



Towers Watson Investment Services, Inc.

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This brochure provides information about the qualifications and business practices of Towers Watson Investment Services, Inc. If you have any questions about the contents of this brochure, please contact us at TWISCompliance@towerswatson.com. Additional information can be found by visiting www.towerswatson.com. 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.

Towers Watson Investment Services, Inc. is registered with the SEC as an investment adviser. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Towers Watson Investment Services, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

Changes in this disclosure brochure from the prior version, dated September 27, 2012, include updated information. Item 10 was expanded to include information on additional affiliates. Item 11 was expanded to incorporate information related to additional entities. Item 15 was amended to provide information regarding TWIS's custody of client accounts as defined under Rule 206(4)-2. Item 17 was updated to expand on TWIS's policy with respect to voting proxies. Most other changes were minor edits intended to improve readability.

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ITEM 4: ADVISORY BUSINESS

Towers Watson Investment Services, Inc. (TWIS) is a wholly-owned subsidiary of Towers Watson Delaware Inc., which is a subsidiary of Towers Watson Delaware Holdings Inc., which is a subsidiary of Towers Watson & Co. Towers Watson & Co. is a public company traded on the New York Stock Exchange and the NASDAQ Stock Market (NYSE, NASDAQ: TW). TWIS was incorporated in 1993 in order to provide professional, dedicated investment advisory consulting services to our clients.

TWIS provides investment advisory services to help clients manage investment complexity, establish risk tolerance and improve governance, combining innovative thinking with capable execution so that clients can successfully balance risk and return. We develop strategies that offer financial predictability and stability for clients. Our services include:

- Delegated investment services
- Asset-liability modeling
- Strategic and dynamic asset allocation policies
- Risk hedging
- Portfolio construction, including investment manager structure, selection and ongoing evaluation
- Fund monitoring
- Educational webcasts, seminars, and conferences

TWIS offers Delegated Investment Services, a service that enables clients and their investment committees to delegate to TWIS various responsibilities for the oversight and management of their investment programs. We manage \$6 billion on a discretionary basis and \$6 billion on a nondiscretionary basis. We collaborate with the client to develop a governance structure for the management of the client's investment programs. A client may delegate to TWIS responsibility for determining and/or implementing investment policy, hiring and terminating investment managers, monitoring investment managers, and communicating with investment managers. Pursuant to such delegated authority, TWIS will periodically rebalance client assets among the investment managers responsible for managing particular asset classes according to clients' applicable investment policies and may implement appropriate changes in investment managers; the hiring of any new investment manager may require the client to enter into an advisory agreement with that manager unless the delegated authority allows TWIS to enter into a manager agreement on behalf of the client.

TWIS may review clients' current investment policy against alternative policies using TWIS's proprietary asset liability modeling methodology and monitor the investment policy going forward. TWIS will work with the client to implement changes to policy to seek to improve the financial efficiency of the investment program, subject to clients' governance constraints and risk tolerance, and develop a cost-effective manager structure to implement the investment policy. We are not a broker-dealer and so we will not provide brokerage services, though we will work with clients' managers and broker-dealers to minimize the cost of any security transactions involved in transitioning portfolios.

If agreed upon with the client, TWIS monitors investment performance and prepares periodic reports, typically quarterly, which highlight key issues or events. These reports compare performance of total funds and each manager against appropriate market benchmarks and comparably-managed accounts. This is discussed in greater detail in item 13.

TWIS provides consulting services to clients in the area of developing medium-term and long-term investment strategies for funds by broad classes of investment (common stocks, bonds, real estate, etc.). TWIS does not provide advice with respect to the selection of individual securities except under certain circumstances such as for bank and insurance company pooled funds, mutual funds, exchange-traded funds, group trusts, derivatives, annuity products, alternative investment funds (including "funds of hedge funds" operated by affiliates of TWIS), or U.S. government or AAA-rated sovereign negotiable debt

obligations. We typically develop such strategies with the assistance of a computer model projecting future obligations and probabilistic outcomes of alternative investment strategies.

TWIS assists clients in the selection of investment managers for their portfolios by providing quantitative and statistical evaluations of their performances and providing qualitative advice as to the managers whose approach and style might be compatible with the client's investment objectives.

Clients may engage TWIS for additional related services, such as investment performance measurement and evaluation, insurance contract analysis, and asset-liability projections and modeling and research-related projects relating to asset studies.

As our clients have unique investment goals that reflect their individual situation, our service agreements with our clients are customized to meet their needs. In determining investment strategies for allocations and other matters, clients may impose restrictions on securities and types of securities.

ITEM 5: FEES AND COMPENSATION

All fees and compensation are negotiated in advance of any work done and are established in a written contract between TWIS and our client. We do not deduct fees from assets. TWIS will bill for services in accordance with the terms and conditions that are agreed upon with our client.

Fees are generally on a fixed-fee retainer basis with monthly or quarterly billing. In some circumstances, TWIS may enter into a compensation agreement that is asset-based or time-and-expense-based. TWIS does not have a fee schedule as fees are negotiable to reflect the level and the nature of the responsibilities that are delegated to TWIS and may be based on the size of the portfolio and reflect the level of services provided.

Clients may pay in advance, as determined by prior agreement. If work terminates during a calendar billing cycle, then TWIS will promptly refund any unearned prepayments.

Our fees do not include custodian fees, brokerage commissions, transaction costs, trustee fees, or mutual fund expenses. Our clients may incur these fees, costs, or expenses through the investments they make. Our brokerage practices are discussed in item 12. Neither TWIS nor any of its supervised persons accept compensation from third parties for the sale of securities or other products.

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

TWIS does not currently charge performance-based fees.

ITEM 7: TYPES OF CLIENTS

TWIS provides investment advisory services to a wide variety of clients with substantial levels of invested assets including pension and profit sharing plan trusts, endowments, foundations, institutional trusts, insurance companies, and nonprofit organizations.

TWIS does not have a minimum account size or other pre-determined account requirements.

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

Methods of Analysis and Investment Strategies

TWIS has developed a computerized stochastic model for broad asset categories based on a comprehensive analysis of historical and prospective performance of such asset groups in relation to inflation, prior trends within each asset category, and performance relationships relative to other asset groups. The model determines probability values of the outcome of various investment strategies or asset mixes.

TWIS does not offer advice with respect to individual securities, except potentially with respect to securities such as bank and insurance company pooled funds, mutual funds, exchange-traded funds, group trusts, derivatives, annuity products, alternative investment funds (including “funds of hedge funds” operated by affiliates of TWIS), and U.S. government or AAA-rated sovereign negotiable debt obligations.

Our investment strategy team has experience in disciplines that include investment banking, asset management and actuarial science, and we have dedicated teams of investment manager research professionals that cover asset classes from mainstream to alternative investments, including hedge funds and private equity. These research teams may develop quantitative and statistical evaluation of investment manager performance and perform qualitative analysis of approach and style to assess whether a manager may be compatible with the investment objectives of a particular client or fund.

In developing our views, we may use sources of information such as industry news sources; rating services; publicly filed documents; investment manager databases; information collected through investment manager and bank/broker/dealer questionnaires, interviews, and on-site visits; publicly available information on pooled funds and indices; and other information gathered from various data collection services.

Risk of Loss

Investing in securities involves risk of loss, potentially up to the full value of the security, which investors should be prepared to bear. Investment in alternative assets such as hedge funds or private equity involve additional risks, such as illiquidity, unlimited risk of loss, and counterparty risk and may be subject to less regulatory oversight than other types of securities. Each asset class has its own risk factors, which will be discussed in the offering or organizational documents for each applicable investment.

The following is a general discussion of the possible risks of an investment in alternative assets. This list is not exhaustive, and an investor should read carefully the relevant Offering Memorandum, including the risks discussed under a heading such as “Risk Factors” and comparable sections.

- Alternative assets may be speculative and involve a high degree of risk.
- Alternative assets may be leveraged.
- Performance may be volatile.
- Markets in which such funds invest may at times be highly illiquid.
- An investor could lose all or a substantial amount of his or her investment.
- The fund’s investment adviser often has total trading authority and control over the fund. The use of a single advisor applying generally similar trading programs could mean lack of diversification and, consequently, higher risk.

- The fund may be illiquid, where investors may withdraw their investments only as stated in the Offering Memorandum. There may be no secondary market for an investor's interest in the fund and/or the fund may cause investors to involuntarily withdraw their investments.
- The fund may be subject to substantial fees and may generate high expenses, which, together, may offset trading profits. Any incentive allocation paid may create an incentive to make more speculative investments than would otherwise be the case.
- The fund may not be subject to the same regulatory requirements as a US mutual fund.
- A substantial portion of the trades executed for the fund may take place on non-U.S. exchanges.
- The fund may be subject to significant conflicts of interest.

As noted above, TWIS has a number of methods of analysis and consults on a variety of investment strategies. Material risks associated with these include:

- The investment advice or strategies that we help develop may not lead to the expected or desired results, particularly in the short term.
- Information or data received from third parties may not be accurate; material inaccuracies in underlying data may impact the reliability or suitability of subsequent analysis.
- Economic or market conditions may move unpredictably, or with the correlation of market components behaving outside the range of expectations, which may result in material loss.
- The accuracy of results from a computerized stochastic model depends on the accuracy of the data provided, the analytical underpinnings of the model, and the appropriate interpretation of the output.

Clients should be aware that future performance of an investment or of an investment strategy may not be comparable to prior performance. In addition, TWIS does not provide accounting services and does not audit the financial statements of investment managers, and therefore cannot provide assurances concerning the financial condition of such managers.

ITEM 9: DISCIPLINARY ACTION

There are no legal or disciplinary events that are material to a current or prospective client's evaluation of TWIS's investment advisory business or the integrity of our management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

TWIS and its management persons are not registered or in the process of registering as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing.

TWIS is affiliated through common ownership with Towers Watson Investment Management Limited (TWIM). TWIM provides discretionary investment management services to private pooled-investment vehicles intended for sophisticated investors and institutional investors (TWIM Funds) and is expected to become a registered investment adviser with the SEC. TWIM is also an exempt commodity pool operator and commodity trading advisor. TWIS may recommend that a client, or use its discretion to cause a client (after prior authorization) to, invest in the TWIM Funds, which presents certain conflicts of interest. TWIS consultants may have an incentive to recommend an investment in the TWIM Funds over other possible investments, or to advise retaining investments in the TWIM Funds longer than they otherwise would, due to the possible greater economic or reputational benefit to the Towers Watson organization for increased assets in the TWIM Funds. Although TWIS and its affiliates intend to have mechanisms in place to address and mitigate these conflicts, there can be no assurance that such mechanisms will effectively do so or that similar conflicts will not otherwise exist.

In addition, TWIS provides to a range of its clients market research regarding alternative investment funds and managers. TWIS' affiliates provide similar research to TWIM with respect to the TWIM Funds. Although TWIS' affiliates intend to provide any material research simultaneously to all clients entitled to receive such research, including TWIS and TWIM, they have a conflict of interest in providing the information simultaneously to all affected clients, and providing it to clients for which it can earn greater compensation or with whom it has key relationships. In addition, there can be no assurance that a TWIS consultant will be able to make investment decisions for its clients based on this research as quickly as TWIM will be able to do so for the TWIM Funds.

TWIS clients (including plans for employees of TWIS or its affiliates) may, and it is expected that certain clients will, subscribe in kind for shares in the TWIM Funds by transferring interests in alternative investment funds to the TWIM Funds. Although TWIS generally will not advise clients with respect to in-kind subscriptions, and these interests will be valued by the applicable alternative investment manager and not TWIS or its affiliates, TWIS and its affiliates face a conflict of interest in permitting clients to subscribe in kind for the TWIM Funds.

Pursuant to an agreement between TWIS and its affiliates, TWIS pays a portion of the fees it receives from certain clients to the manager of the TWIM Funds and the manager of the TWIM Funds pays a portion of the payments it receives from TWIS to TWIM. Although these fees are paid as a means for sharing revenues among TWIS' affiliates, they may present a conflict of interest for TWIS in establishing the fees with respect to its clients or in recommending or not recommending investments in the TWIM Funds.

TWIS is affiliated through common ownership by Towers Watson & Co. with Towers Watson Capital Markets, Inc. (TWCM), a registered broker/dealer. TWIS does not currently conduct any securities transactions or investment advisory business through this affiliate and this affiliate is not a management person of TWIS. TWCM is expected to act as a distributor for the TWIM Funds and to receive compensation from TWIM (and not investors in the TWIM Funds) for such services. As a result, TWCM has a conflict of interest in consulting with TWIS clients as to the purchase and redemption of shares in the TWIM Funds.

Many of our affiliated entities are pension consultants, including:

- Towers Watson Delaware Inc.
- Towers Watson Pennsylvania Inc.

These affiliated entities may provide services to clients of Towers Watson Investment Services, Inc.

As an affiliate of a large global professional services company, Towers Watson Investment Services, Inc. or related parties may have provided services to firms or to their parent organizations with which a client may be considering investing. The sources of this revenue are typically from consulting services provided by our corporate parent, Towers Watson & Co. or its subsidiaries. These engagements and relationships are unrelated to the services Towers Watson Investment Services, Inc. provides to clients and we take steps to ensure that our ability to provide objective, unbiased advice is not impaired, as, for example, detailed in item 11.

Towers Watson & Co., Inc. is a publicly traded company whose stock may from time to time be included in funds managed by institutional holders or in mutual funds, or may otherwise be held by clients of managers. Stock ownership status does not constitute a factor in our analysis. The identity of the top institutional and mutual fund ownership of Towers Watson & Co. stock is publicly available on the website of the SEC at www.sec.gov.

TWIS does not receive any benefit from any brokerage, insurance, or other third-party company in connection with our investment advisory services; we do not receive compensation from third-party managers or broker-dealers or third party advisers in connection with our investment advisory services to other clients.

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

Towers Watson Investment Services, Inc. maintains a Code of Ethics governing the standards of behavior of its associates. The Code of Ethics is based on the principles that employees have a fiduciary duty to place the interests of the company and its clients ahead of their own and that employees are required to avoid taking advantage of their position. The Code of Ethics covers issues such as personal securities holdings and transactions, gifts and entertainment, and treatment of sensitive information.

In addition, all associates are subject to the Towers Watson & Co. Code of Business Conduct and Ethics, which addresses ethical responsibilities and delineates the principles and behavior expected of all Towers Watson & Co. associates. Our employees are required to disclose material outside business activities.

TWIS associates are required to certify annually that they have complied with the terms of the Code of Ethics.

The Towers Watson Investment Services, Inc. Code of Ethics requires employees to make periodic disclosures of their personal securities holdings and transactions, in accordance with SEC requirements. These disclosures are reviewed by the Chief Compliance Officer. The Code of Ethics restricts investment in private placements and new issues, and restricts and mandates reporting of certain gifts, meals, and entertainment.

In addition our Code of Ethics and the Code of Business Conduct and Ethics governing our own associates, our parent company has policies to monitor potential conflicts of interest that may exist through our affiliated entities such as detailed in Item 10.

TWIS related persons (including plans for employees of TWIS or its affiliates) may subscribe for shares in the TWIM Funds, and TWIS may face conflicts of interest as a result. Although TWIS related persons may have more information than other investors by virtue of their being related persons, investments will be made at the TWIM Funds' net asset values. The related persons may subscribe or redeem at different times than those TWIS otherwise advises with respect to its clients, and redemptions by related persons could result in higher expense ratios, implementation of a gate and other adverse impacts on the TWIM Funds and investors in them such as the TWIS clients invested in those TWIM Funds. Any TWIS related persons invested in the TWIM Funds will be subject to the same rules and restrictions governing subscriptions and redemptions as non-related persons invested in the TWIM Funds. TWIS recommendations to its clients to invest in the TWIM Funds may also raise additional conflicts of interest that are discussed in Item 10.

TWIS will provide a copy of its Code of Ethics and the Code of Business Conduct and Ethics to any client or prospective client upon request.

ITEM 12: BROKERAGE PRACTICES

TWIS does not recommend specific brokers to clients at point of execution. We may assist clients in establishing commission recapture arrangements, and may provide assistance in analyzing whether a directed brokerage arrangement would be in the client's best interests for a particular situation. For derivatives execution, TWIS may develop a panel of broker-dealers who could be capable of assisting the client, for consideration by the client's agent at point of execution. The client or client's agent makes the final decision as to which brokerage or risk transfer arrangement is selected. TWIS does not receive any benefit from any brokerage or other third party company in connection with these services.

If the client chooses, we will work with the client's managers and broker-dealers to minimize the cost of any security transactions involved in transitioning portfolios.

TWIS does not accept or receive soft dollar compensation.

ITEM 13: REVIEW OF ACCOUNTS

TWIS reviews client accounts on a periodic basis and, for most of our clients, provides a comprehensive written performance report on a quarterly basis along with an in-person meeting to discuss findings and possible actions. These reviews are coordinated by a dedicated client team led by a lead investment consultant, providing continuity and consistency.

Account reviews evaluate manager performance of the fund, considering both the impact of investment policy and fund structure on overall performance and the capital market environment. The performance review process focuses on plan structure and diversification, the performance and tracking error of managers within each asset class, and how the asset classes interrelate. We use appropriate benchmarking to evaluate both returns and risk.

Our reports have been developed to provide information on portfolio characteristics and to incorporate a number of risk diagnostics.

In addition to regular reporting, TWIS will review client accounts and investment policies as warranted by market or economic conditions, or by events within the client's portfolio such as a change in personnel within an investment manager.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

TWIS does not receive any economic benefit from any person or entity other than a client for providing investment advice or other advisory services to a client.

TWIS does not compensate any person for a client referral. Employees of our parent organization, Towers Watson & Co. and its affiliates may be expected to provide referrals if that would be considered to be in the best interests of the prospective client. TWIS does not compensate these employees for referrals.

ITEM 15: CUSTODY

TWIS does not have physical custody of client assets; all client assets are held by third-party qualified custodians. However, under current SEC custody rules, TWIS may be deemed to have “custody” of client funds or securities for clients of our Delegated services for whom we have certain discretionary authority, such as to pay vendor invoices or rebalance portfolios.

TWIS provides each such client with information pertaining to a custodian promptly upon opening an account for client assets and clients will receive periodic asset statements from the qualified custodian. TWIS urges clients to carefully review custodial statements and to compare the performance reports that TWIS provides to clients to the official custodial records.

Performance reports prepared by TWIS may vary from custodial statements based on a number of factors including reporting date, accounting procedures adopted, or valuation methodologies employed for certain securities.

ITEM 16: INVESTMENT DISCRETION

For certain clients, TWIS may provide delegated consulting services through Delegated Investment Services, a service that enables clients and their investment committees to delegate to TWIS discretionary authority over various aspects of the oversight and management of their investment programs. These responsibilities are generally limited to the hiring and termination of investment managers and management of account requirements as detailed in guidelines agreed to by the client.

TWIS holds extensive discussion with the client prior to our acceptance of this authority. We work with the client to ensure that policies and guidelines are written to reflect the client's specific needs and intentions. Once the client approves an investment policy statement and guidelines, TWIS may accept discretionary authority for functions such as investment manager selection or termination, rebalancing, and asset sourcing.

The parameters of the discretionary authority are set out in our services agreement with the client.

ITEM 17: VOTING CLIENT SECURITIES

TWIS does not have authority to and does not vote proxies on behalf of advisory clients, for whom we have not been delegated discretionary authority. Advisory clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Unless clients specify otherwise with their investment managers, proxies and/or other solicitations will be provided to them directly from their custodian, fund manager, or transfer agent. TWIS may from time to time provide advice to clients regarding proxy voting services or the clients' voting of proxies. Clients may contact their lead consultant with questions about a particular solicitation, or contact twiscompliance@towerswatson.com.

As a matter of policy and practice, TWIS authorizes the clients' investment managers to vote proxies for individual securities for delegated clients. Proxy voting by TWIS for TWIM Funds will follow the same general process as for other managers. For certain delegated clients, TWIS may vote mutual fund proxies or certain other proxies. In these cases, TWIS will vote in the best interest of shareholders, as determined by TWIS and in accordance with TWIS's fiduciary duties and Rule 206(4)-6 under the Investment Advisers Act of 1940.

ITEM 18: FINANCIAL INFORMATION

TWIS does not request or require payment of fees in excess of \$1,200 per client for six months or more in advance. We are aware of no financial condition that would be reasonably likely to impair our ability to meet contractual commitments to clients. We have not been the subject of a bankruptcy petition at any time during the past ten years.