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**This brochure provides information about the qualifications and business practices of National Investment Services, Inc. If you have any questions about the contents of this brochure, please contact us at (414) 765-1980. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about National Investment Services, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 Material Changes**

As of the date of this brochure, there are no material changes to report.

## **Item 3 Table of Contents**

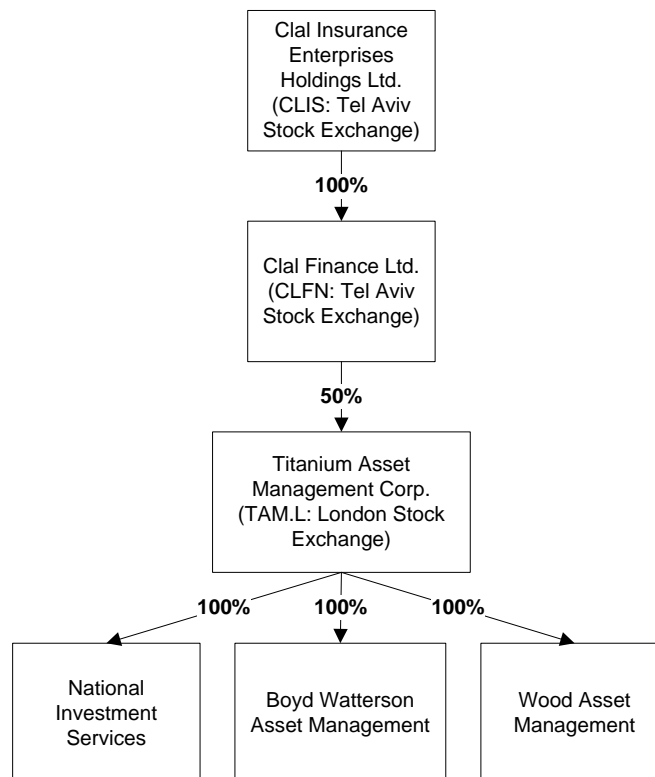
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#### Item 4 Advisory Business

##### A. Organization

We have been in continuous business since 1993. The following chart illustrates our current ownership structure:



**B. Advisory Services**

We are an institutional-oriented investment management firm that manages client portfolios across a variety of fixed income and preferred stock strategies. We manage separate accounts as well as commingled (i.e., hedge) funds.

**C. Specific Client Needs and Restrictions**

If you have particular investment restrictions that you would like us to adhere to, we will generally accept the assignment (subject to minimum account values) as long as the restrictions do not hinder our ability to properly manage the account to the applicable strategy.

**D. Wrap Fee Programs**

We do not participate in wrap fee programs.

**E. Assets Under Management**

As of 2/29/2012, our assets under management were \$2,852,421,900. We have discretionary authority over all of the assets that we manage.

**Item 5 Fees and Compensation****A. Fee Schedules**

Our asset-based advisory fees are negotiated with clients on a case-by-case basis and will depend on the characteristics of the account, the relationship with the client, and other variable factors. The following fee scales may be used as a guide:

**Institutional fixed income portfolios-**

Core Strategy - 0.30% of the first \$50 million, 0.20% of the next \$100 million and 0.10% of assets over \$100 million.

Core Plus Strategy - 0.35% of the total market value

**Titanium Absolute Return Fund, LLC**

1% management Fee

15% incentive fee of net profit

**Preferred Stock Management Fees:****NIS Preferred Stock Fund II, LLC**

.60% management Fee

15% incentive fee of net profit

**B. Fee Deduction**

Our management fee is charged primarily in arrears on a quarterly basis. The fee schedule, manner in which the fee is calculated, billing method and when fees are due will be detailed in your investment management agreement. Fees of more than \$500 will not be charged more than six months in advance.

Fees for partial periods, either upon opening an account or terminating services, will be prorated based on the number of days that services will be or were provided.

**C. Other Expenses**

Brokerage commissions or mark-ups/mark-downs charged by the executing broker-dealers are built in to the net cost (or proceeds) of each trade. We will not receive any portion of those commissions or fees. In addition, you may incur charges imposed by third parties other than us in connection with investments made through the account.

**D. Advance Payment of Fees**

Any management fees collected in advance will be promptly refunded to you (on a pro rata basis) upon termination of our relationship.

**E. Outside Compensation**

Neither we nor our employees receive compensation in connection with the sale of securities.

**Item 6 Performance-Based Fees and Side-By-Side Management**

We do not charge performance-based fees on our separately managed account portfolios. Performance-based fees are charged in the NIS Preferred Stock Fund II, LLC and the Titanium Absolute Return Fund, LLC. We do not manage separate accounts to the same strategies employed by the funds from which we receive performance-based fees.

**Item 7 Types of Clients**

We manage assets for multi-employer funds, corporations, governmental entities, private funds and endowment and foundation funds.

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

Investing in securities involves the risk of loss of your investment. You should be prepared to bear that risk.

**A. Analysis and Strategies*****Fixed Income Strategies***

Our fixed income portfolios typically include the following types of securities:

- U.S. Treasury and agency securities
- Domestic and international investment grade and high yield corporate securities
- Mortgage-backed securities
- Asset-backed securities
- Municipal securities
- Preferred stock

Our fixed income investment philosophy is based on fundamental economic analysis, technical interest rate analysis, structure optionality analysis, and credit research. Our economic outlook leads to strategy decisions that reflect our views on interest rates, trends in volatility, and relative value among market sectors.

The primary methods we use to attempt to add value to portfolios are the following:

Yield Curve management: We try to select specific maturities that will benefit from our view on the direction of rates and potential Federal Reserve monetary easing or tightening.

Sector allocation: The primary sectors of the fixed income market are U.S. Treasury securities, U.S. agency securities, corporate securities, and mortgage-backed securities. We attempt to maintain overweight positions (relative to the benchmarks) in the sector(s) that we believe will outperform the other sectors.

Security selection: We seek to identify undervalued securities in order to increase the yield of our portfolios and provide price appreciation.

**B. Material Risks**

While not an all-inclusive list, we believe that the following risks that are normally associated with investments are the most relevant within our strategies:

*Interest Rate Risk* - If interest rates rise, bond prices decline. The longer a bond's maturity, the greater the impact a change in interest rates can have on its prices. If a bond is not held until maturity there may be a gain or loss when the bond is sold.

*Credit Risk* - Bonds carry the risk of default. Companies or individuals may be unable to make the required principal and interest payments on their debt obligations. Historically, corporate bonds carry a greater credit risk than U.S. Treasuries.

*Inflation Risk* - There is a possibility that the value of assets or income will decrease as inflation shrinks the purchasing power of a currency.

*Call, Prepayment and Extension Risk* - Some fixed income securities can be called or paid before their maturity date. An unexpected decline in interest rates could cause these securities to be paid off early. This would cause a loss of income in the portfolio and would usually force us to reinvest in lower-yielding securities.

*Reinvestment Risk* - Interest or dividends earned from an investment may not be able to be reinvested in such a way that they earn the same rate of return as the invested funds that generated them.

*Foreign Investment Risk* - A security's value may be hurt by changes in foreign political or social conditions, including changes in policies restricting foreign investments, taxation, nationalization, etc.

*Management Risk* - Performance could be hurt if we improperly execute the portfolios' strategies or make poor strategic decisions.

*Currency Risk* - The risk that an investment's value will be affected by changes in exchange rates. For example, if money must be converted into a different currency to make a certain investment, changes in the value of the currency relative to the U.S. dollar will affect the total loss or gain on the investment when the money is converted back. This risk can affect a U.S. investor's international investments. We typically do not have exposure to this risk in our portfolios.

*Derivatives Risk* - Certain bonds or contracts derive their value from underlying loans, securities or indices. There is risk that these bonds could move in a non-linear fashion from that of the underlying assets or indices. In addition, derivatives have higher liquidity risk.

*Counter Party Risk* - There are risks associated with settling trades and gains associated with derivatives when dealing with counter-parties.

## **Item 9 Disciplinary Information**

There are no disciplinary (i.e., criminal, civil, regulatory, etc.) matters involving us or our employees.

**Item 10 Other Financial Industry Activities and Affiliations****A. Broker-Dealer Activities**

We do not have a broker-dealer affiliate.

**B. Futures Activities**

We do not have an affiliate that has a futures-related registration.

**C. Other Affiliations**

We are affiliated with Titanium Asset Management Corp., Boyd Watterson Asset Management, LLC, and Wood Asset Management, Inc., all of which are SEC-registered investment advisers. In addition we are affiliated with the following commingled funds managed by us:

- NIS Preferred Stock Fund, LLC
- NIS Preferred Stock Fund II, LLC
- NIS Preferred Stock Fund III, LLC
  
- NIS High Yield Fund, LLC
- NIS Core Fixed Income Fund, LLC
- NIS Intermediate Fixed Income Fund, LLC
- Titanium Absolute Return Fund, LLC

Across the organization as a whole, efforts are made to promote the products and services of each of the affiliates. In some cases, the affiliates may serve as sub-adviser to one another's clients, in which case the client will be made aware of precisely which entities are providing investment management services.

**D. Sub-Advisers**

Although not a typical sub-advisory relationship, when appropriate and in our clients' best interests, we may refer clients to Attalus Capital, L.P. In the event that a client decides to invest with Attalus, we will be paid a percentage of Attalus' management fee for the referred client's assets. This arrangement does not result in the referred client paying a higher management fee to Attalus than they would have absent our referral.

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

We have adopted a Code of Ethics applicable to all of our employees. Upon employment and annually thereafter, all employees must read the Code of Ethics and sign an acknowledgment



that they understand and agree to comply with its provisions. The Code of Ethics requires our employees to place our clients' interests first at all times and states that we owe an undivided duty of loyalty to our clients. You may obtain a complete copy of our Code of Ethics upon request.

**B. Financial Interest in Certain Securities**

We are the Managing Member of several private funds. Since we receive fees for the services we provide to the funds, we have an indirect financial interest in the performance of the funds and a conflict of interest in recommending that our clients invest in the funds.

Potential investors will be provided with a complete set of offering documents prior to making an investment in any of the funds, which we urge all potential investors to review thoroughly before investing.

**C. Commonly-owned Securities**

Our employees may buy or sell securities for their personal account that are owned in our clients' accounts. Since this represents a potential conflict of interest, our policy is that no employees shall prefer his or her own interest to that of the client.

**D. Timing of Company and Personal Trades**

We have adopted policies and procedures covering employee securities trading. Employees must receive approval before trading in certain securities. In order to prevent employees from personally benefiting from investment recommendations which are under consideration for, or which have been made for our clients, approval will not be granted if the security is currently under consideration or a trade is pending.

**Item 12 Brokerage Practices**

**A. Selection of Brokers for Client Transactions**

**Research and Other Soft Dollar Benefits**

Our policy is to seek the best execution available for each transaction. Best execution is not limited to obtaining the lowest commissions but also involves seeking the most favorable terms for a transaction under the circumstances. Receipt of products or services other than brokerage or research is generally not a factor in determining which brokers we trade with.

We consider the amount and nature of research services provided by brokers, as well as the extent to which we rely on such services, and attempt to allocate a portion of our trades on the basis of that consideration. In no case will we make binding commitments as to the level of trades we will allocate to a broker, nor will we commit to pay cash if an informal target is not met.

Subject to the criteria of Section 28(e) of the Securities and Exchange Act of 1934, we may pay a broker a higher commission than another broker might have charged for the same trade, in recognition of the value of the brokerage and research services provided by or through the broker. We believe it is important to our investment decision-making processes to have access to independent research.

Research furnished by brokers may be used to service any or all of our clients and may be used in connection with accounts other than those making the payment to the broker providing the research, as permitted by Section 28(e). Trading volume generated by equity clients may result in services that are of benefit only to fixed-income clients and vice versa.

#### Brokerage for Client Referrals

We do not take client referrals into account when determining which brokers to use for trade execution.

#### Directed Brokerage

You may instruct us as to which brokers to be utilized for trades in your account. In following your direction to use a particular broker to execute either all or part of the your trades, you must be aware that, in so doing, our ability to follow our normal trade allocation policies, obtain volume discounts on bunched orders, and/or achieve best execution may be compromised.

### **B. Aggregation of Client Orders**

When possible and in our clients' best interest, we aggregate orders for the purchase or sale of the same security across multiple client accounts. When a bunched order is filled in its entirety, each participating client account will participate at the average share prices for the bunched order on the same business day, and the transaction costs shall be shared pro rata based on each client's participation in the bunched order. When the aggregate order size is greater than volume permits, which results in a partial execution for any given day, we allocate those securities in proportion to each account.

## **Item 13    Review of Accounts**

### **A. Periodic Reviews**

#### Fixed Income Account Reviews

Under the direct supervision of the Chief Investment Officer, our portfolio management team oversees each of our accounts on a daily basis. Each account is reviewed to ensure that the requirements of the client's investment objectives and investment guidelines are being incorporated into the daily management of the client's account.

Under the direct supervision of our Chief Investment Officer, four Vice Presidents review all accounts managed to their respective specialty, the exact number of which fluctuates periodically.

**B. Client Reporting**

Account and performance reports are provided to clients on a quarterly basis. More frequent reports are provided upon request.

**Item 14 Client Referrals and Other Compensation**

**A. Compensation from Third Parties**

Notwithstanding any soft dollar arrangements that may exist and our arrangement with Attalus Capital (as both are described above), we do not receive compensation or other economic benefits from third parties in connection with the services we provide to our clients.

**B. Payments for Client Referrals**

We may accept client referrals from a number of individuals referred to as "Solicitors." All Solicitors are required to enter into a written agreement with us that requires the Solicitor to deliver our ADV Part 2A and a separate disclosure document relating to the Solicitor's relationship with us to each potential client. Payments to Solicitors are generally in the form of a percentage of the investment management fee that we receive. A client referred to us by a Solicitor will not pay a higher investment management fee as a result of the referral, unless specifically stated otherwise in the Solicitor's separate disclosure document.

**Item 15 Custody**

All client accounts are held at non-affiliated custodians. You should receive account statements directly from your custodian at least quarterly. You are urged to review your account statements carefully and compare them against any similar reports you may receive from us.

**Item 16 Investment Discretion**

Generally, clients will provide us with written authority to have complete discretion with respect to the specific securities and amount of securities to be bought or sold in an account, the broker or dealer to be used, and the commission rates to be paid. You may place reasonable restrictions on our discretionary authority by providing us written instructions of such restrictions. However, whether your account is accepted or the management of your account continues may depend upon the nature and extent of the instructions you give us.

**Item 17 Voting Client Securities**

As a general matter, we do not vote proxies on behalf of clients. However, if requested by clients subject to ERISA, we will vote proxies consistent with applicable requirements. All proxy materials are sent directly to our clients who are responsible for voting the proxies. Upon client request, we may provide advice and information to clients to assist them in making a determination of how to vote a specific proxy, but we do not accept responsibility for voting client proxies.

To obtain information on how we have voted your proxies or to request a copy of our proxy voting policy and procedures, you may submit a written request to National Investment Services, Inc., ATTN: Compliance Department, 777 E. Wisconsin Ave., Suite 2350, Milwaukee, WI 53202.

As a matter of standard procedures, we normally do not take any action on behalf of clients in any legal proceedings, including bankruptcies or class actions, involving securities held in or formerly held in clients' accounts or of the issuers of those securities.

**Item 18 Financial Information**

Neither we nor our affiliates are experiencing any financial difficulties that would impair our ability to meet our contractual commitments to our clients.