

**NLG Capital, Inc.
("NLG Capital")**

**One National Life Drive
Montpelier, VT 05604
Phone Number: (802) 229-3773
Fax Number: (802) 229-3743**

**Form ADV Part 2A Firm Brochure
March 27, 2024**

This brochure provides information about the qualifications and business practices of NLG Capital, Inc. If you have any questions about the contents of this brochure, please contact us at (802) 229-3773. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about NLG Capital also is available on the SEC's web site at www.adviserinfo.sec.gov.

NLG Capital is a registered investment adviser. Registration does not imply a certain level of skill or training.

MATERIAL CHANGES

The following is a summary of material changes made to this Brochure since the last annual update on March 31, 2023:

1. There are no material changes to the Advisers business during the reporting period.

NLG Capital encourages all current and prospective investors to review the full Brochure in its entirety. NLG Capital will provide clients with a new Brochure as necessary based on changes or new information at any time without charge. Currently, clients can request a current version of the full Brochure by contacting NLG Capital at (802) 229-3773. Additional information about NLG Capital may also be obtained on the SEC's website at www.adviserinfo.sec.gov.

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Advisory Business..... | 4 |
| Fees and Compensation..... | 5 |
| Performance-Based Fees and Side-By-Side Management | 6 |
| Types of Clients | 7 |
| Methods of Analysis, Investment Strategies and Risk of Loss | 7 |
| Disciplinary Information | 12 |
| Other Financial Industry Activities and Affiliations | 13 |
| Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 13 |
| Brokerage Practices | 14 |
| Review of Accounts | 16 |
| Client Referrals and Other Compensation..... | 16 |
| Custody | 17 |
| Investment Discretion | 17 |
| Voting Client Securities | 17 |
| Financial Information | 18 |
| Requirements for State-Registered Advisers | 18 |

ADVISORY BUSINESS

NLG Capital, Inc., f/k/a Sentinel Asset Management, Inc. (“NLG Capital”) is an investment adviser registered with the SEC and has been in business since 1968. NLG Capital is wholly-owned by NLV Financial Corporation, which is a wholly-owned subsidiary of National Life Holding Company. National Life Holding Company is a Vermont mutual insurance holding company, meaning that it is owned by policyholders of National Life Insurance Company.

NLG Capital offers discretionary investment advisory services to various types of affiliated institutional clients, focusing on fixed income investments. Although NLG Capital predominantly offers fixed income investment advice to its clients, NLG Capital also may provide advice to clients on issues related to other types of investments or strategies as necessary during the course of NLG Capital’s engagement with a client (*e.g.*, NLG Capital may provide investment advice to a client on issues relating to other types of assets that the client may already own). NLG Capital generally does not offer non-discretionary investment advisory services to clients. NLG Capital is not actively seeking new clients.

NLG Capital’s fixed income strategies incorporate sector allocation and security selection decisions to meet the income and capital preservation goals of the client. Based on an analysis of current market conditions and future expectations, NLG Capital allocates to the fixed income sectors, maturities, and securities it believes offer the best relative value and balance between return and risk control within a particular strategy. In conjunction with establishing top-down asset allocation, yield curve and duration positioning, the investment team applies disciplined fundamental analysis to security selection.

More information regarding NLG Capital’s fixed income investment strategies, methods of analysis and the risks associated with investments in any of these strategies is provided under the heading “Methods of Analysis, Investment Strategies and Risk of Loss” below.

As part of its fixed income investment strategies, NLG Capital also invests in commercial mortgage loans, middle market loans, residential mortgage loans, and private credit (funds and direct investments).

NLG Capital invests in private equity (funds and direct investments) and in equity securities on behalf of an affiliated charitable portfolio; however, no equity strategies are offered beyond this affiliate.

NLG Capital offers tailored fixed income investment advisory services to clients and may offer other strategies to its clients in the future. Clients may impose restrictions on investing in certain securities or types of securities, most of which will be honored unless it is not feasible for NLG Capital to incorporate a requested restriction into the management of a client’s account, in which case the client will be notified of such an issue. NLG Capital consults with each of its clients initially and on an ongoing basis to ascertain and discuss the client’s investment objectives and any restrictions that the client may request. Client portfolios are monitored on an ongoing basis to ensure that any restrictions on a client’s portfolio are maintained.

As of December 31, 2023, NLG Capital manages approximately \$35 billion in client assets on a discretionary basis and does not manage any client assets on a non-discretionary basis.

Individuals associated with NLG Capital may also have officer roles with its affiliated insurance company entities. Such personnel are subject to the NLG Capital's compliance policies and procedures when acting on behalf of NLG Capital, and additionally, subject to the policies and procedures of the affiliate when acting on behalf of that affiliate.

FEES AND COMPENSATION

NLG Capital currently manages assets on behalf of its insurance company affiliates for a fee intended to reflect the actual cost to NLG Capital for providing investment advisory services to these affiliates. NLG Capital also provides discretionary investment management to other affiliates, for which it may or may not charge a fee.

Any investment advisory fees charged to third-party clients will be negotiated on a case-by-case basis and established prior to the commencement of the advisory relationship. Advisory fees are based on assets under management. The type of client, the number of accounts managed, account size, whether the client wishes to impose restrictions on NLG Capital's discretionary authority and the particular investment strategy are all factors, among others, taken into consideration when negotiating investment advisory fees.

NLG Capital reserves the right to negotiate and/or change its fee schedules for new or existing clients, while continuing to charge some or all of its existing clients on the basis of fees and agreements in force prior to the change.

All investment advisory services for which NLG Capital exercises discretionary authority are provided pursuant to an investment advisory agreement between NLG Capital and each client. Generally, pursuant to such investment advisory agreements, fees are billed for services quarterly in arrears. NLG Capital does not generally accept payments for investment advisory services in advance of the services performed.

Investment advisory agreements generally may be terminated by either NLG Capital or the client upon 30 – 90 days written notice to the other party. In cases of termination of an investment advisory agreement or otherwise, fees are prorated for the actual period assets are under management.

The fees charged by NLG Capital do not include any custodian fees that a client may have to pay to a custodian. In addition, clients whose custodians provide cash sweep accounts for investment of cash assets may pay an additional advisory fee on the cash portion of their account. Brokerage commissions, transaction charges or other similar charges that may be incurred in connection with the management of a client's account are generally paid out of the assets in the client's account and are in addition to any fees a client pays to NLG Capital for investment advisory services. For more information on brokerage costs, see "Brokerage Practices" below.

Fees and expenses of exchange-traded funds (“ETFs”) or mutual funds in which a client may invest are fully disclosed in such fund’s prospectus. The fees charged by NLG Capital are separate and distinct from any fees and expenses charged by ETFs or mutual funds. ETFs and mutual funds generally pay advisory fees to their investment advisers and such fees would be paid indirectly by all ETF investors or mutual fund shareholders. If a client has ETFs or mutual funds in its account, the client is effectively paying both NLG Capital and the ETF or mutual fund investment adviser for the management of the assets in the client’s portfolio. Any mutual fund shares held in a client’s account may also be subject to sales charges, 12b-1 fees, short-term redemption fees and other mutual fund expenses.

NLG Capital supervised persons do not accept compensation for the sale of investment products.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

NLG Capital does not receive performance-based fees for any of its investment advisory services.

The simultaneous management of different client portfolios may create certain conflicts of interest, as the fees for the management of certain portfolios may be higher than others. Nevertheless, when managing the assets of such portfolios, NLG Capital seeks to treat all such portfolios fairly and equitably over time.

Although NLG Capital seeks to treat all portfolios within an investment strategy fairly and equitably over time, such portfolios will not necessarily be managed the same at all times. NLG Capital will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible portfolios, and a client’s performance will not necessarily be reflective of the performance of a separate account managed using a similar strategy, due to a variety of factors including differences in cash flows and the timing of trading. Portfolio managers make investment decisions for each portfolio based on the investment objectives, policies, practices and other relevant investment considerations applicable to that portfolio. Consequently, the portfolio managers may purchase securities for one portfolio and not another portfolio. Securities purchased in one portfolio may perform differently than the securities purchased for another portfolio. A portfolio manager or other investment professional at NLG Capital may place transactions, including short sale transactions, on behalf of one portfolio that are directly or indirectly contrary to investment decisions made on behalf of other portfolios, or make investment decisions that are similar to those made for other portfolios, both of which have the potential to adversely impact one portfolio and not another, depending on market conditions. As a result, although NLG Capital may manage multiple portfolios with similar or identical investment objectives, or may manage accounts with different objectives that trade in the same securities, the portfolio decisions relating to these accounts, and the performance resulting from such decisions, may differ from portfolio to portfolio.

In addition, a conflict may arise if NLG Capital pursues or enforces the rights of certain NLG Capital clients with respect to an issuer in which other NLG Capital clients have invested – such

as if certain clients hold investments in the debt securities of an issuer which has become financially impaired and other clients hold the equity securities of the same issuer, or if different clients hold investments in different tranches of an issuer's debt securities. As a result, the prices, liquidity, availability and terms of certain clients' investments could be adversely affected by actions taken on behalf of other client accounts.

TYPES OF CLIENTS

NLG Capital currently manages assets on behalf of its insurance company affiliates and provides discretionary investment management to other affiliates. Although NLG Capital is not actively seeking additional clients, historically, NLG Capital has offered investment advisory services to various types of institutional clients, including pension and profit sharing plans, charitable organizations, corporations or other business entities and other separate accounts.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

In pursuing investment strategies, NLG Capital may use fundamental and/or quantitative methods of security analysis to determine which securities and other instruments are the most attractive investments. NLG Capital uses the following sources of information in researching particular investments for its strategies, among others:

- financial newspapers and magazines;
- inspections of corporate activities;
- investor conferences;
- research materials prepared by others;
- corporate rating services;
- annual reports, prospectuses and other filings with the SEC; and
- company press releases.

Depending on the types of investments each investment strategy emphasizes, NLG Capital may invest the assets of its clients' accounts in any of the following types of investments:

- equity securities of U.S. or foreign issuers (including exchange-listed and over-the-counter (OTC) common stock, preferred stock, convertible securities and warrants, among others);
- corporate or government debt securities and instruments of U.S. or foreign issuers or countries (including commercial paper, certificates of deposit and municipal securities, among others);
- structured products and asset backed securities;
- investment company securities (including ETFs, variable life insurance funds and registered or unregistered mutual fund shares);

- various derivative instruments (including options contracts, futures contracts and swap agreements, among others);
- commercial and residential mortgage loans; and
- interests in partnerships, including private equity investments, tax credit partnerships and investing in real estate, oil and gas interests.

As with all investments, clients can lose money by investing according to any of NLG Capital's strategies. Investing in securities involves the risk of loss of some or all of a client's investment. Clients should be prepared to bear the loss of their investment before investing.

Strategies that utilize investments in non-U.S. securities involve additional risks associated with investments in foreign countries. Fixed income strategies generally involve risks that relate to the fixed income market in general, including credit risk, interest rate risk and income risk, all of which may be heightened if the strategy focuses on lower-quality fixed income securities (also known as "junk bonds"). These risks and others that may be applicable to NLG Capital's strategies are discussed below:

INVESTMENT RISKS:

Active Trading Risk. An active trading approach increases brokerage and other transaction costs and may reduce the performance of a client's portfolio. It may also increase the amount of capital gains tax that a client may have to pay on his or her investment.

Asset Backed Securities Risk. Asset backed securities are subject to credit, interest rate, prepayment, and extension risk, as well as risks related to the nature of the underlying assets or collateral rights.

Bank Loan Risk. The market for bank loans may not be highly liquid and, in some cases, a portfolio may have to dispose of such securities at a substantial discount from face value. These investments may expose a portfolio to the credit risk of the underlying corporate borrower.

Collateral Risk. The risk that the value of collateral will be insufficient to cover payment obligations related to a loan or security.

Commercial Mortgage Loan Risk. Commercial mortgage loans are subject to the uncertainty of cash flow of the borrowers to meet fixed or variable obligations due to the risks incident to development and ownership of real estate, including risks associated with changes in the general economic climate, changes in the overall real estate market, local real estate conditions, the financial condition of buyers and sellers of properties, supply of or demand for competing properties in an area, accelerated construction activity, technological innovations that alter space requirements, the availability of financing, changes in interest rates, competition based on sale prices, energy and supply shortages, various uninsured and uninsurable risks and government regulations.

Commingled Vehicles Risks. Commingled investment vehicles, including private funds, may have limited liquidity and any investment by a portfolio in such vehicles will have the risks

inherent in which such vehicles invest. Investments in commingled investment vehicles are also subject to the risk that they may be adversely affected by the actions of other investors in the commingled investment vehicle, such as purchases or redemptions of interests in large amounts and/or on a frequent basis. It is also possible that commingled investment vehicles may make distributions or redemptions in kind, rather than in cash, and portfolios invested in such vehicles may bear certain fees and expenses of commingled investment vehicles, in addition to any fees or expenses incurred directly by the account.

Credit Risk. The risk that the issuer of a security will not be able to make timely principal and interest payments.

Currency Risk. The risk that changes in the exchange rate between currencies may adversely affect the value of an investment.

Derivatives Risk. Derivative investments involve counterparty risk (the risk that the counterparty of the derivative transaction or clearing member used by a portfolio to hold a cleared derivatives contract will be unable or unwilling to honor its financial obligation to a portfolio), basis risk (the risk that the derivative instrument will not fully offset the underlying positions), liquidity risk (the risk that the portfolio cannot sell the derivative instrument because of an illiquid secondary market), currency risk (the risk that changes in the exchange rate between securities will adversely affect the value of the derivative), index risk (the risk that, if a derivative is linked to the performance of an index, that it is subject to the risks associated with changes in that index) and leverage risk (the risk that relatively small market movements may result in large changes to the value of a derivative). In addition, the portfolio manager may incorrectly forecast the values of securities, currencies or interest rates or other economic factors in using derivatives for the portfolio.

Exchange-Traded Funds Risk. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs typically trade on a securities exchange and their shares may, at times, trade at a premium or discount to their net asset values. In addition, an ETF may not replicate exactly the performance of the benchmark index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting or number of instruments held by the ETF. Investing in ETFs, which are investment companies, may involve duplication of advisory fees and certain other expenses. A portfolio will incur brokerage costs when purchasing and selling shares of ETFs.

General Fixed Income Securities Risk. The market prices of bonds, including those issued by the U.S. government, go up as interest rates fall, and go down as interest rates rise. As a result, the performance of a client's portfolio will fluctuate with conditions in the bond markets. Bonds with longer durations are generally more sensitive to interest rate changes than those with shorter durations. In the case of corporate bonds and commercial paper, values may fluctuate as perceptions of credit quality change. In addition, corporate bonds may be downgraded or default. Fixed-income securities may also be difficult to purchase and sell in adverse market conditions. During periods of declining interest rates, or for other reasons, bonds may be "called", or redeemed, by the bond issuer prior to the bond's maturity date, resulting in an

investor receiving payment earlier than expected. This may reduce a client's income if the proceeds are reinvested at a lower interest rate.

Government Securities Risk. Economic, business, or political developments may affect the ability of government-sponsored guarantors to repay principal and to make interest payments on the securities in which the portfolio invests. In addition, certain of these securities, including those issued or guaranteed by FNMA (Federal National Mortgage Association, or Fannie Mae) and FHLMC (Federal Home Loan Mortgage Corporation, or Freddie Mac), are not backed by the full faith and credit of the U.S. government.

Hedging Risk. Derivatives investments used as part of hedging (a strategy that uses a derivative to offset the risks associated with another security) reduce or eliminate gains if the market moves in a manner different than that anticipated or if the cost of the derivative outweighs the benefit of the hedge.

Income Risk. Because a portfolio can only distribute what it earns, a portfolio's distributions may decline when prevailing interest rates fall or when the portfolio experiences defaults on debt securities it holds.

Inflation-Linked Investments Risk. Unlike traditional fixed-income securities, the principal and interest payments of inflation-linked investments are adjusted periodically based on the inflation rate. Inflation-linked investments would include Treasury Inflation Protected Securities ("TIPS"), which are U.S. government bonds whose principal automatically is adjusted for inflation as measured by the Consumer Price Index for All Urban Consumers ("CPI-U") and other inflation-indexed securities issued by the U.S. Department of Treasury and non-U.S. sovereign entities. The value of inflation-linked investments may be vulnerable to changes in expectations of inflation or interest rates, and there is no guarantee that the use of these instruments will be successful.

Leverage Risk. Certain transactions, such as derivative transactions, reverse repurchase agreements and forward commitment transactions, may result in a form of economic leverage. These transactions may expose a portfolio to greater risk and increase its costs. Certain transactions in derivatives involve substantial leverage risk and may expose a portfolio to potential losses that exceed the amount originally invested by the portfolio.

Lower-Quality Bonds Risk. Lower-rated bonds are more speculative and likely to default than higher-quality bonds. Lower-rated bond values also tend to fluctuate more widely in value.

Middle-Market Loan Risk. Middle market companies may have a higher level of interest expense and fixed costs, may have less flexibility and fewer options when financial markets decline, leading to a higher likelihood of default and risk of loss compared to companies with lower leverage. Middle market loans are generally illiquid and most investors buy and hold them until maturity or until a private equity sponsor sells a portfolio company.

Money Market Securities Risk. Money market securities are not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

Mortgage-Backed Securities Risk. Mortgage-backed securities represent interests in "pools" of

mortgages and are subject to certain additional risks. When interest rates rise, certain obligations will be paid off by the obligor more slowly than anticipated causing the value of these securities to fall. This is known as extension risk. In addition, adjustable and fixed rate mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce a client's returns because the portfolio manager may have to reinvest that money at the lower prevailing interest rates. These securities also are subject to risk of default on the underlying mortgage, particularly during periods of economic downturn.

Municipal Securities Risk. Municipal securities can be significantly affected by political changes as well as uncertainties in the municipal market related to taxation, legislative changes, or the rights of municipal security holders, as well as the relative lack of information about certain issuers of municipal securities.

Private Equity Investment Risk. Private equity investments are generally made in lower middle market and middle market companies, which, as smaller businesses with less developed management teams and fewer financial resources, are not candidates for the public markets, and pose greater risks than investments in public companies. The success of investments in private equity funds depends significantly upon the ability of the funds' and their investment advisers to identify attractive opportunities and source deals for the funds, to add value to improve performance, and to successfully exit such investments. Because distributions from portfolio companies to private equity funds are only available after the claims of senior and mezzanine creditors and any other securities senior to the equity interest purchased in the fund are satisfied, if a portfolio company of a fund does not generate adequate cash flow to service its debt obligations, an investment in such fund will suffer a partial or total loss of invested capital. And because private equity funds participate in a limited number of investments, the unfavorable performance of a few investments in a fund could have a significant adverse effect on the performance of that fund.

Recovery Risk. The risk that a security holder will not recover some or all of its principal after a security has defaulted.

Residential Mortgage Whole Loan Risks. Investments in residential mortgage loans may involve several risks, such as risk of default by borrowers on the loans due to personal conditions or potential decrease in value of the property securing the loan, interest rate risk if fixed rate mortgages yield a return lower than current market rates, or liquidity risk in selling defaulted properties quickly.

Restricted and Illiquid Securities Risk. Certain securities may be considered illiquid in that they may not be able to be readily resold and resale of some of these securities also may be restricted by law or contractual provisions, and may be difficult to value. The inability to sell these securities at the most opportune time may negatively affect a client's returns.

Short Sales Risk. Short sale transactions involving TBA securities involve leverage risk because they can result in investment exposure greater than the amount of the initial investment. Entering into a short position involves speculative exposure risk. If the price of the security increases between the date of the short sale and the date on which a portfolio replaces the security, the

portfolio may incur a loss (without a limit).

Stock Market and Selection Risk. The stock market may go down in value, and may go down sharply and unpredictably. The stocks selected by the portfolio manager may underperform the stock market or other investment strategies.

To-Be-Announced ("TBA") Securities Risk. In a TBA securities transaction, a portfolio commits to purchase certain securities for a fixed price at a future date. TBA securities include when-issued and delayed delivery securities and forward commitments. TBA securities involve the risk that the security a portfolio buys will lose value prior to its delivery. There also is the risk that the security will not be issued or that the other party to the transaction will not meet its obligation. If this occurs, a portfolio loses both the investment opportunity for the assets it set aside to pay for the security and any gain in the security's price.

RISKS SPECIFIC TO STRATEGIES WITH FOREIGN INVESTMENTS:

General Foreign Securities Risk. Investments in foreign securities may be affected unfavorably by changes in currency rates or exchange control regulations, or political or social instability in the particular foreign country or region.

Emerging Markets Risk. The risks of foreign investments are usually much greater for emerging markets. Investments in emerging markets may be considered speculative. Emerging markets are riskier because they develop unevenly and may never fully develop. In addition, many emerging securities markets have lower trading volumes and less liquidity than developed markets.

Foreign Banks and Securities Depositories Risk. Some foreign banks and securities depositories in which foreign securities may be held are recently organized or new to the foreign custody business. In addition, there may be limited or no regulatory oversight over their operations. Also, the laws of certain countries may put limits on the ability to recover assets if a foreign bank, depository or issuer of a security, or any of their agents, goes bankrupt.

OTHER GENERAL RISKS

Cybersecurity Risk. NLG Capital is susceptible to potential risks from cyber-attacks and data loss incidents ("cyber-events"), including but not limited to cyber events involving: (a) infection from computer viruses or other malicious software code; (b) unauthorized access to (or compromising of) relevant systems, networks or devices; (c) operational disruption or failures in operating systems or physical infrastructure; and (d) unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential information. Cyber-events affecting NLG Capital or its service providers could result in disruptions to normal business operations (including the ability to trade). Cybersecurity risk also applies to issuers of securities in which NLG Capital invests for its clients, and cyber-events involving such issuers may cause investments in those issuers to lose value.

Market Disruption Risks- Global financial markets are subject to risks such as political, social,

health or pandemic related events, as well as natural disasters, which could impact NLG Capital's ability to invest on its clients behalf or impact client investments. These risks could lead to market disruptions and liquidity impacts, event driven credit impairments or defaults, or operational difficulties in trade settlement processes.

DISCIPLINARY INFORMATION

NLG Capital does not have any disciplinary events to disclose that are material to a client's or prospective client's evaluation of NLG Capital's advisory business or the integrity of its management.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

NLG Capital is wholly owned by NLV Financial Corporation, which is wholly owned by the National Life Holding Company, a Vermont mutual insurance holding company. NLV Financial Corporation also directly or indirectly owns National Life Insurance Company ("NLIC") and Life Insurance Company of the Southwest, as well as Catamount Reinsurance Company and Longhorn Reinsurance Company, to whom NLG Capital provides investment management services.

NLG Capital is also affiliated with Equity Services, Inc. ("ESI"), which is an entity dually registered as a broker/dealer and an investment adviser and is under common ownership with NLG Capital. ESI sells securities products through registered representatives who are predominantly also career life insurance agents of NLIC. ESI is the distributor of NLIC's variable life and annuity products.

NLG Capital may recommend or select other investment advisers to act as sub-advisers for its clients, including other investment advisers with whom NLG Capital may have business relationships. NLG Capital conducts due diligence before retaining a sub-advisor. Due diligence may include any or all of the following measures: Due diligence questionnaires, on-site due diligence, and undertaking a review of the financial performance of the sub-advisor. Any potential conflicts of interests with clients are monitored by NLG Capital's Chief Compliance Officer. For additional information, please see "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" and "Brokerage Practices – Trade Aggregation and Allocation Among Clients" below.

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

NLG Capital's Code of Ethics emphasizes NLG Capital's fiduciary obligation to put client interests first, and is designed to assure that the personal securities transactions, activities and interests of NLG Capital's employees will not interfere with the responsibility to make decisions in the best interest of clients. The Code of Ethics requires that all of NLG Capital's personnel pre-clear initial public offerings of stock and privately placed securities, and make a written report of all reportable securities transactions within 30 days after the end of each calendar quarter.

NLG Capital will provide a copy of its Code of Ethics, upon request, to any client or prospective client.

NLG Capital's affiliated clients hold large portfolios of securities for investment purposes, predominantly in the general accounts of our affiliated insurance company entities. Through a separate account subject to ERISA, NLG Capital also manages the account of the NLIC Employees Pension Plan, which holds assets funding NLIC's pension liabilities to its home office employees, and a separate account for the National Life Group charitable foundation which is managed, traded, and allocated separately and away from the core trading activities of NLG Capital as it primarily invests in mutual fund or ETF securities.

NLG Capital will attempt to allocate investment opportunities by a means that is fair to all its clients. In no event will affiliated clients in qualified accounts sell to or purchase securities from NLG Capital's affiliated insurance company general account clients. Please see "Brokerage Practices" below for more information on NLG Capital's procedures and practices regarding trade allocation among its clients.

Employees of NLG Capital also invest for their own accounts, and employees may invest in the same securities that are recommended to clients. An employee account is considered to be any account in which the employee has a beneficial interest, including the accounts of "immediate family members" (defined to include, with respect to any employee, (i) their spouse, domestic partner, fiancé with whom they share financial obligations, children, step-children, and other relatives, such as grandchildren, parents, in-laws, who (ii) reside in the same household as the employee). Client trades take priority over trades of employees, and employee trades generally may not conflict or compete with client orders. All trading by NLG Capital employees is governed by NLG Capital's Code of Ethics as described above.

For additional information regarding NLG Capital's policies and procedures relating to its recommendation of securities in which NLG Capital or a related person has a material financial interest, please see "Brokerage Practices – Trade Aggregation and Allocation Among Clients" below.

NLG Capital may not be able to make or dispose of investments in its client accounts because of insider trading restrictions imposed upon it by its business activities. From time to time, NLG Capital's personnel may come into possession of material, non-public information or other information that could limit the ability of client accounts to buy and sell investments. The investment flexibility of client accounts may be constrained as a consequence. NLG Capital is not permitted to obtain or use material non-public information in effecting purchases and sales in public securities transactions.

BROKERAGE PRACTICES

Almost all fixed income instruments trade at a bid/ask spread and without an explicit brokerage charge. Accordingly, while there is not a formal trading expense or commission, clients will bear the implicit trading costs reflected in these spreads.

NLG Capital supervises the investments of its clients and, as an essential feature thereof, places orders for the purchases and sales of portfolio securities. In doing so, NLG Capital supervises the execution of the purchases and sales of portfolio securities, including negotiating the amount of the commission rates (including markups or markdowns) paid, in each case at prices it believes to be the best then available, taking into consideration such factors as price, commission (including markups or markdowns), size of order, difficulty of execution and skill required of the executing broker/dealer, as well as the extent to which a broker capable of satisfactory execution may provide research information and statistical and other services to NLG Capital. NLG Capital is not obligated to obtain for any particular transaction the best price or lowest commission, but rather should determine whether the transaction represents the best execution for the account based on all relative factors. NLG Capital maintains an approved broker list, which is designed to limit trading only to those brokers who demonstrate desk strength, knowledgeable sales coverage, quality research, capital commitment and financial stability.

USE OF RESEARCH AND OTHER SOFT DOLLAR BENEFITS

NLG Capital does not have any formal soft dollar arrangements in place where brokerage business is promised in exchange for benefits of proprietary or third-party services (in this context, the term "formal soft dollar arrangement" is defined as any agreement with a broker-dealer, either oral or written, whereby soft dollar credits or brokerage or research are provided to NLG Capital in exchange for directing client brokerage transactions to the broker-dealer).

Notwithstanding the foregoing, NLG Capital may receive research or other services (both solicited and unsolicited) from brokers in the ordinary course of trading on behalf of clients. These items are not received pursuant to arrangements or agreements to exchange brokerage activity for services or benefits, are not considered to be obtained using soft dollars, and NLG Capital is not obliged to direct brokerage in order to receive such information. However, as a result, NLG Capital may have an incentive to select or recommend a broker based on its interest in receiving the research or other products or services that the broker provides to NLG Capital in the ordinary course of trading for clients, rather than its clients' interest in receiving the most

favorable execution.

BROKERAGE FOR CLIENT REFERRALS

In selecting broker/dealers to effect client transactions, NLG Capital does not consider whether NLG Capital or its affiliates received client referrals from a broker/dealer or third party (and NLG Capital is not actively seeking additional clients).

DIRECTED BROKERAGE

Generally, NLG Capital has full authority and discretion to engage any broker/dealer to execute investment decisions and transactions for the client that, in NLG Capital's opinion, is capable of providing best execution on a per-trade basis.

A client may, however, direct NLG Capital to use a particular broker/dealer to execute transactions for the client's account. In this circumstance, the client's direction will be in written form authorizing NLG Capital to execute all or certain transactions with the particular broker-dealer. If a client directs NLG Capital to direct brokerage transactions to a particular broker/dealer, however, the client must understand that: (A) in directing NLG Capital to use a particular broker/dealer, NLG Capital may not be in a position where it can freely negotiate spreads, or select broker/dealers on the basis of best price and execution; (B) such directed brokerage transactions may not be commingled or "batched" for purposes of execution with orders for the same securities for other accounts managed by NLG Capital; and (C) accordingly, the client's direction of a particular broker/dealer to execute transactions for the account may result in greater spreads or less favorable net prices than might be the case if NLG Capital were empowered to freely negotiate spreads, or to select broker/dealers on the basis of best execution.

TRADE AGGREGATION AND ALLOCATION AMONG CLIENTS

Discretionary Client Accounts

For accounts where NLG Capital has discretionary authority and executes trades in those accounts, investment opportunities are normally allocated among clients or accounts in proportion to cash available for investment in a particular opportunity, but an opportunity judged to be more suitable to one particular account, or to a subset of accounts, may be allocated to such account or accounts. Over time, NLG Capital seeks to ensure that no account is favored over others.

In addition, trades in the same security for multiple client accounts may be aggregated where NLG Capital believes that doing so will offer better execution than executing each trade independently.

NLG Capital's trade aggregation and allocation practices are designed, in part, to prevent conflicts of interest that may arise when portfolio managers have responsibility for managing multiple client accounts. Real, potential, or apparent conflicts of interest may arise where the same investment opportunities are appropriate for the account of one of NLG Capital's affiliated client accounts or, should NLG Capital begin managing third-party clients, for the accounts of

unaffiliated clients.

REVIEW OF ACCOUNTS

The performance of in-house management is continually monitored and evaluated by the Executive Vice President of NLG Capital who oversees the investment function. Any outside professionals consulted by management to assist them with research, trading and other services are also evaluated by in-house management.

NLG Capital provides written performance reports relating to its management of the accounts of its affiliates and reports in person at least quarterly to the parent company's Board of Directors or one of its committees.

CLIENT REFERRALS AND OTHER COMPENSATION

NLG Capital does not receive any economic benefit for providing investment advisory services to its clients other than the investment advisory fees received from its clients pursuant to investment advisory agreements.

NLG Capital does not directly or indirectly compensate any person for client referrals.

CUSTODY

NLG Capital does not maintain custody of its client accounts.

INVESTMENT DISCRETION

For accounts managed on a discretionary basis, NLG Capital enters into an investment management agreement with the client that sets forth NLG Capital's discretionary authority. With respect to these accounts, NLG Capital has discretionary authority to determine and execute, without obtaining the clients consent, the type or quantity of securities to be bought or sold within each client account. Clients may place limitations on this discretionary authority as to the type of securities or investments in which NLG Capital may invest a portfolio's assets or restrictions as to certain securities or investments that are prohibited from being bought or sold for a clients account.

VOTING CLIENT SECURITIES

As a predominantly fixed income manager, NLG Capital does not expect to receive proxies to vote common stock. However, it has adopted a policy to address the few instances where voting may be required.

NLG Capital's proxy voting procedures are designed and implemented in a way that is reasonably expected to ensure that proxy matters are handled in the best interest of our clients. While the high-level guidelines included in the procedures are intended to provide a benchmark for voting standards, each vote is ultimately cast on a case-by-case basis, taking into consideration NLG Capital's contractual obligations to our clients and all other relevant facts and circumstances at the time of the vote (such that these guidelines may be overridden to the extent NLG Capital deems appropriate).

A summary of the voting procedures is included below. A full copy of the policy and procedures is available upon request. Clients may also request information detailing how proxies were voted with respect to securities held in their portfolio(s). Proxy voting delegation may be revoked by a client at any time.

Proxy Voting Procedures Summary:

Once proxy materials are received, they are processed to determine the accounts impacted, whether NLG Capital has been granted proxy voting authority, and whether any material conflicts of interest exist. Barring the existence of a material conflict of interest, proxy votes will generally be cast in line with management. If a material conflict is deemed to exist, then to the extent reasonably practicable and permitted by applicable law, the client is promptly notified, the conflict is disclosed, and NLG Capital obtains the client's proxy voting instructions. In addition, NLG Capital may abstain from voting a client proxy under the following circumstances: (1) when the economic effect on shareholders' interests or the value of the portfolio holding is indeterminable or insignificant; or (2) when the cost of voting the proxy outweighs the benefits.

FINANCIAL INFORMATION

NLG Capital does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients, nor has it been the subject of a bankruptcy proceeding.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.