

ITEM 1 – COVER PAGE



NISA Investment Advisors, LLC
7676 Forsyth Blvd
Suite 1100
St. Louis, MO 63105
Phone: 314.721.1900
Fax: 314.721.3041
www.nisa.com

FORM ADV PART 2A

March 25, 2024

This brochure provides information about the qualifications and business practices of NISA Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 314-721-1900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. The terms "registered" and "registered investment adviser" do not imply a certain level of skill or training.

Additional information about NISA Investment Advisors, LLC is available on the SEC's website at: www.adviserinfo.sec.gov.

The following statement is required by the rules of the Commodity Futures Trading Commission (the "CFTC"):

Pursuant to an exemption from the CFTC in connection with accounts of qualified eligible persons, this brochure or account document is not required to be, and has not been, filed with the CFTC. The CFTC does not pass upon the merits of participating in a trading program or upon the adequacy or accuracy of commodity trading advisor disclosure. Consequently, the CFTC has not reviewed or approved this trading program or this brochure or document.

ITEM 2 – MATERIAL CHANGES

This section describes important updates to this document made since our last annual update was filed with the SEC on March 27, 2023. The information below represents what NISA Investment Advisors, LLC (“NISA”) views as the material changes to our disclosure.

MANAGED ACCOUNT PROGRAMS

NISA recently began offering its equity strategy to high-net-worth investors through wrap and/or managed account programs (“Managed Account Programs”) sponsored by third-party investment advisers, banks, or other financial intermediaries (“Sponsors”). Throughout this brochure, we describe the business practices that are relevant to high-net-worth investors that hire NISA through a Managed Account Program.

U.S. CUSTOMER PRIVACY NOTICE

We added our U.S. Customer Privacy Notice to the end of this Form ADV. The notice is applicable to high-net-worth investors who engage NISA through Sponsors, including through Managed Account Programs, and is also available on our website, www.nisa.com.

ITEM 5

We added a disclosure that in certain strategies, NISA invests in securities or instruments that may be attractive, in part, because of their unique operational challenges, and that there will be instances a bank charge is assessed when neither NISA nor a third-party reasonably believe they were at fault. In these circumstances, the charge is not reimbursed to the client. We closely monitor such charges, and factor these expected costs into our decisions on which strategies to pursue.

ITEM 5 AND ITEM 15

We updated Item 5 – Fees and Compensation, and Item 13 – Custody, to reflect that in a small number of client engagements, and only with the prior consent of the client or authorized designee, NISA will deduct our investment advisory fees directly from the client’s custodial account.

ITEM 8

We reorganized and updated the Synthetic Exposure Strategies section, and included specific sections to point out additional considerations for clients that have engaged NISA to implement Systematic Strategies, Alpha Strategies, and Yield Enhancement Strategies.

Additionally, we grouped disclosures related to Completion and Custom Credit Strategies into a separate section within Item 8, and added more information on when NISA will trade to adjust the interest rate hedge component of the strategy.

ITEM 11

We added a section titled, “Employee Investments in NISA Strategies” to disclose circumstances where NISA is managing the account of one or more of its employees.

ITEM 3 – TABLE OF CONTENTS

| | |
|--|----|
| ITEM 1 – COVER PAGE | 1 |
| ITEM 2 – MATERIAL CHANGES | 2 |
| ITEM 3 – TABLE OF CONTENTS | 3 |
| ITEM 4 – ADVISORY BUSINESS | 7 |
| About NISA..... | 7 |
| Types of Advisory Services | 7 |
| Institutional Entities..... | 8 |
| High Net Worth Investors | 8 |
| Other Investment Advice | 9 |
| Investment Restrictions and Investment Guideline Violations | 9 |
| Assets Under Management..... | 10 |
| Client Communications | 12 |
| Other Information | 12 |
| ITEM 5 – FEES AND COMPENSATION..... | 12 |
| Fees | 12 |
| How and When Fees are Billed and Paid | 14 |
| Other Fees and Expenses | 15 |
| Advance Payment of Fees | 16 |
| Other Compensation | 16 |
| ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT | 16 |
| ITEM 7 – TYPES OF CLIENTS | 17 |
| ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS | 17 |
| Overview | 17 |
| Investment Grade Fixed Income Strategies..... | 17 |
| Select Risks | 18 |
| Overview | 19 |
| Strategic Decisions..... | 19 |
| Tactical Decisions..... | 19 |
| Additional Considerations for Taxable Clients..... | 20 |

| | |
|--|----|
| Stable Value Fund Administration Services | 21 |
| Equity Strategies | 21 |
| Select Risks | 21 |
| Overview | 22 |
| Strategic Decisions | 22 |
| Tactical Decisions | 22 |
| Synthetic Exposure Strategies | 23 |
| Select Risks | 23 |
| Strategic Decisions | 24 |
| Tactical Decisions | 24 |
| Additional Considerations for Systematic Strategies | 24 |
| Additional Considerations For Alpha Strategy Clients | 25 |
| Additional Considerations For Yield Enhancement Strategy Clients | 25 |
| Derivatives Instrument Considerations | 26 |
| Completion and Custom Credit Strategies | 28 |
| Select Risks | 28 |
| Additional Considerations | 29 |
| Payment, Margin and Collateral Requirements for Derivatives Transactions | 29 |
| Client Instructions With Respect To Portfolio Activity | 29 |
| Cyber and Technology Risk | 30 |
| Pricing and Valuation | 30 |
| Exchange-Traded Funds | 32 |
| Benchmarks | 32 |
| Significant Cash Flows | 32 |
| Environmental, Social and Governance Restrictions | 33 |
| ITEM 9 – DISCIPLINARY INFORMATION | 34 |
| ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS | 35 |
| Broker-Dealer Affiliation | 35 |
| Derivatives Industry Activities | 35 |
| Other Industry Relations and Arrangements | 35 |

| | |
|--|----|
| Other Adviser Recommendations | 35 |
| ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING | 35 |
| Code of Ethics | 35 |
| Charitable Donations | 37 |
| Participation or Interest in Client Transactions and Personal Trading | 37 |
| Investment in Securities NISA Recommends to Clients | 37 |
| Employee Investments in NISA Strategies | 37 |
| Employee Personal Trading | 38 |
| Timing of NISA’s Employee Trades | 38 |
| Code of Ethics Violations | 38 |
| ITEM 12 – BROKERAGE PRACTICES | 38 |
| General Trading Practices | 38 |
| Fixed Income | 39 |
| Derivatives | 40 |
| Equity | 40 |
| Brokerage Selection and Recommendations | 40 |
| Fixed Income and Equity | 40 |
| Futures | 40 |
| Cleared Derivatives Transactions | 41 |
| Uncleared Derivatives Transactions | 41 |
| Limitations on Broker-Dealers, Counterparties, Clearing Members or Futures Commission Merchants | 42 |
| Client Restrictions | 42 |
| Other Restrictions | 42 |
| Research and Other Soft Dollar Benefits | 42 |
| Best Execution | 43 |
| Directed Brokerage | 43 |
| Brokerage for Client Referrals | 44 |
| Cross Transactions | 44 |
| Trade Aggregation | 44 |

| | |
|---|----|
| Fixed Income | 44 |
| Equity..... | 45 |
| Futures in Derivative Portfolios, Cleared and Uncleared Derivative Transactions | 45 |
| Offsetting Trades..... | 46 |
| Trading Errors | 46 |
| TMPG Trade Fail Penalty..... | 47 |
| ITEM 13 – REVIEW OF ACCOUNTS..... | 47 |
| Account Review..... | 47 |
| Fixed Income Strategies..... | 47 |
| Equity Strategies | 47 |
| Synthetic Exposure Strategies | 47 |
| Completion and Custom Credit Strategies | 47 |
| Client Meetings..... | 47 |
| Reports..... | 48 |
| ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION..... | 48 |
| ITEM 15 – CUSTODY | 49 |
| ITEM 16 – INVESTMENT DISCRETION | 49 |
| ITEM 17 – VOTING CLIENT SECURITIES..... | 50 |
| Considerations for ERISA Plans | 50 |
| U.S. Proxy Voting | 50 |
| Other Issues | 51 |
| ITEM 18 – FINANCIAL INFORMATION..... | 52 |

ITEM 4 – ADVISORY BUSINESS

ABOUT NISA

NISA is an independent investment management firm and is registered in the United States as an investment adviser with the SEC and as a Commodity Trading Advisor with the National Futures Association (“NFA”). NISA is also registered as a Portfolio Manager in the Canadian provinces of Ontario, Alberta, British Columbia, Manitoba, and Quebec, and as a Commodity Trading Manager in Ontario.

NISA began advising clients in April 1994. NISA is a wholly owned subsidiary of its parent company, NISA, LLC, whose ultimate principal owners and Managers are:

- David G. Eichhorn, through Orr Holdings, Inc., Orr-D, Inc. and Orr-L, Inc.,
- Kenneth L. Lester, through Ridgewood, Inc., and
- Anthony R. Pope, through Shiawase Holdings, Inc.

NISA is 100% employee owned and as such we have a long-term view with respect to our business. We view being privately-held as a key differentiator and competitive advantage versus our peers. As such, NISA intends to remain employee owned. NISA’s Management Committee, comprised of an experienced team of senior personnel, is responsible for overseeing the firm’s business initiatives and governance.

Since the founding of NISA (including an ownership transition within the employee base), we have deliberately sought to align our culture, systems and incentives in support of our Mission, Vision and Values. NISA’s Mission is to “Collaborate with clients to develop creative and thoughtful customized investment management solutions within a team-oriented culture.” Our Mission is supported by NISA’s Values:

- Integrity – Operating with honesty, transparency, and reliability
- Teamwork – Collaborating with others in a collegial environment
- Accountability – Demonstrating an ownership mindset and taking personal responsibility
- Intellectual Curiosity – Asking thoughtful questions, striving for improvement

NISA’s culture seeks to reflect our Mission, Vision and Values, and we are gratified that “data” supports our approach. NISA’s Senior Team, which consists of approximately 45 team members, average over 15 years with NISA. The Senior Team in turn helps align these values throughout NISA.

The design of our ownership structure is a prime example of how NISA aligns our culture with our Mission, Vision and Values. NISA views our two forms of ownership – membership in the LLC and participation interests in the Phantom Ownership Plan – as key components in building a workforce that is aligned in delivering results for our clients. The Phantom Ownership Plan was designed to promote retention and incentivize employees with grants of participation interests at all levels of the organization. A similar valuation formula is used to determine the value of LLC interests and Phantom Ownership Plan interests, such that participants share in both the economic upside and downside of NISA. This design allows NISA and our employees to take a long-term view and build upon the Values that are at the core of our culture and business.

TYPES OF ADVISORY SERVICES

NISA provides investment advisory services on a fully or partially discretionary basis primarily to institutional entities and, in certain circumstances, high-net-worth investors. Refer to Item 16 – Investment Discretion for more information about the

requirements for NISA to accept discretion for client assets.

INSTITUTIONAL ENTITIES

NISA primarily offers investment management services to institutional entities through separately managed accounts. We also offer several of our strategies to eligible retirement plan clients through collective investment funds (“CIFs”) under the NISA Collective Investment Trust. NISA provides investment management services to the CIFs as sub-adviser, and Global Trust Company (“GTC”) serves as the trustee.

HIGH NET WORTH INVESTORS

Additionally, NISA’s equity strategy is offered indirectly to high-net-worth investors through financial intermediaries. NISA does not offer services directly to high-net-worth investors. In some cases, NISA provides discretionary investment advice to such high-net-worth investors through wrap and/or managed account programs and other platforms (“Managed Account Programs”) sponsored by third-party investment advisers, banks, or other financial intermediaries (“Sponsors”). A client in a Managed Account Program typically receives discretionary investment advisory services with respect to their account assets through one or more investment advisers (including NISA) participating in the program, and trade execution, custodial, performance monitoring, reporting and other services through the Sponsor, for a single, all-inclusive (or “wrap”) fee charged by the Sponsor based on the value of the client’s account assets. NISA does not act as a Sponsor for any Managed Account Programs. NISA presently participates or may in the future participate in the following types of Managed Account Programs:

- “Single Contract” programs in which NISA enters into a contract with a Sponsor to provide discretionary advisory services to the Sponsor’s clients;

- “Dual Contract” programs in which NISA enters into a contract directly with the client to provide discretionary advisory services to the client, and the client enters into a separate contract with the Sponsor; and

NISA typically receives a portion of the wrap fee that clients pay for management of such accounts. NISA may also pay certain platform or data analytics fees where contractually agreed upon with the Sponsor. If a client receives investment management services from NISA through a Managed Account Program, the client should refer to the wrap brochure provided by the Sponsor for important information concerning the program and its fees.

When participating in Managed Account Programs, the Sponsor is typically responsible for determining the suitability of the Managed Account Program, including NISA and our investment strategy, for the client. We typically are only responsible for managing client assets in accordance with the designated investment strategy. In certain Managed Account Programs, Sponsors may limit the information that is available to us about the client, the client’s other investments or risk tolerance, and other information that would be relevant to determining whether the investment strategy or certain specific investments would be suitable for the client. Likewise, we may be restricted by Sponsors from communicating directly with clients; all communications, including communications with respect to the clients’ investment objectives, financial condition and reasonable investment restrictions, typically must be directed through the Sponsor.

A full list of the wrap programs in which NISA participates as a Manager are listed in Section 5.I.2. of NISA’s Form ADV Part 1A.

OTHER INVESTMENT ADVICE

NISA also provides investment advice other than discretionary investment advisory services. This advice is frequently more general in scope than the advice normally given in a typical asset management assignment. Examples of this advice include asset/liability management, including glidepath monitoring and de-risking activity, rebalancing policy, and stable value wrap selection and administration. Typically, NISA tailors this advice to the client's investment objectives and circumstances. NISA provides this type of advice on a discretionary or non-discretionary basis.

The services provided by NISA and all of the fees to be paid by the client are detailed in the client's Investment Management Agreement, as amended from time to time.

INVESTMENT RESTRICTIONS AND INVESTMENT GUIDELINE VIOLATIONS

NISA assists each client in developing investment guidelines tailored to the client's specific needs (the "Investment Guidelines").

The Investment Guidelines generally specify a benchmark index and limits on the type and amount of securities held. The client sometimes specifies limits at the issuer, industry, rating or other level. NISA will accept other restrictions if we believe we can comply with them while still meeting the client's objective.

NISA views client acceptance of Investment Guidelines as the client communicating to NISA its specific objectives, preferences, legal requirements, and risk tolerances. NISA expects that each client, together with its consultants or other advisors as the client deems necessary, will independently approve the Investment Guidelines and overall investment strategy and objectives for the portfolio without relying as a principal basis on NISA.

With respect to the Managed Account Programs, NISA and the Sponsor may

agree to specific Investment Guidelines for the applicable strategy. NISA may also accept restrictions communicated by the Sponsor consistent with the Investment Guidelines and strategy objective. The universe of benchmark indices and Investment Guidelines available to Managed Account Program clients will be limited to investment strategies approved by each Managed Account Program's Sponsor.

Certain error definitions are contingent upon an Investment Guideline term being violated. Therefore, NISA has an incentive to negotiate Investment Guidelines with wide latitude bands in order to reduce the possibility of committing Investment Guideline violations or other errors.

NISA uses automated systems and manual checks to seek to confirm that all client portfolios are managed in accordance with their stated objectives and restrictions. A trade that is inconsistent with a client's objectives or restrictions that is detected and corrected prior to settlement of the trade at no cost to the client is not considered an Investment Guideline violation. In addition, a passive market move that takes a portfolio over a limit is also not considered an Investment Guideline violation.

For Investment Guidelines that apply based on current market value, to the extent a client-directed contribution to, or withdrawal from, a portfolio results in a breach of a guideline, NISA will trade to move the portfolio back into compliance in the near-term during the normal course of trading. For Investment Guidelines that apply at the time of purchase, NISA will determine, in its sole discretion, whether to execute trades to move the portfolio within the applicable guideline limit(s). In either case, such breaches are not considered Investment Guideline violations.

Additionally, NISA relies on external data sources that we reasonably believe to be accurate and reliable. NISA will seek to

promptly correct any Investment Guideline breached due to our reliance on an inaccurate external data source; however, such an issue is not considered an Investment Guideline violation and NISA is not responsible for such issues. NISA will notify clients of external data source issues that we identify and believe materially impact their portfolio(s). Please see Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information about Cyber and Technology Risk.

Market Disruptions. The manner, impact and magnitude of market disruptions is very difficult to predict, and therefore to mitigate prospectively. Moreover, no Investment Guidelines or investment management agreements contemplate scenarios in which global financial markets or economies experience severe dislocation. Accordingly, in such circumstances, it may be imprudent or impossible to comply with client Investment Guidelines or directions. If NISA reasonably believes that it is imprudent or impossible to comply with an Investment Guideline or direction, NISA intends to act (or not take an action) in a manner that we believe at the time to be in the best interests of our clients. Specifically, NISA may not promptly cure, or NISA may be prevented from promptly curing, passive guideline breaches resulting from external sources such as market movements, ratings downgrades, collateral exchange and similar events. NISA will seek to keep clients (or, in the case of Managed Account Programs, Sponsor(s)) apprised timely of such instances.

Additionally, NISA suggests the following to clients during severe market dislocations:

- Provide as much advance notice as possible for flows or exposure adjustments.
- Understand that some physical markets may be more liquid than others and if cash is necessary,

consider raising funds via these more liquid markets.

- For clients accustomed to more frequent tactical trading, recognize that the ability to initiate and unwind positions may be compromised at times in the future – either because of market liquidity or impaired activities of market participants.
- Clients with derivatives positions should take additional steps to ensure that there is sufficient collateral available in light of the potential for large market moves.

ASSETS UNDER MANAGEMENT

NISA calculates assets under management for use in our client and promotional presentations, public website, regulatory filings, consultant databases, composite presentations and for other similar uses. NISA's assets under management calculation normally includes actively managed cash assets such as regular cash portfolios, including those that utilize derivatives to manage duration, temporary portfolios holding securities that are set aside to raise cash for upcoming withdrawals, actively managed cash collateral portfolios, and the marked-to-market value of:

- derivatives used in cash securities portfolio management;
- derivatives used to adjust the duration of a cash securities portfolio in which the use of derivatives is incidental to the investment strategy;
- cash securities resulting from a repurchase agreement transaction; and
- derivatives used in synthetic exposure portfolios that are secured by collateral.

NISA generally excludes the following assets when calculating assets under management:

- derivatives in overlay-only engagements managed as part of an overlay of cash assets not managed by NISA;
- derivatives in a duration overlay engagement;
- the market value of accounts over which NISA no longer has discretion such as an account that has been liquidated for withdrawal or for which NISA has received a termination notice;
- stable value assets for which NISA only provides wrap administrative services; and
- collateral posted by a counterparty to a client.

As of December 31, 2023, NISA managed the following physical assets under management:

| | |
|--------------------------|-------------------|
| Discretionary | \$287,721,988,249 |
| Non-Discretionary | \$2,504,901 |
| Total | \$287,724,493,150 |

Additionally, as of December 31, 2023, NISA managed over \$235 billion notional value in derivatives. To calculate derivatives notional under management for positions in markets where notional is measured in volatility exposure, NISA converts the instrument volatility exposure into an option market equivalent notional that matches the volatility exposure. Repurchase Agreements are reported in both physical assets and derivative notional value. In some cases, NISA chooses to combine physical assets and derivatives notional into one total measure of assets under management.

The assets NISA manages are predominantly U.S. dollar denominated securities. NISA also manages some portfolios that hold Canadian dollar denominated securities and other non-U.S. denominated securities. In these cases, NISA uses the then-current exchange rate to

convert the market value of these portfolios into U.S. dollars when calculating NISA's assets under management.

Additional Information with Respect to Regulatory Assets Under Management Found in Part 1 of this Form ADV. The SEC has created a classification of assets under management called "regulatory assets under management" or "RAUM." NISA's RAUM calculation, as defined by the SEC, includes more assets than NISA normally includes when calculating assets under management, particularly for accounts that utilize derivatives. In addition to requiring the inclusion of more assets, the RAUM also requires definitions of discretionary and non-discretionary assets that are different from those NISA uses when reporting assets under management.

NISA's RAUM includes the assets of all client accounts that meet the SEC's definition of a securities portfolio, including cash and cash equivalents, for which NISA provides continuous and regular supervisory or management services. Some of these assets include, but are not limited to:

- the absolute value of the marked-to-market positions of each derivative instrument, as well as cash and cash equivalents held in these accounts. Using the absolute value of these positions means NISA counts a negative marked-to-market value as a positive;
- the market value of cash and cash equivalents (generally, Short Term Investment Fund ("STIF") and/or Treasury Bills) set aside to meet derivative collateral requirements;
- temporary portfolios holding securities that are set aside to raise cash for upcoming withdrawals; and
- stable value assets for which NISA provides wrap administrative services.

The following is a non-exhaustive list of assets that NISA does not include in RAUM:

- the market value of broker-dealer owned collateral posted to client accounts; and
- any measure of derivative notional exposure.

RAUM is a higher number than the physical assets under management number NISA uses in our promotional materials.

CLIENT COMMUNICATIONS

NISA's clients frequently communicate written instructions to NISA, including via email. NISA seeks to promptly acknowledge receipt of any written instruction. NISA does not consider any written instruction to have been delivered to NISA until a NISA employee acknowledges receipt of such instruction.

NISA does not offer investment advisory services directly to high-net-worth investors, but only indirectly through external financial intermediaries or Sponsor(s) of Managed Account Programs. NISA is only authorized to take instruction from the financial intermediary or Sponsor. As such, high-net-worth investors should contact their financial intermediary, advisor or Sponsor with respect to the underlying portfolio managed by NISA. Please see NISA's Form CRS (Client Relationship Summary), located on our website, www.nisa.com, for additional information.

OTHER INFORMATION

NISA provides similar services to many clients. NISA's advice to one client frequently does not relate to, and often differs from, the advice given and/or timing of NISA's advice to another client. As a result, NISA has the potential to be buying a security for one client while we are selling the security for another client.

NISA has the potential to acquire material, non-public information or "inside information"

about companies or their securities. If NISA believes we have inside information about a security or issuer, we will not trade based on that information. Having actual material, non-public information would limit the universe of securities in which NISA can invest for our clients. NISA does not believe that these restrictions will materially affect our ability to provide investment advisory services to our clients.

ITEM 5 – FEES AND COMPENSATION

FEES

Fee schedules and the manner in which fees are calculated are negotiable. All fees paid by a client are set forth in the client's Fee Schedule, which is part of the Investment Management Agreement between NISA and the client. The client's Investment Management Agreement also specifies the payment frequency and timing and the party that provides the market value for billing purposes.

The following are NISA's standard annual fee schedules for institutional separately managed accounts.

| | |
|----------------------------------|--|
| • Fixed Income – U.S. Government | 0.10% on the first \$500 Million; negotiable on the balance |
| • Fixed Income – Credit | 0.225% on the first \$100 Million; negotiable on the balance |
| • Completion – Treasury Beta | 0.125% on the first \$500 Million; negotiable on the balance |
| • Completion – Custom Credit | 0.30% on the first \$50 million; negotiable on the balance |

| | |
|----------------------------------|---|
| • Fixed Income – Aggregate Index | 0.15% on the first \$500 Million; negotiable on the balance |
| • Equity | 0.20% on the first \$100 Million; negotiable on the balance |
| • Synthetic Beta Exposure | 0.06% on the first \$500 Million; negotiable on the balance |
| • Systematic Strategies | 0.25% on the first \$500 Million; negotiable on the balance |

Certain instrument types and/or customized programs have additional fees or different fee schedules.

For strategies we offer indirectly to high-net-worth investors through financial intermediaries, NISA and the financial intermediary, including Sponsor(s) for Managed Account Programs, will negotiate the percentage rate charged and other fee-related details such as payment frequency.

Fee schedules for investing in a CIF sub-advised by NISA vary and are described in the applicable fund documentation.

Typically, fees are based on the market value of the account as determined by the client's custodian. Fees for Synthetic Exposure and Systematic Strategies as well as fees for certain other engagements are based on a measure other than market value, for example, notional value, to seek to fairly compensate NISA for our services.

NISA's fee arrangements typically specify an adjustment to market value or other measure to pro-rate for contributions and withdrawals during the billing period. NISA

frequently requires a minimum quarterly or annual fee.

When negotiating fees, NISA takes into consideration asset levels, service requirements, special circumstances and any other factors that we believe, in our sole discretion, are relevant. We have the ability to offer some clients a lower fee schedule than that of other clients in the same investment style. We have the option to waive all or a portion of our fees for a given period.

The Fee Schedule for an engagement that requires greater initial costs for NISA has the potential to include a one-time set-up and/or start-up fee. These fees are not pre-paid fees. These fees are non-refundable and are payable at the time the Investment Management Agreement is executed.

Clients have, from time to time, also agreed to pay NISA a retainer fee or other type of fee for investment services. These types of fees are paid in arrears and are non-refundable.

In certain cases where the client has indicated that the engagement is of limited length, the client may agree to pay a minimum total engagement fee. These types of fees are paid in arrears and are non-refundable.

NISA, under certain circumstances, has agreed to a fee based on the performance of the client's account relative to a specified benchmark over a specified period. Performance fees are generally in addition to a base fee also charged to the client. Account performance typically includes income and realized and unrealized capital gains of the client's account. The market value of an account subject to a performance fee is provided by the client's custodian, or another party independent of NISA (except in certain circumstances where NISA reports a lower market value than the independent source). In some

case(s), an unaffiliated third-party pricing source is applied to the custodian's reported portfolio holdings to calculate the market value. The method chosen is solely at the client's discretion. NISA and the client agree to and specify the terms of the performance fee in the client's Investment Management Agreement, which may include certain representations from the client. Refer to Item 6 – Performance-Based Fees and Side-By-Side Management for important disclosures related to performance fee agreements.

NISA frequently agrees to combine assets from related client accounts for billing purposes. As a result, in certain circumstances, the aggregated accounts receive the benefit of a lower fee by virtue of combining the accounts for billing purposes. The client determines the allocation of the fees among related accounts.

For some engagements, different fee schedules apply to different types of financial instruments used in the engagement. In such circumstances, NISA has the ability to affect the amount of fees we receive by our choice of investments. Consider the following example: An engagement includes a securities portfolio and a synthetic exposure portfolio. The fee schedule for the securities portfolio is higher than the fee schedule for the synthetic exposure portfolio. If NISA elects to cash out positive marked-to-market value of the synthetic exposure portfolio and invest the proceeds in the securities portfolio, the total fees paid to NISA will be higher.

As described in Item 4 – Advisory Business, NISA often provides other investment advice. NISA negotiates the fees for this advice with each client based on the overall client relationship and scope of such services.

HOW AND WHEN FEES ARE BILLED AND PAID

For Managed Account Programs, our fees are generally asset-based fees that are paid

quarterly by the Sponsor from a portion of the wrapped fee and are generally equal to a percentage of the total assets in the Managed Account Program for which we provide advisory services. Unless we enter into a direct investment management agreement with a Managed Account client in connection with a dual contract Managed Account Program, our fees typically may be negotiated only between us and the Sponsor and are paid directly by the Sponsor. The terms of each Managed Account Program in which we participate generally prescribe how our fees are charged and collected.

Otherwise, NISA bills fees in arrears, typically quarterly. In a small number of client engagements, with the prior consent of the client or authorized designee, NISA directs the custodian to deduct our fees directly from the client's custodial account. Otherwise, the client or its designee must direct fee payment.

In most cases, the client directs NISA to use the market value determined by the client's custodian for the fee calculation. However, in some cases, the client directs NISA to use the market value determined by NISA. If the client directs NISA to use our market value for the fee calculation, there is an incentive for NISA to overvalue the portfolio to increase the fees paid to us.

NISA's Pricing Committee maintains a Pricing Matrix, which includes pricing sources and methodologies by security type. For fixed income, the fee calculated using NISA's market value is often different than the fee calculated using a different market value source. For equity, the fee calculated using NISA's market value should not be materially different than the fee calculated using a commonly used market value source. Synthetic exposure fees are typically based on the notional value determined by NISA, as specified in each clients' fee agreement. Fees calculated using NISA's notional value are often different than those calculated using a different valuation.

Additionally, at the custodian's, fund administrator's, or client's request, we provide pricing and valuation information about the securities and instruments we purchase, sell and hold. We also review differences, both positive and negative, between NISA's internal pricing and that of various pricing services or custodians. NISA has the ability to challenge the pricing service and/or custodian on such prices. The pricing services and custodians are free to accept our challenge and change their pricing or they have the right to reject our information and maintain their own valuations. If the client has directed NISA to use the market value determined by the custodian for the fee calculation, NISA has the ability to be able to influence our fees by providing custodians or fund administrators with pricing information or challenging prices that would result in a higher market value at the custodian.

OTHER FEES AND EXPENSES

NISA provides investment advisory services and certain ancillary services to investment advisory clients. These ancillary services vary among clients and include, but are not limited to: reporting, coordination and support services, document facilitation and information on benchmarks/investment products.

In addition to NISA's fees, a client must pay fees to other service providers for services, including but not limited to custody, transaction settlement, pricing, record keeping, legal and audit. The client makes its own arrangements and negotiates the terms of these services. The client will incur brokerage and other transaction-related costs. Such brokerage and other transaction-related costs are included in the net settlement costs/proceeds of the trade. Please see Item 12 – Brokerage Practices for a description of NISA's brokerage practices.

Certain customized strategies require NISA to purchase a license to use data required to

implement the strategy, and NISA will pass on the cost of the license to the client. Such arrangements are documented in writing with the client, and are generally based on the size of the engagement.

Investors in NISA's CIFs will pay operating expenses in addition to investment management fees, as detailed in the applicable fund documentation. Additionally, contributions and withdrawals may be subject to certain charges to compensate the fund for transaction costs expected to be incurred in connection with the investment of cash additions or the raising of cash to pay withdrawal proceeds. These charges may be reduced if offsetting flows occur on the same date.

NISA's clients usually elect to sweep cash from their accounts to a cash management fund the client selects. NISA does not manage these cash management funds. NISA typically bills clients on a total account value, without a reduction for cash held in the cash management fund. As a result, NISA's clients will likely end up paying multiple advisory fees for cash balances.

If the client's Investment Guidelines permit, NISA has the option to choose to purchase exchange-traded funds ("ETFs") and/or other securities that charge investment fees in addition to NISA's fees. As a result, the client pays multiple advisory fees for those assets.

From time to time, custodians or broker-dealers will apply certain charges to a client's account, such as overdraft charges. For charges over \$150, NISA will work with either the broker-dealer or the custodian to investigate these charges.

Additionally, NISA seeks reimbursement from custodians or broker-dealers for lost STIF interest owed to a client's account in amounts and situations where appropriate. In accordance with the International Securities Association for Institutional Trade Communication (ISITC) Compensation

Claims Guidelines and Best Practices, NISA does not claim for lost STIF interest in amounts below the minimum claim threshold of \$500. In certain strategies, NISA invests in securities or instruments that may be attractive, in part, because of their unique operational challenges. There will be instances where neither NISA nor a third-party reasonably believe they were at fault, and therefore some charges will not be reimbursed. NISA closely monitors all such charges, and we factor these expected costs into our decisions on which strategies to pursue.

ADVANCE PAYMENT OF FEES

NISA or the client has the right to terminate the Investment Management Agreement without penalty. NISA does not require advance payment of fees, but if applicable, NISA will reimburse any unearned fees due to the client upon termination of the agreement.

OTHER COMPENSATION

Neither NISA nor any of our employees receive compensation for selling securities or other investment products to clients.

Some of NISA's clients or vendors extend a discount on their products or services to all NISA employees. NISA only accepts these discounts if they are provided as part of broader discount programs available to all of the client's service providers or the vendor's customers who meet the criteria.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in Item 5 – Fees and Compensation, NISA has agreed to receive a performance-based fee in certain circumstances. NISA also manages accounts that pay non-performance or asset-based fees. Managing these accounts side-by-side creates conflicts of interest between NISA and our clients. When allocating investment opportunities, NISA

has an incentive to favor a performance-based fee account over accounts with other fee arrangements. Strong portfolio returns increase the performance-based fee and therefore the compensation paid to NISA. For clients that pay a performance fee, NISA could also elect to pursue strategies or make investments that are more risky or speculative than we would in the absence of such a fee. Additionally, when performance fees are calculated based on values that are established directly or indirectly by NISA, NISA can influence the amount of performance fees that are paid.

NISA has several policies that seek to mitigate these conflicts of interest. NISA's Standards of Professional Conduct and Conflicts of Interest policies provide guidance for treating all clients fairly. NISA's Trade Allocation policy establishes guidelines for allocating investments in a manner so as not to intentionally or consistently favor or disfavor a client or a class of clients over time. Under these policies, non-investment factors, such as fee arrangements, are not considered by members of NISA's portfolio management groups when allocating trades. In many cases, employees setting up, executing and documenting trades are unaware of a portfolio's fee structure. Finally, NISA maintains a Pricing and Valuation policy that it must follow.

NISA's Compliance Group periodically reviews investment activities to assess compliance with these policies.

See the Pricing and Valuation section in Item 8 for additional information on NISA's pricing and valuation process.

See Item 12 – Brokerage Practices for more information on trade allocation practices.

ITEM 7 – TYPES OF CLIENTS

NISA provides investment advice primarily to institutional clients. Our clients include:

- Pension and profit sharing plans and other post-retirement benefit programs
- Nuclear Decommissioning Trusts
- Not-for-profit entities such as charitable, educational, healthcare, religious organizations and endowments
- Insurance companies
- State and Government entities
- Corporations
- Investment vehicles
- Financial Institutions
- Other investment advisers

Additionally, NISA provides investment advice to high-net-worth investors through financial intermediaries, including through Managed Account Programs. NISA does not offer services directly to high-net-worth investors.

Finally, we also offer several of our strategies to eligible retirement plan clients through collective investment funds (“CIFs”) under the NISA Collective Investment Trust. NISA provides investment management services to the CIFs as sub-adviser, and Global Trust Company (“GTC”) serves as the trustee.

NISA does not generally require a specified minimum account size to open or maintain a separately managed account, but frequently requires a minimum fee as referenced in Item 5 – Fees and Compensation. Minimum account sizes for investing in a CIF sub-advised by NISA are described in the applicable fund documentation.

We also may establish minimum account sizes for Managed Account Programs. NISA may accept smaller accounts under certain circumstances based on platform

requirements, the strategy offered, or its agreement with a particular Sponsor.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

OVERVIEW

Investing in securities and derivatives instruments involves the risk of loss that a client should be prepared to bear. All investments are subject to many risk factors, including, but not limited to, risks arising from economic conditions, government regulations, market sentiment, local and international political events and environmental and technological issues. While NISA seeks to mitigate these risks where possible, there is no guarantee that client portfolios will achieve their objectives or that their results will not lag relevant benchmarks or other portfolios with similar objectives. In addition to general investment risks, there are also more targeted risks depending on the asset class, sector, instrument or geographical location of an investment. These potential risks are mentioned below. This discussion of risks, or their potential magnitude or impact, are not meant to be exhaustive. There are many risk factors that may impact a client’s portfolio. For a more detailed discussion on the risks associated with your portfolio or proposed portfolio, please contact your Client Services representatives.

INVESTMENT GRADE FIXED INCOME STRATEGIES

NISA applies a risk-controlled approach to all of its fixed income portfolios. This approach does not permit large bets or positions that generate significant tracking error to the chosen benchmark. Instead, NISA invests in a large number of small, diversified active positions which seek tight tracking error to the chosen benchmark. Benchmark weight is a significant consideration when constructing and managing a portfolio.

SELECT RISKS

In addition to the risks in the Overview section above, there are risks associated with fixed income investing, which include, but are not limited to the risks disclosed below. The market value of fixed income securities will fluctuate in response to, among other things, changes in interest rates, currency values and the creditworthiness of the issuer. Rising interest rates will usually cause the prices of bonds and other debt securities to fall. Falling interest rates may cause an issuer to redeem, call or refinance a debt security before its stated maturity, which can result in NISA having to reinvest the proceeds in lower yielding securities. Floating rate securities are typically less sensitive to interest rate changes. However, their value may decline if the spread at which the note floats relative to the benchmark rate is adversely impacted by a deterioration in the market's perception of the creditworthiness of the issuer or the liquidity of the note. Longer maturity debt securities generally have greater sensitivity to changes in interest rates and are subject to greater price fluctuations than shorter maturity debt securities. The creditworthiness of the issuer is determined, in part, by the credit ratings of the issuer; however, ratings are only the opinions of the rating agencies and are not guarantees as to credit quality.

Duration is the price sensitivity of a bond to changes in interest rates and is a primary determinant of risk in fixed income investing. Additionally, since bonds are not exchange-traded, but rather traded "over-the-counter" some securities have at times been difficult to sell, particularly in times of market turbulence. Finally, certain securities have structural features that have the ability to impact their realized return. For example, some bonds are callable – that is, the issuer can redeem the security at a date prior to its maturity. Similarly, for structured securities such as asset-backed securities and mortgage-backed securities, the expected cash flows have been known to vary with the

cash flow of the assets collateralizing those securities. If the cash flow of the underlying assets is different than expected, the cash flow of the security might also vary and change the realized return.

NISA does not generally use out of benchmark asset classes in our fixed income strategies. NISA will, under certain circumstances, use futures contracts within a client's fixed income portfolio if permitted by the client's Investment Guidelines. Additionally, NISA often manages synthetic overlay strategies in conjunction with fixed income portfolios. The client determines the extent of derivatives use in a synthetic overlay strategy.

NISA typically invests cash balances held in client portfolios in a cash management fund selected by the client or in U.S. Treasury Bills maturing in less than one year. NISA does not generally monitor the investments of a STIF. If we become aware that the client has selected a STIF (or other client-specified cash equivalent vehicle) that holds securities other than U.S. Treasury securities, NISA has the option to choose to invest a larger portion of the client's cash balance in U.S. Treasury Bills, which, in turn, has the potential to impact the return of the portfolio.

NISA is active in certain international fixed income capital markets. Securities issued by entities domiciled, or with significant operations, outside the U.S. may also lose value due to, among other things, political changes, social instability, regional conflicts, terrorism and war in the countries or regions in which they operate. These securities may experience loss of value (in U.S. dollar terms) due to changes in the foreign currency exchange rates against the U.S. dollar. Foreign investments may be subject to different settlement and accounting practices and different regulatory standards. Valuing these securities may be more difficult than those in the U.S. Finally, there are foreign tax considerations, including foreign withholding taxes on interest.

OVERVIEW

NISA seeks to achieve portfolio returns that closely track the relevant benchmark returns. NISA's secondary objective is to seek to achieve excess returns vis-à-vis the benchmark, commonly known as alpha.

Our clients generally define risk as tracking error vis-à-vis the relevant benchmark. We evaluate each position net of the benchmark to determine "active" risks. We strive to structure risk-controlled portfolios with diversified sources of risk. This strategy does not generally include large or volatile active positions. Rather, we seek to generate profits for our clients from a large number of small, diversified active positions. Our goal is to implement active positions that we believe meet the client's active risk/reward thresholds either on an individual basis or when viewed in the context of the entire portfolio.

As described in Item 4 – Advisory Business, the client's Investment Guidelines specify limits on the amount and types of investments NISA is permitted to hold in the portfolio. These limits provide general guidance to NISA in determining the amount and type of active risk NISA is able to take in the portfolio.

NISA utilizes what we believe to be a highly analytical and quantitative approach toward investing which emphasizes research of the overall economy, sectors, industries, issuers and individual securities. This enables us to look at a wide variety of opportunities rather than depend on a single strength.

NISA does not believe that interest rate forecasting can produce excess returns that justify the volatility associated with such strategies. Therefore, we seek to keep each portfolio's duration generally neutral to its benchmark and do not expect interest rate forecasting to contribute to alpha.

Our investment strategy includes strategic (yield curve positioning and sector selection)

and tactical (security selection and trading) decisions.

STRATEGIC DECISIONS

NISA's Investment Committee develops strategic themes based on market and economic research.

Yield Curve Positioning. NISA closely monitors the yield curve exposure of each portfolio relative to its benchmark. We engage in yield curve positioning to reflect views on relative value, path of forward interest rates, volatility and to take advantage of what we believe to be technical aberrations in yield curve slope and curvature.

Sector Selection. In making sector selection decisions, we evaluate the relative compensation for bearing the risks inherent to each sector. We evaluate these risks in the context of our market and economic research.

TACTICAL DECISIONS

We implement tactical decisions when structuring the portfolio to reflect the desired strategic positioning. Tactical decisions include industry and issuer under/over weights based on relative value analysis, as well as active trading. Generally, NISA's Fixed Income and Derivatives Portfolio Management Group is responsible for making tactical decisions.

Security Selection. We seek to profit for our clients from relative value opportunities. We believe that relative value opportunities frequently result from the specific preferences of some investors due to, for example, tax status, investment horizon, liquidity needs, risk tolerance or regulatory constraints. In analyzing these opportunities, we utilize our quantitative expertise and analytical approach. By breaking down complex securities into their fundamental parts, we are able to value each component (i.e., cash flows and embedded options) individually and sum the component values.

While certain investors often do not focus on an unfamiliar structure, NISA seeks to verify that the security is “cheap” or “rich” relative to comparable investments and to measure the risks it brings to a portfolio. We use the same process in both our buy and sell decisions.

Active Trading. As active or frequent traders, we find frequent opportunities to trade similar bonds for small gains at little or no incremental risk. We frequently sell a position if there is another bond that represents better value to replace it or if the conditions that warranted its purchase no longer exist.

A note about active or frequent trading: In certain circumstances, frequent trading could result in increased transaction costs and therefore reduced returns. NISA evaluates the transaction costs inherent in our trading strategies and on each trade. Transaction costs are included in NISA’s performance calculations and reporting. Transaction-related custodial costs, however, are not included in NISA’s trade analysis, performance calculations and reporting. Each client negotiates its own custodial fees and arrangements, and as such, these fees vary among clients and custodians. If the client’s custodian charges a per trade fee, the client’s realized return will be reduced by the amount of those fees.

Shorting Securities. Short sales of fixed income securities are prohibited. However, to facilitate the purchase of other securities, Authorized Traders are permitted to execute trades that include the sale of specific U.S. Treasury securities that one or more portfolios NISA intends to include in the trade do not hold at the time of execution. An Authorized Trader must subsequently execute trades to raise any such U.S. Treasury positions on the day the securities were sold. For cash management purposes or due to the systems used to account for certain transactions, some portfolios will show negative trade date cash if NISA is

expecting a contribution, payment of principal or interest, or if trades are settling to cover the shortfall prior to its occurrence.

ADDITIONAL CONSIDERATIONS FOR TAXABLE CLIENTS

NISA does not purport to be experts in, and does not provide, tax, legal, accounting or any related services or advice. Tax, legal or accounting related statements are for analysis purposes only and are based upon limited knowledge and understanding of these topics. You should consult your advisors with respect to these areas.

When selecting a benchmark, the client also considers its tax circumstances. Clients in lower tax brackets typically select taxable bond benchmarks, while clients in the higher tax brackets generally select tax-exempt municipal bond benchmarks.

NISA works closely with each taxable client to understand the tax circumstances and objectives of the engagement. Active tax management includes detailed analysis of unrealized gains and losses at the tax lot level. NISA monitors the estimated book value of each security in the portfolio and the approximate after-tax contribution to portfolio performance of holding or selling a security. The efficacy and potential benefits of active tax management strategies will differ depending on the taxable status and specific circumstances of each client, and clients are encouraged to consult with tax professionals before engaging NISA in an active tax management strategy.

Clients should recognize that we realize losses with the assumption that the client will use these losses to offset gains. To the extent the client does not have gains available to offset in the period, the value of the tax benefit of such losses will be less than reported.

Taxable Bond Benchmarks. Our primary objective is to achieve excess after-tax returns vis-à-vis the benchmark. We employ

the same risk-controlled strategy described above, with two additional considerations.

First, we sometimes overweight certain taxable bonds that receive preferential tax treatment. In particular, clients with very high state tax rates generally benefit from holding certain U.S. Government securities that are exempt from state taxes. Additionally, we frequently hold state tax-exempt municipal bonds that we believe offer attractive after-tax returns.

Second, turnover in our taxable portfolios is generally lower than it is for non-taxable portfolios since the client must pay taxes on recognized gains. Therefore, in periods of declining interest rates (increasing prices), we generally trade taxable portfolios less frequently. In periods of rising interest rates (declining prices), we are likely to trade taxable portfolios more frequently.

Municipal Bond Benchmarks. NISA believes that the primary benefit of investing in municipal bonds is the tax advantage associated with the sector and that opportunities for over or underperformance due to changes in the credit outlook of an issuer are rare. Our objective is to construct portfolios that are high quality and well diversified with more liquid securities.

We invest primarily in tax-exempt municipal bonds that have been “pre-refunded” or “escrowed to maturity.” A pre-refunded or escrowed to maturity municipal bond is a security where a third-party trustee holds U.S. Treasury and/or other U.S. Government securities sufficient to pay interest and principal on the municipal bond. Even though the municipal bond has been defeased with U.S. Government securities, the income from these bonds continues to be federally tax-exempt.

We also seek to construct portfolios to benefit, to the extent possible, from the client's specific tax situation. For example, we frequently overweight in-state municipals

if they are state-tax exempt for a specific client. The amount of the overweight is a function of the state tax rate and the after-tax yields of in-state versus out-of-state bonds.

STABLE VALUE FUND ADMINISTRATION SERVICES

NISA manages fixed income portfolios for stable value funds. NISA is also willing to provide stable value fund administration services, which may include the selection of Traditional Guaranteed Investment Contract “GIC” providers and synthetic GIC wrap providers for the stable value fund. NISA's primary considerations for selecting contract providers are the issuer's contract terms and creditworthiness. In addition to the fixed income investing risks described above, a stable value fund is also exposed to the contract provider's credit risk.

EQUITY STRATEGIES

SELECT RISKS

General equity market risk is the primary determinant of risk in equity investing. Given NISA's tight tracking error objectives, we do not expect individual security performance to pose additional material risk. In certain cases, however, due to strategies, investment restrictions and/or factor exposure targets decided upon and imposed by clients, a portfolio is expected to have greater tracking error. In addition to the risks discussed in the Overview section above, there are risks associated with equity investing, which include, but are not limited to, the risks disclosed below.

NISA is active in certain international equities markets. Securities issued by entities domiciled, or with significant operations, outside the U.S. may also lose value due to, among other things, political changes, social instability, regional conflicts, terrorism and war in the countries or regions in which they operate. These securities may experience loss of value due to changes in the foreign currency exchange rates against the U.S. dollar or currencies of other

countries. Foreign investments are often subject to different settlement and accounting practices and different regulatory standards. Valuing these securities may be more difficult than those in the U.S. Finally, there are foreign tax considerations, including foreign withholding taxes on dividends.

OVERVIEW

NISA manages low-tracking error equity portfolios that seek to achieve client return objectives with customized sector, industry, factor and style exposures. For taxable investors, NISA's secondary objective is to achieve after-tax excess returns vis-à-vis the benchmark, commonly known as after-tax-alpha. For taxable and tax-exempt investors with preferred style, sector, or factor objectives, such as high dividend return, NISA seeks to incorporate those objectives into our overall portfolio management. Portfolio exposures are obtained through individual equity holdings and/or the utilization of ETFs. ETFs charge an investment management fee in addition to the fee charged by NISA for our advisory services.

Taxable clients should recognize that we realize losses with the assumption that the client will use these losses to offset gains. To the extent the client does not have gains available to offset in the period, the value of the tax benefit of such losses will be less than reported.

NISA does not purport to be experts in, and does not provide, tax, legal, accounting or any related services or advice. Tax, legal or accounting related statements are for analysis purposes only and are based upon limited knowledge and understanding of these topics. Clients should consult their advisors with respect to these areas.

STRATEGIC DECISIONS

NISA's Investment Committee, along with the Director, Equity Portfolio Management, evaluates the overall strategy for equity

portfolios based on client objectives and market conditions.

TACTICAL DECISIONS

The Equity Portfolio Management Group is responsible for making the tactical decisions for NISA's equity portfolios. For taxable portfolios, NISA's objective is to actively manage the tracking error of the portfolio while seeking to enhance the portfolio's after-tax return relative to the benchmark's after-tax return. NISA seeks to achieve after-tax alpha by actively realizing losses and deferring the recognition of gains. Clients may from time to time direct NISA to intentionally realize gains or defer losses.

For taxable clients, including those managed through Managed Account Programs, NISA seeks to understand the tax circumstances and objectives of the engagement. Active tax management includes detailed analysis of unrealized gains and losses at the tax lot level. NISA monitors the estimated book value of each security in the portfolio and the approximate after-tax contribution to portfolio performance of holding or selling a security. The efficacy and potential benefits of active tax management strategies will differ depending on the taxable status and specific circumstances of each client, and clients are encouraged to consult with tax professionals before engaging NISA in an active tax management strategy.

NISA employs a quantitative approach to portfolio management using a third-party multi-factor model to construct a portfolio with risk characteristics that seek to reduce unintended and uncompensated tracking error relative to the benchmark. Risk characteristics include factors such as beta, price volatility, price momentum, value, growth, size, earnings volatility, earnings quality, dividend yield and liquidity.

We review and evaluate security and industry exposures, along with the unrealized gain/loss in each tax lot. We evaluate each position in terms of the tax

cost/benefit of trading and the resulting impact on portfolio tracking error. We sell securities to realize losses and/or adjust or maintain the portfolio's tracking error.

NISA executes equity trades primarily through "market on close" orders. A market on close order is executed at or near the exchange closing time and typically at or near the closing price. However, NISA sometimes elects to execute trades throughout the day to seek to reduce the market impact of trades or to reduce the overall cost of trading. Certain equity clients (e.g., high-net-worth investors NISA provides investment advice to through financial intermediaries) typically have considerations with their custodian or Managed Account Program Sponsor, which can include an additional fee to place "market on close" orders, and because of this, NISA generally trades these types of accounts intra-day using market orders. Trades in less liquid securities, trades with irregular settlement requirements, ETFs or trades with other special circumstances are also periodically executed at times other than market on close.

SYNTHETIC EXPOSURE STRATEGIES

NISA does not purport to be experts in, and does not provide, tax, legal, accounting or any related services or advice. Tax, legal or accounting related statements are for analysis purposes only and are based upon limited knowledge and understanding of these topics. You should consult your advisors with respect to these areas.

SELECT RISKS

There are risks associated with synthetic exposure which include, but are not limited to, the risks disclosed below. Changes in the value of a derivative instrument may not correlate perfectly with the underlying asset or index. An imperfect correlation can cause an investment designed to hedge a risk to miss its objectives. Derivative instruments can be, depending on the structure, instruments of leverage. Accordingly, by

choosing to utilize derivative instruments the client accepts the risk that a derivative instrument may expose the client to losses in excess of its initial investment and/or the total assets managed by NISA on behalf of the client. Derivatives may be difficult to buy and sell at a given time or price and may be difficult to terminate or otherwise offset. Moreover, certain derivatives are subject to position limits imposed by regulators, and NISA will not be able to obtain additional exposure if these limits are reached. A counterparty to a derivative transaction may be unable or unwilling to honor its financial obligations in respect to the transaction.

Investments in currency futures, forwards or other similar instruments, as well as securities that are denominated in foreign currency, are subject to the risk that the value of a particular currency will change in relation to one or more other currencies.

Exposure to the commodities market may be more volatile than investment in traditional equity or fixed income securities. The value of commodity linked derivative instruments is affected by factors such as broad market movements, commodity index volatility, interest rate changes or events affecting a particular commodity or industry, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Synthetic exposure strategies rely extensively on derivatives documentation that is complex, multi-faceted and frequently involves bespoke terms that are unique to the client and/or its chosen strategies. Moreover, derivatives documentation contains undertakings and representations on behalf of the client, the failure of which will likely significantly negatively impact the client and/or the strategies. As a result, each client is strongly encouraged to utilize legal experts familiar with derivatives documentation and the client's specific facts and circumstances as NISA does not

provide legal, tax or similar advice and will not be liable for, and will likely not be able to mitigate, any damages resulting from a failure of undertakings by the client and/or from a representation relating to the client being inaccurate.

STRATEGIC DECISIONS

NISA's Investment Committee evaluates the overall strategy for synthetic exposure portfolios based on client objectives and market conditions. Many of the trades executed by the Fixed Income and Derivatives Portfolio Management Group are directed by the client or are executed to meet a strategic hedge target established by the client. In the case of a completion or custom credit mandate, derivative overlay or other similar service, NISA's Strategic Portfolio Management Group coordinates portfolio strategy decisions, and, along with the Fixed Income and Derivatives Portfolio Management Group, is responsible for evaluating and monitoring these engagements.

TACTICAL DECISIONS

The client determines the extent of potential derivatives use. The Fixed Income and Derivatives Portfolio Management Group uses derivatives to obtain synthetic exposure specified by the client. Clients use synthetic exposure to hedge liabilities, overlay cash, rebalance asset allocation, and implement tactical views, among other things. NISA's clients commonly request synthetic exposure, which can be a long or short position, for the following:

- Duration
- Domestic and international equity indices
- Foreign currency
- Commodities
- Domestic and international fixed income indices

NISA's primary objective is to achieve portfolio returns that closely track the return of the benchmark, index or other criteria that reflects the client's objective. NISA uses

many types of derivative instruments, including futures, forwards, interest rate and total return and other types of swaps, swaptions, options and repurchase agreements.

The client must establish certain documentation with a counterparty in order to transact in most derivative instruments. Please refer to Item 12 – Brokerage Practices for more information.

ADDITIONAL CONSIDERATIONS FOR SYSTEMATIC STRATEGIES

NISA provides synthetic-exposure based strategies such as portable alpha, tail-risk hedging and risk parity implementation for clients. Tail-risk hedging solutions can encompass a wide variety of strategies with differing expected return impacts and certainty. The solutions may vary and may include basic hedges or more bespoke strategies which may seek unique client-specified exposures.

Generally, the client specifies the desired systematic strategy. After the client selects the strategy, NISA works with the client to determine the approach for implementing the strategy, including the potential instruments to be used. This includes both evaluating that the intended strategy is appropriate for the client's desired outcome and evaluating all of the costs embedded in a strategy that a client may be seeking to implement.

Systematic strategies are subject to additional risks. These strategies may be designed by NISA, third-party index providers, or broker-dealers. Strategies may be based on trade volume, instruments, and market conditions which may not be relevant at the time of execution. This can impact the expected outcome. When implementing a third-party or broker-dealer strategy, NISA relies on information provided by the index calculation agent. Although NISA seeks to verify this information when possible to reduce the risk of miscalculation, it may be

unable to do so at times. While NISA seeks to reduce tracking error to the extent possible, higher tracking error could occur depending on the specific systematic strategy implemented.

ADDITIONAL CONSIDERATIONS FOR ALPHA STRATEGY CLIENTS

NISA's Alpha Strategies seek to generate absolute return by identifying and obtaining exposure to structural supply and demand imbalances in financial markets. Trades are selected and sized based on a number of qualitative and quantitative considerations, including but not limited to:

- Identification of the imbalance driving the opportunity
- Expected risk and return
- Historical record or risk and return, where applicable
- Expected correlations, including estimated correlations in different market environments
- Transactions costs
- Liquidity
- Counterparty risk

The strategy contains positions that can have limited liquidity that are generally intended to be held to maturity. The strategy may incur significantly higher transaction costs if these positions are exited prior to maturity. As such, the realized value of these positions may deviate materially from the reported value if the client instructs NISA to exit these positions prior to maturity. Additionally, these positions may take an extended period of time to unwind.

The strategy frequently contains bespoke positions. NISA relies on counterparties or a third-party for certain inputs to determine the marked-to-market value of these positions. Additionally, these positions have an increased risk of materially higher transaction costs and longer exit timing if required to exit prior to maturity.

The strategy also contains long or short exposure to volatility through exchange-traded or uncleared derivatives transactions. Managing volatility exposure is a highly complex and quantitative endeavor that requires substantial resources and capabilities. The payoff of volatility strategies can also be highly non-linear. Pricing and evaluating volatility require the use of models. While NISA believes that there are opportunities to generate return through volatility exposure, it can also result in significant losses.

The strategy utilizes hedges to seek to achieve the objective of absolute return. Hedging strategies include frequent trading at times, which can result in elevated transaction costs.

ADDITIONAL CONSIDERATIONS FOR YIELD ENHANCEMENT STRATEGY CLIENTS

NISA's Yield Enhancement strategies are implemented for clients interested in the potential to enhance yield on an allocation of cash/cash equivalents, using physical securities and/or derivatives instruments.

In these strategies, NISA seeks to enhance the investment return while maintaining adequate liquidity for client cash flow requirements. NISA's approach to yield enhancement aims to limit reliance on credit risk as a source of yield, rather diversifying traditional methods of enhancement by way of non-credit based potential sources of return. Such strategies seek to capitalize on opportunities presented by market distortions and regulatory structures.

The strategy contains positions that can have limited liquidity, which can materially increase the transaction costs associated with the trades. NISA seeks to reduce the risk and costs of early termination of positions by working with clients to calibrate investments around client cashflow needs.

Certain investments employed in Yield Enhancement strategies are executed across multiple exchanges, countries, and currencies, introducing operational risks between NISA, custodians, and/or broker-dealers.

As market conditions change, investment opportunities that once provided enhanced return may not provide similar enhancement in the future. Changes in regulation, government administrations, or simply investor preference can lead to reinvestment risk. NISA's Fixed Income and Derivatives Portfolio Management Group monitors market conditions, including regulatory and legislative changes, to assess the potential impact on NISA's portfolios.

DERIVATIVES INSTRUMENT CONSIDERATIONS

The use of derivatives instruments introduces additional requirements and risks to a portfolio.

Domestic and International Equity, Foreign Currency and Domestic and International Fixed Income Derivative Instruments.

Typically, NISA assists the client in determining the type(s) of instruments that offer a cost and tracking error trade-off that meets the client's objective for the strategy. The size of the program and/or target benchmark or index are significant considerations in the choice of instrument. From time to time, derivative instruments, other than futures, are more liquid and/or allow for customization to meet specific client needs.

Synthetic exposure to international equity indices often includes a currency overlay. Additionally, NISA's clients from time to time direct NISA to obtain a specific currency exposure. NISA generally obtains currency exposure using forward transactions executed under an International Swaps and Derivatives Association Agreement.

Commodities. Generally, the client specifies its desired commodity exposure in terms of specific commodity futures contracts or a commodity index. Commodity indices are typically based on commodity futures contracts rather than physical commodities. Depending on the client's objectives, NISA frequently uses different types of derivatives instruments to obtain commodity exposure.

In some cases, holding a physical commodity can be deemed a more efficient way to meet client objectives than synthetic exposure. When client Investment Guidelines permit and NISA determines it is advantageous and practicable to hold a physical commodity, NISA can obtain exposure through warrants at the COMEX (or some other means) so that the client does not take physical possession of the commodity.

Clients should be aware that certain commodities have position limits that impact the size of the position that NISA is able to implement at the firm level. NISA will communicate with clients the potential impact to their portfolio should position limits become a relevant factor in NISA's implementation of a commodities strategy.

Futures. The counterparty for futures transactions is the futures exchange clearinghouse. Thus, one market participant is not directly exposed to the risk of another market participant as a counterparty. The clearinghouse reduces its risk to market participants with initial and variation margin requirements and rules for liquidating positions if a participant fails to post required margin. Market participants are exposed to the bankruptcy risk of the Futures Commission Merchant ("FCM") and the clearinghouse.

In order for NISA to execute futures transactions, the client must establish certain documents with an FCM as described in Item 12 – Brokerage Practices. Futures documentation provides the FCM

with broad rights in the event a client defaults, including specific contractual liquidation and close-out rights with respect to the client's transactions. In exercising its liquidation and close-out rights, the FCM will be acting solely in its own best interests and not in the best interests of the client. The terms of the futures documentation present additional risks to clients.

Cleared Derivatives Transactions. The counterparty for cleared swap transactions is the clearinghouse. Thus, one market participant is not directly exposed to the risk of another market participant as a counterparty. The clearinghouse reduces its risk to market participants with initial and variation margin requirements and rules for liquidating positions if a participant fails to post required margin. Market participants are exposed to the bankruptcy risk of the clearing member and the clearinghouse.

In order for NISA to execute cleared derivatives transactions, the client must establish certain documents with a clearing member as described in Item 12 – Brokerage Practices. Clearing documentation provides the clearing member with broad rights in the event a client defaults, including specific contractual liquidation and close-out rights with respect to the client's transactions. In exercising its liquidation and close-out rights, the clearing member will be acting solely in its own best interests, and not in the best interests of the client. The terms of the clearing documentation present additional risks to clients.

Uncleared Derivatives Transactions. Uncleared derivatives transactions are between a client and counterparty and do not currently trade, settle or clear on an exchange or through a clearinghouse. As such, the client is at risk to the counterparty. In order for NISA to execute uncleared derivative transactions, the client must establish certain documents with a counterparty as described in Item 12 –

Brokerage Practices. The client can include certain protections in its derivatives agreements, including terms regarding collateral. Certain terms in collateral agreements can mitigate much of the potential counterparty risk. The specifics of the collateral agreement will determine the degree of risk reduction. Collateral agreements specify, among other things, timeframes for requesting and posting collateral. NISA makes reasonable efforts to request collateral, if applicable, before the first deadline. If NISA's business is interrupted, and NISA is not able to request collateral in a timely manner, we will contact the affected clients as soon as practicable.

Derivatives agreements contain various adverse provisions, some of which could be invoked upon specific changes in facts and circumstances related to the client, and could result in serious adverse consequences to the client. For example, a representation made by the client in a derivatives agreement could become untrue, which could result in the counterparty terminating one or more derivatives transactions. Accordingly, the client is responsible for communicating to NISA any material changes which are relevant to derivatives agreements. NISA has no liability for any adverse consequences suffered by the client as a result of changes to the client's facts and circumstances. The client must understand that, depending on the circumstances at that time, NISA will seek to mitigate any adverse consequences, if available, only in accordance with the terms of the relevant derivatives agreement.

The client is required to notify NISA upon receiving any recommendation from a counterparty in connection with any trade or strategy that is to be executed by NISA. Clients should not rely on any such recommendations.

Most NISA clients have been required to clear interest rate swaps and credit default swaps since September 2013. It is

anticipated that other instruments will become subject to the clearing mandate over time.

COMPLETION AND CUSTOM CREDIT STRATEGIES

Completion and Custom Credit mandates are strategies where the client targets specific interest rate and/or credit spread hedge ratios, and NISA rebalances to those targets on a periodic basis, using fixed income securities and/or interest rate derivatives instruments. Completion and Custom Credit clients should refer to “Derivatives Instrument Considerations” within the Synthetic Exposure Strategies section above for important details and risks with respect to utilizing derivatives.

While not exclusive to the strategies pursued in other engagements, the investment approach will have notable differences from NISA’s other strategies due to their focus on tracking a liability-based benchmark over a long horizon. For example, the average credit quality and market sectors where credit exposure is taken are generally more specific and constrained relative to other actively managed strategies. Additionally, due to the long-term strategic objectives of Completion and Custom Credit mandates, turnover will likely be more limited than in other strategies.

NISA generally executes trades to rebalance the portfolio to the appropriate interest rate hedge ratio once per month in accordance with the Investment Guidelines after receiving the necessary prior month-end data required to calculate the specified hedge. Unless NISA agrees in writing to the contrary, we will seek to implement any client direction to adjust the hedge intra-month on a reasonable-efforts basis, the timing of which is at our sole discretion. Such directions include, but are not limited to, hedge adjustments resulting from a client’s updated liability cash flows or flows to/from externally managed portfolio(s) that

are part of the client’s interest-rate hedge. At our sole discretion, we may execute trades intra-month to true up the interest rate hedge because of market movements.

SELECT RISKS

Completion and Custom Credit strategies often involve identifying the interest rate, spread, and other exposures of existing assets within the NISA-managed portfolio, as well as those of other non-NISA managed assets, as identified by the client. Additionally, economic sensitivities of liabilities may need to be measured. While NISA attempts to mitigate as much uncertainty as is reasonably possible, economic sensitivity measurements are conducted without perfect accuracy. Stale actuarial data, imperfect or asynchronous measurement of portfolio values, incomplete information on the liability discount rate methodology, and constantly moving markets are all examples of factors that inject unavoidable amounts of imprecision into risk measurements. NISA seeks to identify, measure, and target portfolio exposures that will best meet the objectives of the client given these imperfections. Consequently, portfolio exposures will not be exactly matched to the theoretically ideal targets and/or the exposures of the portfolio once measured after new information becomes known.

Specifically, many completion engagements require NISA to obtain market values of portfolios not managed by NISA in order to calculate the required liability hedge. NISA relies on data provided to it by the client’s actuaries, custodial banks, or other entities as directed by the client. Clients should, among other things, understand that the efficacy of the portfolio’s hedge is dependent on the accuracy and precision of the data provided by external entities. Because of this, where possible, NISA seeks to validate the data provided by an external entity, and when appropriate, NISA uses reasonable efforts to increase the precision for data known to be stale; however, NISA is not

liable for the accuracy of such data. This is especially true for clients that direct NISA to rebalance a liability hedge prior to data being provided by external entities, or when NISA chooses to trade to adjust a liability hedge. Clients should understand that it may not be until the next rebalancing activity when data are available and analyzed to evaluate the impact of imprecise data. While we seek to control the amount of imprecision injected by the use of external entity data, such imprecision will generally be reflected in NISA's performance and reporting on the efficacy of the hedge. NISA provides monthly reporting to clients detailing the calculations of the required liability hedge. Clients should review this reporting and contact their NISA Client Services representative as soon as possible if anything looks inconsistent with their data or incorrect.

Completion mandate strategies are designed to meet high level plan objectives and clients should understand that: (i) implementing the liability hedge is a complex process that may be accomplished by obtaining data in several different ways and generally involves a multitude of required calculations and external data; (ii) in carrying out the portfolio objective, NISA uses its professional judgment to balance risks and costs of each relevant course of action; and (iii) in seeking to achieve clients' objective(s), NISA must rely on third-party information and is not responsible or liable for either the continued availability of such information or its accuracy. Accordingly, clients should understand that in determining whether NISA has met the relevant standard of care, we utilize the completion objective as a frame of reference, rather than any specific step in the process.

Additionally, some completion and custom credit clients have portfolio objectives that are known to be difficult to achieve precisely such as when un-investable benchmarks are utilized. In such cases the client accepts

that the lowest risk solution entails tracking error vis-à-vis the identified benchmark.

ADDITIONAL CONSIDERATIONS

PAYMENT, MARGIN AND COLLATERAL REQUIREMENTS FOR DERIVATIVES TRANSACTIONS

It is the sole responsibility of the client to ensure that sufficient cash or securities are available so that payments, margin and collateral required in connection with derivatives transactions can be posted in the time frame contractually specified. NISA will use reasonable best efforts to notify clients of additional payment, margin and collateral requirements in sufficient time to enable clients to meet such requirements. In the event a client cannot be reached, fails to respond, or will not make available sufficient liquidity, NISA will act in a manner that we believe at the time to be in the best interest of the client, which may include unwinding existing exposure in our discretion in order to fulfill payment, margin or collateral requirements until such deficit is rectified by the client. In these circumstances, NISA will consult with the client prior to taking an action where possible, and will seek to keep the client timely apprised of any such actions taken.

CLIENT INSTRUCTIONS WITH RESPECT TO PORTFOLIO ACTIVITY

NISA seeks to execute trades to process client instructions with respect to flow or exposure activity within a reasonable amount of time. NISA will use reasonable efforts to accommodate specific instructions from the client, subject to the below.

NISA will not invest client contributions until NISA has confirmed with the custodian the receipt of funds in the client's account, unless otherwise instructed by the client. If such confirmation occurs after 9 a.m. central time, NISA will make reasonable efforts to invest on the date of the confirmation. Otherwise, NISA will invest, at a time of NISA's choosing, the following day unless we receive specific instructions from the

client. If instructed by the client to pre-invest prior to NISA confirming the receipt of funds with the custodian, the client should be aware that NISA will not be liable for any expense or costs incurred if trades fail to settle because the funds are not transferred to the portfolio by the settlement date.

NISA will use reasonable efforts to make cash available for scheduled withdrawals on the agreed upon date, and will use reasonable efforts to make cash available without undue delay for unanticipated withdrawals, taking into consideration limitations such as, but not limited to, Federal Reserve cutoff times and specific agreements between the client and its custodian (to the extent we are aware of such agreements). An authorized signatory must provide instruction to NISA by 9 a.m. central time on the business day before the day of the intended withdrawal. Instructions received after this deadline will be accommodated on a reasonable efforts basis.

Other client instructions, such as derivatives trade directions and Investment Guideline amendment letters, must be received by NISA by 9 a.m. central time if NISA is to trade or take other actions on that same business day. Instructions related to derivatives traded outside of the U.S. or Canadian markets and commodity derivatives must be provided to NISA by 9 a.m. central time on the business day before NISA is directed to trade. Instructions received after these deadlines will be accommodated on a reasonable-efforts basis. Certain trades require more notice, and in these situations, the client will be made aware of the different requirements.

NISA may need additional time to obtain liquidity to invest or divest funds, or to obtain or change synthetic exposure, depending on the type of securities or exposure desired, standard settlement conventions, and/or the size of positions involved. Additionally, depending on market conditions, additional

time may be required to process client instructions. NISA will seek to keep clients apprised of such situations.

CYBER AND TECHNOLOGY RISK

NISA uses technology, including proprietary and third-party software and data, in every facet of our investment management process. We use systems to set up and execute trades, communicate those trades to custodians, broker-dealers and other financial institutions, and to monitor compliance with a client's Investment Guidelines. We believe we have developed, and that we maintain reasonable controls to confirm that these systems are protected and working as intended. We conduct reasonable due diligence on our material third-party systems and data, and work with what we believe to be many of the most reputable names in the industry. Despite the capital and resources that NISA has dedicated to these protections, we expect that from time to time we will encounter data errors, issues or breaches of our systems. These issues could affect the trading or monitoring of our client portfolios or the operations of NISA. We have plans in place to respond to breaches with appropriate resources and to restore our operations as promptly and prudently as reasonably practicable. Should a breach of our system result in a material compromise of confidential client information, we will comply with applicable law and the client's Investment Management Agreement and make reasonable efforts to notify any affected client.

PRICING AND VALUATION

NISA is not a pricing agent or record keeper for any client or portfolio. All NISA portfolios have an entity independent of NISA (e.g., the custodian or administrator chosen by the client, CIF Trustee or Managed Account Sponsor) that is responsible for the official pricing of the holdings in the client's portfolio. The independent party responsible for pricing is generally referred to herein as the "custodian".

NISA prices all holdings for our own internal purposes, including: portfolio management, Investment Guideline testing, and calculating our portfolio performance returns. When NISA uses its internal pricing for Investment Guideline testing, we have the potential to affect Investment Guideline checks by either undervaluing or overvaluing holdings.

Portfolio and benchmark return comparisons will vary to the extent that NISA prices holdings differently than the index provider or the custodian. NISA also has the potential to inflate performance calculations by overvaluing securities. This has the potential to impact NISA's performance returns, alpha and tracking error. These internal calculations are used to create our performance returns that are shown to prospective and current clients, although NISA believes that current clients typically also receive performance returns from their independent custodians and/or other third parties (e.g., their investment consultant). NISA has compliance policies in place to seek to mitigate these conflicts of interest. Such policies include the Pricing and Valuation policy, the Promotional Materials policy and the External Communications policy.

Pricing Committee. NISA has established a Pricing Committee to provide oversight to NISA's pricing process and to govern NISA's pricing methodology, including the maintenance and publication of NISA's Pricing Matrix.

The Pricing Committee is responsible for:

- maintaining NISA's Pricing Matrix, which lists all security and instrument types, and the hierarchy of pricing sources and/or methodologies to be used to value each security and instrument type;
- establishing controls and reporting in order to validate that NISA's

pricing process, including the application of the Pricing Matrix, is working as intended;

- establishing processes to identify and address issues, risks, or novel situations that may arise in the valuation process, including circumstances that may require NISA to seek to approximate the "fair value" of a security or instrument held within portfolios managed by NISA.

Approved Pricing Matrix sources will generally fall in one of the following categories:

- **External Pricing Vendors.** Prices or valuations obtained by an external pricing vendor.
- **Third-Party Data.** Prices or valuations obtained from a third-party (e.g., central clearing counterparty valuations of cleared derivatives instruments).
- **Stated Methodology and Inputs.** Detailed valuation methodology, stating the externally-obtained and/or internally-generated inputs to be used in the valuation calculation, as well as relevant characteristics of any methodology, such as whether the methodology is developed internally or provided by a third-party.

At the custodian's or client's request, we provide custodians with pricing and valuation information about the securities and instruments we purchase, sell and hold. If the custodian elects to use NISA's valuation, clients should be aware that their custodian is not using a valuation independent from that of NISA. Clients should remember that NISA does not provide pricing or recordkeeping services, and that we maintain such data for our

portfolio management, guideline verification and performance calculation purposes. NISA strongly encourages clients to verify with their custodian that it has an independent pricing/valuation source for all asset classes and security types.

Price Challenges. NISA's Portfolio Management Group may challenge a price or value of a security or instrument. The Pricing Committee determines the procedures for requesting, supporting and approving internal price challenges.

A copy of the Pricing and Valuation policy is available upon request.

EXCHANGE-TRADED FUNDS

Clients have the option to gain exposure to certain benchmarks by purchasing certain ETFs or to provide NISA with an investment objective that is met through the purchase of ETFs. We also invest in ETFs in the management of discretionary assets if permitted by the client's Investment Guidelines. ETFs charge an investment management fee in addition to the fee charged by NISA for our advisory services.

BENCHMARKS

NISA's clients specify the benchmark index or indices NISA must use to manage and measure their portfolio. Where possible, NISA obtains benchmark returns directly from index providers (e.g., Bloomberg Global Family of Indices, Standard & Poor's). In certain circumstances, NISA reports client benchmark returns after performing internal calculations and potentially has the ability to manipulate these calculations to our advantage. Such circumstances include, but are not limited to, the following:

- NISA calculating the blended return of multiple published indices, based on percentages specified by the client;
- NISA calculating the return of custom benchmarks, where, for

example, the client has specified the basket of securities to be included in the benchmark; and

- NISA calculating the present value of a client-provided liability stream and calculating the percentage change of the liability present value as the benchmark return. Typically, client Investment Guidelines specify the calculation details.

In addition, NISA periodically works with index providers to create an index to our specifications. Creating an index allows NISA to determine the inclusion rules for securities to be held in the index. Creating an index could allow NISA to potentially manipulate the inclusion rules to our advantage.

SIGNIFICANT CASH FLOWS

NISA calculates and reports performance for the purposes of evaluating NISA's investment management services. NISA has a Large and Significant Cash Flow policy that establishes flow thresholds used to seek to reduce the impact of client-directed portfolio activity from the reported return, including, for portfolios in certain composites, using a temporary portfolio for Significant Cash Flows, as recommended by the Global Investment Performance Standards ("GIPS®"). The portfolio return reported by the custodian or other third-party will be different than NISA's reported return. Historical returns that do not include the use of a temporary portfolio are available upon client request.

When a client makes a significant contribution to or withdrawal from its portfolio, as defined in NISA's Large and Significant Cash Flows policy, NISA accounts for it in a separate portfolio in our systems until it is fully invested in the strategy or liquidated. For certain trades, NISA allocates a trade to both the permanent and temporary portfolio. As a result, for those trades, NISA will send two trade instructions to the custodian. If the client's custodian charges a per trade or per

settlement fee or an additional fee for each holding lot, this will result in additional fees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESTRICTIONS

NISA is a signatory to the Principles for Responsible Investment (“PRI”), a United Nations-supported set of certain Environmental, Social, and Governance (“ESG”) principles. Additionally, NISA maintains various internal programs and initiatives demonstrating NISA’s commitment to various ESG related items outside of the investment process.

NISA believes that many ESG factors have financial relevance (to varying degrees across companies, sectors, regions, asset classes and through time) and consistently incorporates these into its fixed income research process. For instance, poor corporate governance practices and a track record of environmental disasters are examples of the qualitative overlay of ESG into our credit research recommendation process. Such determinations are made by the individual credit research analysts covering the company and/or industry. Credit Research analysts utilize relevant industry insights to determine how various ESG factors affect a respective company and/or industry as ESG issue relevancy can vary greatly depending on the specific company and/or industry. In addition, NISA’s credit research process emphasizes regular and routine contact with each of the three major rating agencies. We believe the rating agencies have become more explicit with respect to incorporating ESG criteria into their underlying ratings methodologies over time, and it has become imperative to routinely assess, monitor and track issuers in accordance with these same criteria.

NISA’s overall integration of ESG factors into the fixed income research process is applied across all fixed income products and the process has generally not changed given the qualitative aspect of many ESG factors. With respect to NISA’s standard

fixed income research process, certain ESG concepts (e.g., pure impact and/or sustainability investing that do not explicitly consider financial returns) are not within the scope of any current engagements.

NISA exercises proxy voting authority on behalf of many of its equity clients. NISA believes that many ESG factors have financial relevance and will vote proxies in the best economic interest of a client’s portfolio. Refer to Item 17 – Voting Client Securities for more information about NISA’s proxy voting policies.

NISA has access to various data from third-party providers as a general resource for ESG-related issues.

With respect to supporting clients that wish to implement specific ESG or sustainability considerations, NISA works directly with clients to develop a list of restricted securities based on the client’s internal ESG or sustainability policy. All restrictions related to ESG or sustainability objectives are solely at the discretion of NISA’s client and are documented as such in the IMA, Investment Guidelines or similar document. Since ESG or sustainability objectives of one client may not be appropriate for others, NISA does not develop a recommended list of restricted securities.

NISA’s involvement in the development of a restricted list varies by client:

- **Client Provided List** – The lowest level of NISA involvement is when a client provides a list (developed by the client or other third-party) of issuers and/or securities that are not eligible for purchase in the client’s NISA-managed portfolio(s). Clients’ Investment Guidelines may also prohibit certain industry sectors.
- **ESG Screening Restricted List** – NISA may also assist a client in the development of a restricted list

based upon ESG considerations identified by the client. NISA has contracted with external third-party providers to access their ESG research and conduct screens of the applicable universe to create a restricted list of issuers meeting client provided ESG objectives. The screen applied to the third-party provider's research data can often be modified to account for an issuer's role within the industry as well as the scale of an issuer's involvement. For example, the screen utilized for a client seeking to restrict the purchase of securities of issuer's who generate over 20% of their revenue from the production of alcoholic beverages would involve both a sector and revenue component. From time to time, NISA's Credit Research staff may be utilized for additional analysis on any issuers identified by the third-party ESG screens.

Once the ESG Screening Restricted List is compiled, NISA provides a description of the process and the resulting list of issuers to the client prior to incorporating such restricted list into NISA's trading processes. The client may choose to modify the provided list by adjusting the criteria used by NISA when screening the third-party database, adjusting the underlying universe of securities considered within the screen or by adding or subtracting names to/from the list for client-specific considerations. At least annually, NISA will review the client-specified issuer screen and provide a revised list to the client.

Once a restricted list is provided or approved by the client, depending on the process utilized by the client, and accepted by NISA, the identified issuers and/or securities are coded into NISA's guideline

compliance monitoring system within two business days. Any securities identified by the system as no longer being permitted will be sold in a reasonable timeframe.

From time to time, certain events such as corporate actions or new issuance may result in new issuers who meet the inclusion requirements for a given restricted list. On a reasonable-efforts basis, NISA will seek guidance from the client and restrict such issuers as appropriate.

At the request of a derivatives-based client, NISA may structure customized over-the-counter (OTC) derivative instruments to assist with any ESG considerations that a particular client has communicated to NISA. However, this may increase transactions costs and limit the investment types that can be utilized for the intended derivatives strategy.

ITEM 9 – DISCIPLINARY INFORMATION

We are required to disclose all material facts regarding any legal or disciplinary events that may be material to a client's evaluation of NISA or the integrity of NISA's management. Events we are required to disclose include, but are not limited to:

- criminal or civil action for investment-related activities;
- an administrative proceeding before a regulatory agency for investment-related activities; and
- a self-regulatory organization proceeding related to investment activities.

NISA has no information to disclose. Based on reasonable inquiries and annual certifications made by all our employees, NISA also does not believe any current employee has any information to disclose.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

BROKER-DEALER AFFILIATION

NISA is not registered nor does NISA have an application pending to register as a broker-dealer. No NISA employee is registered or has an application pending to register as a representative of a broker-dealer.

DERIVATIVES INDUSTRY ACTIVITIES

NISA is registered as a Commodity Trading Advisor with the National Futures Association (“NFA”). Some of NISA’s employees are registered with the NFA as Principals and/or Associated Persons. NISA will consider including derivative instruments in a portfolio if the portfolio’s Investment Guidelines permit such instruments, and the portfolio meets certain regulatory requirements.

Please refer to Item 5 - Fees and Compensation for information on the conflicts of interest NISA has identified when managing both securities and derivatives in an engagement.

OTHER INDUSTRY RELATIONS AND ARRANGEMENTS

NISA is registered as a “Portfolio Manager” and a “Commodity Trading Manager” in certain provinces of Canada.

NISA does not have any other relations or arrangements that we believe are material to our business or in conflict with our clients’ interests.

OTHER ADVISER RECOMMENDATIONS

NISA does not recommend or select other investment advisers for our clients.

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

CODE OF ETHICS

All NISA employees are “access persons” and are subject to NISA’s Code of Ethics. NISA’s Compliance Group distributes the Code of Ethics to each new hire, and annually to all NISA employees, who must submit acknowledgment of receiving the Code.

The primary objective of the Code of Ethics is to prevent employees and, in cases where appropriate, their immediate family members from engaging in activities that create a conflict of interest between NISA or our employees and NISA’s clients. NISA will provide our Code of Ethics to clients and prospective clients upon request. NISA’s Code of Ethics includes policies that cover the following:

Standards of Professional Conduct. This policy requires all employees to, among other things:

- act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, NISA, other employees, colleagues in the investment profession, and other participants in the global capital markets;
- place the interests of clients and integrity of the investment profession above their own personal interests; and
- use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.

Insider Trading. This policy prohibits all employees from, among other things:

- trading in securities, either personally or on behalf of others (including accounts managed by NISA), while in possession of material non-public information related to those securities; and
- communicating material non-public information to anyone other than the Managing Director, Corporate Governance and Legal or Chief Compliance Officer.

Personal Securities Transactions. See the section “Employee Personal Trading” for more information.

Conflicts of Interest. All employees are required to, among other things:

- discharge their duties for the sole benefit of each NISA client;
- avoid activities, interests, and relationships that appear to conflict or interfere with NISA’s fiduciary duty to our clients;
- not take any action with respect to a client’s account in order to benefit any person or entity other than such client; and
- not favor one client at the expense of another client.

Outside Activities. Employees are required to obtain prior approval to, among other things:

- serve on the board of directors or a creditors committee of any company with publicly available securities outstanding;
- obtain outside employment; and
- serve on a finance, investment or similar committee, or take a position involving investment-related activities or that has access to funds, for a not-for-profit entity.

Off-Site Employees. An Off-Site Employee is any employee working, either primarily or temporarily, at a location other than a NISA office. All Off-Site Employees are required to work with certain restrictions or limitations, including:

- not retaining any official Books and Records at their off-site location;
- not holding any client meetings at their off-site location; and
- complying with all aspects of the Compliance Manual regarding confidentiality.

Confidentiality. Protecting confidential information is vital to NISA’s interests and success. All employees must:

- not reveal any confidential information except to employees at NISA who need to know that information in order to carry out their duties on behalf of clients; and
- take care not to disclose information about any client to a third party except as necessary to establish and manage the client’s account, as requested or permitted by the client, as required by applicable law or as directed by the Managing Director, Corporate Governance and Legal, Chief Compliance Officer or a designee. Employees are not prohibited from reporting possible violations of law to an applicable regulatory authority, including disclosures protected under whistleblower regulations.

NISA utilizes various technological solutions in connection with the services it provides to clients. From time to time, in NISA’s discretion, certain client data are transmitted through third-party vendors (including with respect to Managed Account Programs and the Sponsors of such programs) whom NISA reasonably believes are subject to confidentiality obligations with respect to such data.

Supervisory Duties. This policy requires supervisors to, among other things:

- establish procedures and a system for applying such procedures, that are reasonably expected to prevent and detect violations of the Compliance Manual and NISA's other policies and procedures;
- promptly report violations of policies and procedures in the Compliance Manual to the Chief Compliance Officer; and
- establish procedures that could be reasonably expected to monitor the accurate and timely performance of each employee's duties and responsibilities.

Gifts and Entertainment. This policy prohibits employees from giving gifts to or receiving gifts from persons:

- doing business or seeking to do business with NISA, other than de minimis gifts; and
- for the purpose of influencing clients, prospective clients, their agents or consultants.

Political Contributions. This policy covers political contributions made by employees and their immediate family members. The policy, among other things:

- requires employees to obtain pre-approval from the Compliance Group prior to making, or an immediate family member making, a political contribution; and
- prohibits the making of, or soliciting of any third party to make, contributions to state or local political parties, political action committees, or any official related to transition or inaugural expenses or election/campaign debts.

CHARITABLE DONATIONS

From time to time, NISA is asked to make a donation to a charitable organization that is a client or that is supported by a client, prospective client, consultant or their employees. NISA reviews the donation request and determines on a case-by-case basis whether or not to contribute.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The following sections address NISA's and our employees' trading and investment activities. This information applies only to Reportable Securities. "Reportable Securities" is defined in the Investment Advisers Act of 1940, as amended ("Advisers Act"). Most securities other than U.S. Treasuries and unaffiliated open-end mutual funds are Reportable Securities.

INVESTMENT IN SECURITIES NISA RECOMMENDS TO CLIENTS

NISA does not have a material interest in securities that we recommend, buy or sell for our clients. NISA monitors employees' investments and trading as described below. We do not believe that any employee holds an amount of securities that would be material to any publicly traded security or issuer. NISA does not believe it is likely that any employee would hold a material amount of the types of Reportable Securities that NISA buys or sells for our clients.

EMPLOYEE INVESTMENTS IN NISA STRATEGIES

NISA's employees may also open an account at a financial intermediary, including through a Managed Account Program, who has hired NISA to provide investment advice to its high-net-worth investors. In such circumstances, NISA is managing an account of one or more of its employees, and therefore has an incentive to devote more time to these accounts or direct the best investment ideas to, or allocate, aggregate, or sequence trades in favor of these accounts over other client accounts.

EMPLOYEE PERSONAL TRADING

NISA's Personal Securities Transaction policy governs accounts of employees and "related persons." The policy includes, but is not limited to, the following requirements for trading Reportable Securities:

- Employees must obtain pre-approval for trades from the Managing Director or Director, or a designee, of the applicable portfolio management group. In certain cases, pre-approval is also required from the CCO or a designee;
- Employees must enter and/or verify transactions in NISA's monitoring system;
- Employees must permit NISA to receive duplicate account statements and/or electronic feeds of transactions and holdings; and
- Employees must review their transactions and holding reports quarterly and certify as to their accuracy.

NISA's Compliance Group monitors compliance with the policy. This process includes, but is not limited to:

- regular reviews of NISA's monitoring system;
- reviewing exceptions identified by the monitoring system, including but not limited to, pre-approval exceptions, where an employee's holdings and/or transactions do not match the broker's records, etc.; and
- comparing employee trades to client trades. The CCO determines the timing and need, if any, of comparing employee trades to client trades.

TIMING OF NISA'S EMPLOYEE TRADES

NISA's policy specifies that the Managing Director or Director, or a designee, of the applicable portfolio management group is allowed to approve an employee's personal

trade if NISA did not trade the security or related security on the prior business day and does not anticipate trading the security or related security on the requested day or the following business day.

CODE OF ETHICS VIOLATIONS

All violations of the Code of Ethics, including those involving personal securities trading, are taken seriously and may result in disciplinary action up to and including reprimand, probation, the levying of fines, suspension, termination of employment and legal action. Any violation of the Code of Ethics is reported by the Compliance Group promptly to the employee's supervisor and on a monthly basis to the Management Committee, and is incorporated into the employee's annual performance evaluation.

ITEM 12 – BROKERAGE PRACTICES

GENERAL TRADING PRACTICES

NISA's policies specify that each trade executed by NISA must be an independent, at-risk, bona fide, separate arms-length transaction between NISA and the broker-dealer. No transaction is allowed to be conditioned on any other transaction. The broker-dealer must be "at risk" on each transaction. No trades can be pre-arranged or parked. NISA's Compliance Group frequently tests to confirm that Authorized Traders are executing trades consistent with our policies, procedures and our fiduciary duties to our clients.

In general, except for derivatives transactions mandated to be traded through a Swap Execution Facility, Authorized Traders have wide latitude as to how they execute trades. This gives them the maximum flexibility to seek to achieve best execution and to act in the best interests of our clients.

Authorized Traders frequently use electronic methods (such as Bloomberg or MarketAxess), telephone or email to contact two or more broker-dealers for bids or offers

in competition. However, Authorized Traders are generally permitted to contact one broker-dealer who, in the trader's judgment, affords the best opportunity for the most favorable price and execution with the least amount of impact or disruption to the market, in addition to other considerations for seeking best execution. Additionally, Authorized Traders are, many times each day, contacted by broker-dealers with securities to sell or seeking securities to purchase. In these cases, before accepting a bid or offer from one broker-dealer, Authorized Traders must determine, in their professional judgment, that the trade is the most favorable combination of price and execution given all relevant circumstances at the time of the trade.

FIXED INCOME

NISA is a substantial trader of both Treasury and non-Treasury fixed income securities. For some of our strategies, NISA buys and sells the same security as opportunities present themselves with the goal of achieving incremental gains for our clients. Moreover, frequently we sell one bond to purchase a different bond of that same issuer when we believe there is better value in the bond purchased. These trades are generally not put out for explicit bids and offers. Instead, NISA is in regular contact with one or more broker-dealers via Bloomberg or telephone, in addition to viewing information available on various industry sources, and, based on this market information, selects the bid or offer which, in the Authorized Trader's professional judgment, is the best combination of price and execution.

When NISA receives assets from a new client or a contribution for a current client, we generally buy highly liquid Treasuries to keep the duration of the portfolio neutral to the benchmark. As we begin to transition the new account to its benchmark or invest the contribution, we sell those Treasuries as we purchase securities that best fit the benchmark. We generally reverse this

process when a client terminates or requests a withdrawal. The transition process can take minutes, days or months, depending on the size and percentage of the portfolio being transitioned, the asset classes and the benchmark chosen. These trades are frequently executed in competition employing a trading platform like MarketAxess. Authorized Traders often use the same broker-dealer that had the best price and execution on the bond trade to do the offsetting transaction in Treasuries.

There are times when we seek to sell (purchase) a relatively scarce security that does not trade very often, due to a client-directed flow, for example, that NISA had been seeking to purchase (sell) for other clients. NISA understands that there is a heightened sense of concern for potential abuse when the same less frequently traded security is traded in the opposite direction in the same or similar amount with the same broker-dealer on the same day. As an additional measure of protection for such circumstances, NISA is not allowed to purchase (sell) such securities on the same day if the sale (purchase) transaction was with the same dealer for the same or similar amount. Moreover, the Compliance Group conducts additional testing on these types of trades.

From time to time, as market conditions allow, NISA's Authorized Traders will use their professional judgment to determine whether it is in clients' best interests to enter into a transaction to trade securities using an "all-or-none" process. Using this process, the Authorized Trader submits a list of bonds that we intend to buy or sell to at least two broker-dealers, listing the bonds as a package. A broker must transact in all of the bonds on the list. In certain cases, one or more bonds may be carved out of the list and the list may be re-submitted to the broker-dealers again as a package. Each all-or-none trade must be, in the Authorized Trader's judgment, the best overall

combination of price and execution available at the time of the trade.

DERIVATIVES

The Authorized Trader will not place orders such that offsetting trades (trades in which one account is a buyer and another account is a seller of an index, rate, etc.) are packaged or linked together. Offsetting transactions include transactions in the same instrument (e.g., 10-year interest rate swap, S&P 500 swap) as well as transactions in instruments that may have similar market impact (e.g., one account entering into a swap to receive 30-year fixed, pay floating and another account is entering into a swap to pay 10-year fixed, receive floating).

EQUITY

NISA frequently purchases a security for one or more clients that it is also selling for one or more clients through an exchange. Such trades are primarily executed at “market on close,” and therefore automatically executed at or near the closing price of the exchange; however, NISA’s Authorized Traders may alternatively choose to execute trades throughout the day to seek to reduce the market impact of trades or to reduce the overall costs of trading. Refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information about equity trade orders.

BROKERAGE SELECTION AND RECOMMENDATIONS

The following describes the factors NISA considers when selecting or recommending broker-dealers and assessing the reasonableness of the broker-dealer’s compensation.

FIXED INCOME AND EQUITY

When placing a trade with a broker-dealer, NISA considers the quality, quantity, nature and scope of the brokerage firm’s professional services. NISA considers factors such as:

- the ability to transact the desired volume;
- price;
- commission rate (if any);
- market impact;
- responsiveness;
- timeliness;
- handling of confidential information;
- settlement efficiency; and/or
- expertise the broker-dealer may have in executing trades for the particular security or security type.

The factors taken into consideration and the importance of a specific factor will vary depending on the nature of the trade, the market and the number of broker-dealers capable and willing to execute the trade.

As discussed under “Directed Brokerage” below, Managed Account Program investors, as well as other high-net-worth investors that NISA provides investment advice to through financial intermediaries, typically have contractual terms with their Sponsor or custodian that place a relatively high cost on trading with a broker-dealer other than the Sponsor or custodian. NISA’s Authorized Traders will trade with a broker-dealer different than the Sponsor or custodian only if they believe the potential trade execution benefits outweigh the additional cost.

FUTURES

NISA generally transacts in futures in derivatives portfolios. If allowed by Investment Guidelines, NISA also is permitted to use futures contracts in a client’s fixed income portfolio. To execute trades in futures, the client must first establish an account and certain documents with an FCM. The documents specify certain terms that apply to all transactions between the client and the FCM. Alternatively, the client has the ability to choose to use NISA’s “umbrella” documents that NISA has established with certain FCMs. NISA generally suggests FCMs to our clients. NISA considers the FCM’s execution and

settlement capabilities in the contemplated contracts to determine the FCMs to suggest to the client. The FCMs that NISA suggests to clients frequently, but are not required or obligated to, provide research on futures and other products to NISA as part of their commitment to the general business relationship. See the “Research and other Soft Dollar Benefits” section below for additional information.

NISA seeks to negotiate the most favorable commission schedule available for our clients. NISA is allowed to execute transactions with an FCM that charges a higher commission if the Authorized Trader believes, among other possible considerations, that using that FCM enables NISA to obtain the best available price and most favorable execution by limiting market impact.

NISA generally does not anticipate trading futures for Managed Account Programs.

CLEARED DERIVATIVES TRANSACTIONS

To execute cleared derivatives transactions, the client must establish certain documents with a clearing member. The documents specify certain terms that apply to all transactions cleared by the clearing member on the client's behalf. Alternatively, the client has the ability to choose to use NISA's “umbrella” documents that NISA has established with certain clearing members. Umbrella documents are currently available to ERISA clients, and may be available to non-ERISA clients with certain modifications. In order to use NISA's umbrella documents, the client must provide certain certificates and other documents to NISA.

NISA from time to time suggests potential clearing members to our clients. NISA's considerations when suggesting a clearing member include, but are not limited to:

- clearing and settlement capabilities;
- margin requirements and procedures;
- documentation terms;
- collateral transformation capabilities; and
- fees and commissions.

NISA generally does not anticipate trading cleared derivatives instruments for Managed Account Programs.

UNCLEARED DERIVATIVES TRANSACTIONS

To execute uncleared derivatives transactions, the client must establish certain documents with a counterparty. The documents specify certain terms that apply to all transactions between the client and counterparty. Alternatively, the client has the ability to choose to use NISA's “umbrella” documents that NISA has established with certain counterparties. Umbrella documents are currently available to ERISA clients, and may be available to non-ERISA clients with certain modifications. In order to use NISA's umbrella documents, the client must provide certain certificates and other documents to NISA. Prior to the execution of an uncleared derivatives transaction, NISA negotiates a standard form of confirmation for each financial instrument type that it intends to trade with a given counterparty.

NISA from time to time suggests potential counterparties to our clients. NISA's considerations when suggesting counterparties include, but are not limited to:

- execution capabilities for the proposed strategy;
- settlement capabilities for the proposed strategy;
- collateral exchange requirements and procedures;
- documentation terms; and
- creditworthiness.

NISA generally does not anticipate trading uncleared derivatives instruments for Managed Account Programs.

LIMITATIONS ON BROKER-DEALERS, COUNTERPARTIES, CLEARING MEMBERS OR FUTURES COMMISSION MERCHANTS

CLIENT RESTRICTIONS

For various reasons, clients from time to time elect or are required to impose certain restrictions on NISA's use of specific broker-dealers, even if they are approved for trading by NISA. If a client restricts a broker-dealer with which NISA is allowed to trade, the client has the potential to be left out of trades, could pay higher transaction costs or could receive less favorable net prices than would be the case if NISA were not restricted. The same potential negative impact exists if the client is not responsive to NISA's requests to add additional counterparties.

For derivatives programs, the client in its discretion and subject to applicable law can choose to select the pool of potential counterparties, clearing members or FCMs with which NISA is allowed to trade, in its discretion.

NISA will seek to achieve the best price and most favorable execution taking into account any limitations or restrictions.

Please note that NISA will not be able to accept a client's restriction for certain transactions in ERISA accounts.

OTHER RESTRICTIONS

In addition, NISA from time to time creates internal counterparty diversification objectives that NISA believes are of benefit to clients in certain situations. Based on these objectives, NISA, in our sole discretion, has the potential to omit an otherwise eligible counterparty from the counterparty selection process.

RESEARCH AND OTHER SOFT DOLLAR BENEFITS

NISA does not pay an amount of commission for effecting a securities transaction for clients in excess of the amount other brokers would have charged for the transaction to generate credits for the purchase of research. NISA has not entered into any arrangement that specifies the amount of transactions that NISA will direct to any brokerage firm, FCM, clearing member or counterparty (collectively, for this section, "Brokers"). However, as permitted by Section 28(e) of the Securities Exchange Act of 1934, as amended, NISA receives market, statistical and research information provided by Brokers at no additional cost. This frequently includes access to proprietary research databases, information websites and reports. The information NISA receives from Brokers may be of general or specific benefit to one or more clients.

If NISA did not receive these services from Brokers, NISA would incur additional costs. In seeking to mitigate the conflicts of interest from such services, NISA has a Best Execution and Trade Order Management policy. The policy requires NISA's Authorized Traders to seek to achieve the best combination of price and execution for our clients, and NISA will only execute a transaction with a Broker who provides such market, statistical and research information when NISA believes that the Broker is capable of providing best execution for that transaction.

Additionally, certain Brokers have dedicated telephone connections to NISA's office. NISA can only use these connections for calls to/from the applicable Broker. NISA has no control over these connections other than to permit the Broker to have them installed.

NISA's employees from time to time attend conferences sponsored by Brokers. In such cases, NISA pays for the employee's transportation and lodging but typically does

not pay for conference fees or meals or entertainment provided to all conference attendees on a non-individualized basis.

BEST EXECUTION

NISA's Authorized Traders are required to seek to achieve the best available combination of price and execution for all transactions or "Best Execution." We consider Best Execution to be a process, not a result and as such, NISA's Compliance Group evaluates the trading processes and results over an extended period of time. The Compliance Group regularly tests to confirm that Authorized Traders are seeking to achieve the best available combination of price and execution, and reviews the results with NISA's Best Execution Committee on a quarterly basis.

DIRECTED BROKERAGE

If a client requests NISA to direct brokerage to a specific broker-dealer or broker-dealers, NISA will require the client to make certain representations and acknowledgements about this practice. These currently include representations that the client understands that by asking NISA to direct brokerage that the portfolio has the potential to be omitted from trades that obtain prices that are the most favorable at that time and to be excluded from aggregated and/or all-or-none orders that NISA believes have the potential to benefit the client.

NISA will consider expressed client preferences with respect to broker-dealer selection and will periodically include those entities when putting broker-dealers in competition for trades.

Please note that NISA will not be able to accept a client's direction for certain transactions in ERISA accounts.

As described earlier, certain equity clients (e.g., high-net-worth investors that NISA provides investment advice to through financial intermediaries and through Managed Account Programs) do not

expressly direct the use of a particular broker-dealer, but are structured (in terms of fees and other factors) such that transactions are typically executed through the clients' custodian or Managed Account Program Sponsor or other broker-dealers affiliated with the Managed Account Program, consistent with NISA's duty to seek best execution. In some circumstances, NISA will execute transactions with other broker-dealers in pursuit of best execution or, to the extent necessary, to obtain the desired security.

As discussed in more detail in Item 5, investors participating in Managed Account Programs generally pay a single "wrap" fee that covers investment management, custody and broker commissions for transactions effected through the Sponsor or other broker dealer associated with the specific Managed Account Program. Brokerage commissions in Managed Account Programs are generally determined by the designated broker-dealer and included in the Managed Account Program fee. Transactions executed through other broker-dealers would typically result in additional charges to the investor account. So, in a traditional Managed Account Program, given the wrapped fee, we generally are not in a position to negotiate commission rates with the broker-dealer or to aggregate trades with other client accounts for execution purposes (except that we may aggregate trades for accounts within each separate Managed Account Program with the same Sponsor). However, to the extent permitted by the Managed Account Program and consistent with the policies discussed in this Item 12, NISA will execute transactions with other broker-dealers in pursuit of best execution, which transactions may be aggregated with trades for other client accounts. For example, among other instances where we can trade away, we may execute time-sensitive orders with other broker-dealers consistent with our obligation to seek best execution. These

broker-dealers may or may not waive or reduce commission costs in exchange for high trade volumes. As a result of these transactions, Managed Account Program investors typically bear additional brokerage expenses in addition to the single fee associated with such programs.

BROKERAGE FOR CLIENT REFERRALS

NISA does not receive client referrals in exchange for brokerage.

CROSS TRANSACTIONS

NISA does not engage in principal cross transactions. NISA does not engage in agency cross transactions. Prearrangement of a sell transaction and a subsequent buy transaction is prohibited. NISA's Authorized Traders are prohibited from "parking" securities with a broker-dealer. Packaging a sell transaction and a buy transaction of the same physical security is prohibited. All trades must be executed at arms-length and the risk must pass to the broker-dealer for each trade.

TRADE AGGREGATION

NISA has a Trade Allocation policy that establishes guidelines for allocating investments to client portfolios in a manner so as not to intentionally or consistently favor or disfavor a client or class of clients over time. NISA's goal is to seek to treat all client portfolios on a fair and equitable basis over time, even though a specific trade may seem to favor one portfolio over another when viewed in isolation.

NISA's Authorized Traders determine whether it is practical and in the clients' best interests to aggregate trades for multiple portfolios. Authorized Traders at NISA from time to time combine or bunch orders when negotiating trades with broker-dealers or other counterparties. NISA considers a trade to be "aggregated" if the trade blotter indicates one transaction that is allocated to a number of client portfolios. NISA does not consider trades to be aggregated if the portfolios are combined during negotiation

but each portfolio has a separate trade ticket or a separate trade blotter entry.

FIXED INCOME

NISA generally aggregates trades in fixed income portfolios, including futures contracts in fixed income portfolios. When NISA aggregates trades and receives less than the desired quantity, it is not always practicable to allocate the trade pro rata across all accounts included in the trade order. In those cases, the Authorized Trader allocates the trade on a reasonable basis with the goal of treating all accounts equitably over the long term.

NISA has a process for allocating trades for non-Treasury fixed income securities that places portfolios in different groups as follows:

- all current client portfolios not in transition;
- portfolios with large, new contributions or large withdrawals;
- portfolios in transition to a new benchmark; and
- newly funded client portfolios.

If the broker-dealer is only able to partially fill NISA's order, NISA allocates the trade by group in the order listed above. Trades for each group must be filled before the trader can move to the next group. If the broker-dealer is unable to fill the order for the first group, NISA will generally, but not in all cases, allocate on a pro rata basis among the portfolios in the first group.

If the first group is filled but the second group cannot be completely filled, NISA will allocate the trade among the clients in the second group depending on the deadline for which the portfolio is scheduled to be fully invested or the withdrawal to be completed. These deadlines are set by NISA and take into account the time that NISA received the client's instructions, the type of securities to be traded, the benchmarks involved, market conditions and the relative size of the trades

required to be executed. Typically, those portfolios closer to their deadline will receive their allocation before the portfolios in the second group that are further away from their deadline. When the second group is filled, the same process is followed for the third group, if NISA was able to fill the first two groups, but not completely fill the orders for the third group. If the third group is filled, but not the fourth group, the same process is followed for the fourth group until the transaction has been fully allocated.

NISA also has a process for allocating non-Treasury fixed income securities where an order is filled in multiple trades at different execution levels. This allocation process is designed with the goal of achieving the average execution level of the total order for each participating portfolio. In cases where minimum denominations or other limitations do not allow average execution levels, NISA will allocate executions on a random or other designated basis designed to achieve equitable treatment over time.

Futures in fixed income portfolios are allocated pro rata in proportion to the order placed for each portfolio, so long as it is practicable to do so.

EQUITY

NISA does not aggregate equity trades; however, the broker-dealers with whom NISA trades do aggregate trades. Situations arise where NISA does not receive the number of shares requested from a broker-dealer to cover all trades. If that occurs, the broker-dealer will follow NISA's instructions to allocate the shares received on a pro rata basis based on the total number of shares requested for each portfolio in the original orders.

Trades for the same transaction type (i.e., buy or sell) in the same security in multiple portfolios that are submitted to the broker for execution at the same time will receive the same average price and commission for the trade. Trades for high-net-worth investors

that NISA provides investment advice to through financial intermediaries or through Managed Account Programs are, as described earlier, generally placed with the custodian or Managed Account Program Sponsor; as such, when trading multiple such portfolios at the same time, NISA utilizes a trade rotation based on each portfolio's most recent trade (e.g., trades for the portfolio with the oldest prior trade date are submitted first).

FUTURES IN DERIVATIVE PORTFOLIOS, CLEARED AND UNCLEARED DERIVATIVE TRANSACTIONS

In many cases, trades in derivative portfolios are executed at the strategic direction of the client or based upon client specific circumstances and objectives, and as such, are not aggregated or even combined during negotiation. However, under certain conditions and if portfolio-specific allocations are known in advance, NISA from time to time aggregates futures, cleared and uncleared derivative transactions. In rare cases, there is the potential that the entire order cannot be filled. If that occurs, we handle as follows:

- **Futures in a Derivative Portfolio –**
The trader will allocate the trade pro rata in proportion to the order placed for each portfolio so long as it is practicable to do so.
- **Cleared Derivative Transactions –**
The trader will generally allocate pro rata in proportion to the order placed for each portfolio so long as it is practicable to do so.
- **Uncleared Derivative Transactions –**
The trader will allocate the trade pro rata across all portfolios, with units or amounts rounded to amounts generally accepted for the type of transaction being executed.

If pro rata allocations are not possible, or practical, the Authorized Trader must notify the Chief Compliance Officer. The Chief Compliance Officer, in conjunction with the

Authorized Trader, will then determine an appropriate alternative allocation methodology, taking into consideration the facts and circumstances surrounding the trade.

OFFSETTING TRADES

With respect to derivatives, the Authorized Trader will not place orders such that offsetting trades (trades in which one portfolio is a buyer and another portfolio is a seller of an index, rate, etc.) are packaged or linked together. Offsetting transactions include transactions in the same instrument (e.g., 10-year interest rate swap, S&P 500 swap or total return swap), as well as transactions in instruments that have similar market impact (e.g., one portfolio entering into a swap to receive 30-year fixed, pay floating and another portfolio is entering into a swap to pay 10-year fixed, receive floating).

TRADING ERRORS

NISA has designed our trading processes and procedures to seek to minimize the possibility of errors when trading in our clients' portfolios. However, it is inevitable that errors will occur. Errors in the placement, execution or settlement of trades are often due to a unique set of circumstances, which makes it difficult to specify in advance the procedures for addressing each case as it may arise. Therefore, NISA's Trading Errors and Revisions policy focuses on the procedures in place for reporting and investigating routine errors while providing more general guidance for promptly resolving errors.

Under no circumstances will any error ever be resolved through the use of soft dollars or through a reciprocal arrangement with the broker-dealer, counterparty, futures commission merchant, a trading platform or a similar third party (for the purposes of this section, collectively, a "Broker").

A Trade Error occurs if an Authorized Trader executes a trade incorrectly that requires the modification of a "material term of the trade,"

including cancellation of a trade, after trade date or that requires an additional trade in order to fix an error (including an additional trade executed on trade date). In addition, a Trade Error is failing to execute a trade that results in an Investment Guideline violation, a breach of a client's Investment Management Agreement or a violation of applicable law. A Trade Error can include, but is not limited to, placing an order for the wrong client, buying or selling the incorrect quantity or security, placing a buy order as a sell, or vice versa, allocating the wrong number of securities or allocating securities to the wrong portfolio. A "material term of the trade" will differ from trade to trade based upon the specific facts and circumstances relating to the trade and the error. For example, the settlement date of a trade is generally not considered a "material term of the trade;" settlement date would be material however, when the client is seeking to withdraw funds by a specific date.

NISA also considers certain operational errors to be classified as a "NISA Error". A NISA Error occurs if a NISA employee takes an action such that NISA has to then execute a trade that otherwise would not have needed to be executed because of a guideline violation, a breach of a client's Investment Management Agreement, or a violation of applicable law. A NISA Error includes, but is not limited to, an incorrectly implemented corporate action or a missing or incorrect instruction from Client Services to an Authorized Trader.

NISA will attempt to correct all errors as expeditiously as is prudent and practicable. If appropriate, prior to settlement, NISA can seek to cancel the trade with the broker-dealer, or reallocate the trade to a different client account if the trade represents a bona fide investment decision for that account. If the end result of the error is a gain in the client portfolio, that gain is retained by the client. An error that results in an economic loss to the client portfolio will be resolved in a manner consistent with the client's

contractual provisions governing the resolution of errors, if any, NISA's overall fiduciary duty to our clients and any applicable laws.

Certain error definitions are contingent upon a guideline term being violated. Depending on the facts and circumstances, NISA, in its discretion, can calculate reimbursement amounts based on the magnitude of an investment guideline breach. Therefore, NISA has an incentive to negotiate Investment Guidelines with wide latitude bands in order to reduce the possibility of committing guideline violations or other errors and to reduce reimbursement amounts.

NISA's practice is to notify the relevant client, or Sponsor with respect to a Managed Account Program, of any error committed by NISA, regardless of its classification, that significantly impacted a client account.

NISA will not be responsible for any indirect, consequential or punitive damages. A copy of NISA's Trading Errors and Revisions policy is available upon request.

TMPG TRADE FAIL PENALTY

In 2009, the Treasury Market Practices Group (TMPG) instituted a fails charge practice for U.S. Treasury securities in order to seek to provide an incentive to sellers to deliver securities in a timely fashion and thereby reduce overall fail levels. The TMPG is a group of market professionals committed to supporting the integrity and efficiency of the Treasury, agency debt, and agency mortgage-backed securities markets and is sponsored by the Federal Reserve Bank of New York. In subsequent years, additional security types, including U.S. agency debt and U.S. agency MBS were added as securities following the TMPG fails practices. NISA facilitates settling penalty payments owed by, and payments owed to, clients with the relevant broker-dealer in the event a failing trade triggers a TMPG penalty.

ITEM 13 – REVIEW OF ACCOUNTS

ACCOUNT REVIEW

NISA reviews accounts as described below.

FIXED INCOME STRATEGIES

The Fixed Income and Derivatives Portfolio Management Group and the Compliance Group monitor each portfolio for compliance with its Investment Guidelines. The Fixed Income and Derivatives Portfolio Management Group also monitors the active risk in each portfolio and reviews each portfolio's structure against its targets.

EQUITY STRATEGIES

The Equity Portfolio Management Group and the Compliance Group monitor each portfolio for compliance with its Investment Guidelines.

SYNTHETIC EXPOSURE STRATEGIES

The Fixed Income and Derivatives Portfolio Management Group and the Compliance Group monitor each portfolio for compliance with its Investment Guidelines. The Fixed Income and Derivatives Portfolio Management Group also monitors the risk in each portfolio and reviews each portfolio's structure against its targets.

COMPLETION AND CUSTOM CREDIT STRATEGIES

The Fixed Income and Derivatives Portfolio Management Group and the Compliance Group monitor each Completion and Custom Credit portfolio for compliance with its Investment Guidelines. The Investment Strategies Group monitors the custom liability benchmark for each Completion and Custom Credit portfolio.

CLIENT MEETINGS

The client determines the timing and frequency of meetings with NISA to review its account(s). High-net-worth investors should contact their financial intermediary or Managed Account Program Sponsor for an account or financial plan review. NISA does not have responsibility for reviewing high-net-worth investor financial plans.

REPORTS

NISA typically provides written quarterly reports for each managed account based on NISA's internal pricing. These reports generally include the following:

- portfolio performance comparison and attribution versus the benchmark;
- portfolio and benchmark characteristics; and
- portfolio holdings and market value.

NISA frequently provides additional reports as agreed upon between NISA and the client, with such reports typically provided at no cost to clients beyond the fees paid to NISA for the provision of investment management services pursuant to the Investment Management Agreement.

We may provide quarterly performance or other reports to Managed Account Program Sponsors as required by the Sponsor. NISA's reporting requirements are typically set forth in our agreement with the Sponsor and the Sponsor typically has the ability to reasonably modify, duplicate, or incorporate such reports into the reports they provide to the underlying investors. Investors in Managed Account Programs may receive quarterly performance and/or other reports, typically from the Sponsor, as provided in the applicable Managed Account Program documentation.

NISA does not provide legal, accounting, tax, recordkeeping or valuation services. NISA provides reports containing accounting or valuation information to clients with the understanding that NISA does not provide these services. Each client should compare and verify the information on NISA's reports with the information on the statements it receives from its recordkeeper.

NISA values securities and other financial instruments held in clients' accounts for its internal use, including Investment Guideline compliance and performance calculations.

NISA provides reports containing such information to clients solely for the purpose of evaluating NISA as an investment manager.

Reports and presentations provided by NISA to its clients are not, and should not be regarded as "investment advice" or as a "recommendation" regarding a course of action, including without limitation as those terms are used in any applicable law or regulation. NISA provides reports to its clients with the understanding that (i) NISA is not acting in a fiduciary or advisory capacity under any contract with its clients, or any applicable law or regulation, (ii) clients will make their own independent decision with respect to any course of action related to such reports, and (iii) clients are capable of understanding and assessing the merits of a course of action and evaluating investment risks independently.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

NISA's only compensation is the fees that clients pay to NISA. The only compensation that NISA's employees receive for providing investment advice to NISA's clients is the compensation the employees receive from NISA. NISA does not pay any third-party for client introductions or referrals.

NISA does not solicit client referrals from FCMs or Counterparties. NISA does not solicit client referrals from the trading desks of broker-dealers, but may be recommended to potential clients by other divisions, subsidiaries or affiliates of broker-dealers or their holding companies. These recommendations are not contingent upon NISA committing any amount of business or doing business with these entities.

NISA manages assets for pension plans whose sponsors, named fiduciaries, affiliates or third-party service providers ("Controlling Persons") provide services to other NISA clients and prospective clients.

These Controlling Persons include investment or pension plan consultants or other financial services providers that have the potential to be able to influence a client to hire NISA, or in some cases, the Controlling Persons have the authority to directly hire NISA on behalf of a client. Each Controlling Person is solely responsible for evaluating any and all conflicts of interest that arise, or may be deemed to arise, by virtue of its various relationships with NISA on the one hand, and the Controlling Person and its other clients, on the other hand. The Controlling Person is solely responsible for mitigating and disclosing such conflicts to its respective stakeholders and the Controlling Person's clients, as the Controlling Person determines is necessary and appropriate, in its sole discretion. NISA does not compensate, provide reduced fees or provide other benefits to any person in exchange for client introductions, recommendations or referrals.

ITEM 15 – CUSTODY

NISA's clients deposit the assets we manage on their behalf in accounts maintained by a third-party Sponsor or other custodian that the client selects. Except in the limited circumstance described below where NISA directs a custodian to deduct fees directly from a client's account, NISA is not deemed to have custody of client assets, as we do not have possession, or the ability to obtain possession, of our client's assets.

Notwithstanding, NISA has established internal controls designed to help safeguard client assets. NISA separates portfolio management, operations and client service responsibilities. We maintain systems designed to confirm that trades are authorized and meet any applicable Investment Guideline requirements. NISA's Operations Group reconciles cash on a daily basis and holdings on a monthly basis with the client's custodian.

In a small number of client engagements, NISA directs the custodian to deduct our fees directly from clients' custodial account(s). NISA has a reasonable basis for believing that the clients' qualified custodian sends quarterly, or more frequent, account statements to each such client.

NISA also reminds our clients that they should carefully review any statements or reports that they receive from NISA and compare them to the client reports provided by their custodian.

NISA is not a party to the agreements in place between our clients and their custodians. Accordingly, NISA disclaims and does not agree to any provisions in such custodial agreements that could be deemed to impart custody or any related responsibility or liability on NISA in any manner.

In addition, NISA has an Anti-Money Laundering ("AML") Program that is reasonably designed to detect and prevent NISA from being used to facilitate money laundering or the financing of terrorist activities and to achieve and monitor compliance with applicable AML laws. This program covers all of NISA's investment advisory activities, including any activities that do not entail the management of money.

ITEM 16 – INVESTMENT DISCRETION

NISA manages assets on a fully or partially discretionary basis. The client must execute an Investment Management Agreement, or in the case of a Managed Account Program investor, a contract as described in item 4, before NISA will accept discretionary authority.

Please refer to Item 4 – Advisory Business for information about the limitations a client has the ability to place on NISA's authority. Limitations on NISA's discretion will likely result in an account experiencing different

performance than other similar accounts in the same investment strategy.

ITEM 17 – VOTING CLIENT SECURITIES

The following is an overview of NISA's policies for voting client securities. NISA will provide a copy of its Proxy Voting, Class Action and Security Elections policy upon request by the client as well as a record of any votes cast for securities held in the client's account.

NISA exercises voting authority for security proxies on behalf of many of its clients. NISA will vote proxies for a client's portfolio in the best interests of that portfolio and will not subordinate the economic interests of a client's portfolio to any other party.

NISA will vote client securities for a client unless the client retains such authority. NISA will accept a client's direction as to how to vote that client's securities only if the client, or the Sponsor in the case of a Managed Account Program investor, has retained voting authority for that matter in its Investment Management Agreement. If the client wishes to direct NISA how to vote a proxy or to discuss a particular proxy matter, it should contact NISA at the phone number on the cover page of this brochure. Managed Account Program investors should contact the program Sponsor. If the client retains authority to vote its proxies, the client must arrange with its custodian to receive proxies or other solicitations.

NISA has a Proxy Voting Committee that is responsible for the oversight of NISA's proxy voting program. The Proxy Voting Committee is responsible for creating and maintaining guidelines for voting securities.

CONSIDERATIONS FOR ERISA PLANS

NISA will consider those factors that could affect the value of the plan's investment and will not subordinate the interests of the plan's participants and beneficiaries in their

retirement income to any unrelated objectives. NISA will not vote in favor of a proposal related to public policy matters, political activities or other social issues unless NISA reasonably believes that such a proposal is in the plan participants' and beneficiaries' best economic interests. If an ERISA plan client submits a proxy voting policy to NISA that is inconsistent with NISA's policy, in certain circumstances NISA will need to revert proxy voting authority back to the client. NISA carries out its proxy voting for ERISA plan portfolios in accordance with existing law, regulations and related guidance as enforced by the Department of Labor.

U.S. PROXY VOTING

NISA subscribes to an independent third-party proxy voting provider for research and analysis of U.S. proxy issues. These services include proxy vote execution pursuant to NISA's instructions, voting records maintenance, proxy ballot reconciliation and tracking, and proxy voting accounting and reporting.

NISA votes proxies in the client's best interest. NISA's Proxy Voting Committee determines how to vote proxies. The Committee specifies proxy voting guidelines to reduce conflicts of interest. The Committee determines how to vote proxies not covered by the guidelines on a case-by-case basis. If a case-by-case vote poses a material conflict of interest between NISA and its clients' accounts, the Proxy Voting Committee may determine that the best course of action is to contact the affected clients, provide relevant information regarding the issues, explain the possible conflict of interest and obtain each client's consent and/or instructions before voting.

NISA generally does not abstain from voting proxies. However, if a security has been sold between the record date and the date the proxy is to be voted, NISA may, in its discretion, elect to abstain.

Also, from time to time, NISA's ability to vote proxies could be affected by regulatory requirements, or compliance, legal or logistical considerations. For example, securities that have been lent out as part of a client's securities lending program, of which NISA is generally unaware, are not always available to be called back and such securities have the potential to be left out of proxy votes.

NISA uses a third-party vendor for proxy voting and record keeping. The vendor votes proxies pursuant to NISA's guidelines or instructions. The vendor also maintains, reconciles, tracks proxy-voting records and has the ability to provide non-recommendation research and analysis. NISA does not rely on proxy voting recommendations from any third party but has the ability to purchase research from third parties that include recommendations.

Members of the Proxy Voting Committee will, from time to time, have business (other than through NISA's business relationship) or personal relationships with participants in proxy contests, such as corporate directors or candidates for directorships or will, from time to time, own the security to be voted. In such circumstances, the member of the Proxy Voting Committee will recuse him or herself from the Proxy Voting Committee for that vote.

In addition, occasions will arise where NISA's proxy voting policies will lead to different voting results for different clients on the same proxy vote.

Finally, NISA's current US proxy voting service provider, Glass Lewis, has potential conflicts of interest. Glass Lewis is a privately held company majority owned by a private equity company and a private investor who may have economic interests which could, at times, conflict with the interests of unrelated shareholders invested in companies for which Glass Lewis provides research and recommendations. It

is possible that the Glass Lewis majority owners could have a conflict of interest regarding the research and recommendations being produced by Glass Lewis. Glass Lewis is not registered with the SEC as an investment adviser and is therefore not currently subject to regulatory supervision by the SEC.

OTHER ISSUES

NISA votes on other security matters as part of its investment discretion. These votes relate to economic decisions, such as tender offers, security exchanges, or consent to an indenture change, among others. NISA votes these matters solely in the best economic interests of each account, as determined by NISA. In determining the election, NISA will not subordinate the economic interests of a client's portfolio to any other party.

NISA does not act on, participate in, file or advise clients with respect to any US or international securities class action suits or bankruptcy claims. Moreover, NISA does not seek out potential or pending class action suits or bankruptcy filings. Upon request, NISA will provide the client or its designee with the account's holdings and/or transactions of a particular security and other supporting information.

The most likely conflicts of interest with respect to security elections occur when clients' portfolios hold different bonds affected by the security election and the decision will affect those bonds, and therefore, the portfolios differently. In those cases, the relevant portfolio management group will determine the decision for each portfolio holding the relevant securities. NISA may determine it is not in each portfolio's economic interest to act in the same manner. In such cases, NISA will contact the affected clients, provide relevant information regarding the issues, explain the possible conflict of interest and obtain each client's consent and/or instructions before executing a decision. NISA will accept the

client's direction as to how to execute that client's securities with respect to a particular issue, unless such direction is determined to be in conflict with applicable laws, rules or regulations.

ITEM 18 – FINANCIAL INFORMATION

NISA does not require or solicit prepayment of advisory fees.

NISA does not believe that we have any financial condition that will impair our ability to meet our contractual commitments to clients.

NISA has not been the subject of a bankruptcy petition in the past ten years.

U.S. Customer Privacy Notice

| FACTS | What does NISA Investment Advisors, LLC (“NISA”) do with your personal information? | |
|--|--|-----------------------------|
| WHY? | Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do. | |
| WHAT? | <p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> ▪ Social security number ▪ Income ▪ Assets ▪ Investment experience and risk tolerance ▪ Wire transfer instructions ▪ Transaction history <p>When you are no longer our customer, we may continue to share information about you as described in this notice.</p> | |
| HOW? | All financial companies need to share customers’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers’ personal information; the reasons NISA chooses to share; and whether you can limit this sharing. | |
| Reasons we can share your personal information | Does NISA Share? | Can you limit this sharing? |
| For our everyday business purposes - such as to process your transactions, maintain your accounts(s) or respond to court orders and legal investigations. | Yes | No |
| For our marketing purposes - to offer our products and services to you | Yes | No |
| For joint marketing with other financial companies | No | We don’t share |
| For our affiliates' everyday business purposes - information about your transactions and experiences | No | We don’t share |
| For our affiliates' everyday business purposes – information about your creditworthiness | No | We don’t share |
| For our affiliates to market to you | No | We don’t share |
| For non-affiliates to market to you | No | We don’t share |

| Questions? | |
|---|---|
| Email: privacy@nisa.com | |
| What we do | |
| How does NISA protect my personal information? | To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. |
| How does NISA collect my personal information? | <p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ▪ open an account ▪ make deposits or withdrawals from your account ▪ tell us about your investment or retirement portfolio ▪ provide account information ▪ give us your contact information <p>We also collect your personal information from others, such as your financial advisor, broker and bank.</p> |
| Why can't I limit all sharing? | <p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ▪ sharing for affiliates' everyday business purposes—information about your creditworthiness ▪ affiliates from using your information to market to you ▪ sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p> |
| Definitions | |
| Affiliates | <p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ <i>NISA does not share with our affiliates.</i> |
| Non-affiliates | <p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ <i>Non-affiliates we can share with include your financial advisor, broker or bank.</i> |
| Joint Marketing | <p>A formal agreement between non-affiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> ▪ <i>NISA does not jointly market.</i> |
| Other important information | |
| <p>Vermont: Except as permitted by law, we will not share personal information we collect about Vermont residents with Non-affiliates unless you provide us with your written consent to share such information.</p> <p>California: Except as permitted by law, we will not share personal information we collect about California residents with Non-affiliates and we will limit sharing such personal information with our Affiliates to comply with California privacy laws that apply to us.</p> | |