, Institutional Shareholder Services, Inc. ("ISS"), a leading national provider of proxy voting administrative and research services. As a result, such policies set forth NIA's positions on recurring proxy issues and criteria for addressing non-recurring issues. These policies are reviewed periodically by ISS, and therefore are subject to change. Even though it has adopted ISS's policies, NIA maintains the fiduciary responsibility for all proxy voting decisions. From time to time, a portfolio manager may initiate action to override ISS's recommendation for a particular vote. Any such override will be reviewed by NIA's compliance department for material conflicts. If the compliance department determines that no material conflicts exist, the override shall be approved. If it is concluded that a material conflict does exist for NIA, NIA's compliance team will recommend to senior management a course of action designed to address the conflict. Such actions could include, but are not limited to: (1) obtaining instructions from the affected clients on how to vote the proxy; (2) disclosing the conflict to the affected clients and seeking their consent to permit NIA to vote the proxy; (3) voting in proportion to the other shareholders; (4) recusing the relevant person associated with the conflict from discussion or consideration of the matter, if the material conflict is due to such person's actual or potential conflict of interest; or (5) following the recommendation of a different independent third party.

NIA's policy permits it to refrain from voting where it determines that it would be in the client's overall best interest not to vote. In special circumstances, as an alternative to reliance on an independent third party, NIA may vote a proxy with the consent or based on the instructions of the client or its representative. Day-to-day administration of proxy voting may be provided internally or by a third party service provider, depending on client type.

Upon request of a client, NIA shall provide its proxy voting policy and information on how proxies were voted on behalf of the client. NIA is responsible for coordinating with Subadvisers to provide proxy voting information to clients.

### Legal Actions

Neither NIA nor a Subadviser is under any obligation to advise or act for clients in legal proceedings including bankruptcies and class actions involving securities purchased or held in client accounts. NIA generally notifies or transmits copies of legal materials it receives to the client, program

sponsor, client custodian or other client representative. In certain situations, NIA may provide administrative assistance.



**ITEM 18        FINANCIAL INFORMATION**

NIA does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, thus, has not included a balance sheet of its most recent fiscal year. NIA is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has NIA been the subject of a bankruptcy petition at any time during the past ten years.

## **ADDITIONAL INFORMATION**

### **NOTICE TO CANADIAN CLIENTS**

NIA is exempt from registration as an adviser in Ontario as it meets all of the conditions of an “exempt international adviser.” It is required to take certain steps to rely on that exemption, one of which is to provide its clients with notice of certain matters. Notice is hereby given that:

1. NIA is not registered as a “portfolio manager” in any province or territory of Canada.
2. NIA has its head office at 333 West Wacker Drive, Chicago IL 60606 U.S.A.
3. The local address for service of process against NIA in Ontario is Torys, LLP, 79 Wellington St. West, Toronto, Ontario M5K 1N2.
4. There may be difficulty enforcing legal rights against NIA because it is resident outside Canada and all or substantially all of its assets may be situated outside of Canada.

Any nonpublic personal information NIA receives from Canadian clients will be stored in the U.S. and, as a consequence, may become subject to disclosure in accordance with U.S. laws.

Exhibit A  
TIAA Primary Financial Industry Subsidiaries

Entity Name	Primary Financial Industry or Related Affiliation*
Nuveen Asset Management, LLC	Registered Investment Adviser CFTC Registered Commodity Trading Advisor
Nuveen Fund Advisors, LLC	Registered Investment Adviser CFTC Registered Commodity Pool Operator
Nuveen Investments Advisers, LLC	Registered Investment Adviser
Gresham Investment Management LLC	Registered Investment Adviser CFTC Registered Commodity Pool Operator CFTC Registered Commodity Trading Advisor
NWQ Investment Management Company, LLC	Registered Investment Adviser
Santa Barbara Asset Management, LLC	Registered Investment Adviser
Symphony Asset Management LLC	Registered Investment Adviser
Winslow Capital Management, LLC	Registered Investment Adviser
Nuveen Securities, LLC	Registered Broker Dealer
Nuveen Commodities Asset Management, LLC	CFTC Registered Commodity Pool Operator
Nuveen Investments Holdings, Inc.	Shared services entity
Nuveen Investments Canada Co.	Canadian marketing affiliate
Nuveen Global Investments Ltd	UK FCA Registered Exempt CAD Firm
TIAA-CREF Alternatives Advisors, LLC	Registered Investment Adviser
TIAA-CREF Individual & Institutional Services, LLC (aka TIAA-CREF Advice and Planning Services)	Registered Investment Adviser Registered Broker Dealer
TIAA-CREF Investment Management, LLC	Registered Investment Adviser
TIAA-CREF Tuition Financing, Inc.	Registered Investment Adviser
AGR Partners, LLC	Registered Investment Adviser
Churchill Asset Management LLC	Registered Investment Adviser
Covariance Capital Management, Inc.	Registered Investment Adviser
Greenwood Resources Capital Management LLC	Registered Investment Adviser
Kaspick & Company, LLC	Registered Investment Adviser
Teachers Advisors, Inc.	Registered Investment Adviser
Teachers Personal Investors Services, Inc.	Registered Broker Dealer
Teachers Insurance and Annuity Association of America	Insurance Company or Agency
TIAA-CREF Life Insurance Company	Insurance Company or Agency
TIAA-CREF Insurance Agency, LLC	Insurance Company or Agency
TIAA-CREF Trust Company, FSB	Banking or thrift institution
TIAA-CREF Asset Management UK Limited	UK FCA Registered Investment Adviser
Henderson Property UK AIFM Limited	UK FCA Registered Investment Adviser
TCAM Global UK, Limited	UK FCA Registered Investment Adviser
Henderson Real Estate Asset Management Limited	UK FCA Registered Investment Adviser

\*The list above refers to TIAA subsidiaries in financial industry affiliation categories referenced in Form ADV, Part 2A, Item 10.C, excluding numerous entities organized primarily to serve as sponsor, general partner, managing member (or equivalent) or syndicator of one or more pooled investment vehicles or limited partnerships (or equivalent). For a list of such entities that have material arrangements with the registrant, please see the registrant's Form ADV, Part 1, Section 7.A. of Schedule D. The list above refers to the primary financial industry affiliation category and certain TIAA subsidiaries listed above may have additional financial industry affiliations, as further described in its respective disclosure documents (Form ADV, in the case of a registered investment adviser).