

MASON STREET ADVISORS, LLC

720 East Wisconsin Avenue

Milwaukee, Wisconsin 53202-4797

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This brochure provides information about the qualifications and business practices of Mason Street Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 414-665-5400. 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 Mason Street Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Mason Street Advisors, LLC is an investment adviser registered under the Investment Advisers Act of 1940. Registration does not imply a certain level of skill or training.

Item 2. Material Changes

Mason Street Advisors, LLC (“MSA”, “we” or “us”) last updated our firm brochure on October 1, 2013. Below is a summary of the material changes made to the brochure with the last update.

The firm brochure was updated primarily to reflect the addition of two related new clients that are affiliates of MSA. As a result of the addition of these new clients, (i) the types of MSA’s advisory clients in Items 4 and 7 was updated, (ii) certain new financial industry affiliations were added to Item 10, and (iii) the discussion in Item 15 (Custody) was updated to reflect the fact that MSA may be considered to have custody of the funds and securities of the new clients. (Note, the custody arrangements for MSA’s other clients has not changed.)

There have been no other material changes to our brochure since our last delivery or posting of this document on the SEC’s public disclosure website (www.adviserinfo.sec.gov).

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Item 4. Advisory Business

MSA, a Delaware limited liability company, provides professional portfolio management services for institutional investors by providing continuous investment advice and management based upon the individual needs and objectives of each client. MSA was organized in December 2001 and is a wholly-owned subsidiary of The Northwestern Mutual Life Insurance Company (“Northwestern Mutual”). Our advisory clients consist primarily of Northwestern Mutual and certain of its affiliates. MSA is the investment adviser to a mutual fund family that is considered an affiliate of Northwestern Mutual because Northwestern Mutual directly or indirectly owns all of the shares of each portfolio. MSA is also the investment adviser to two joint venture entities in which Northwestern Mutual holds a non-controlling equity ownership interest. See Item 10 below for details about these clients.

We supervise and direct the investments of client portfolios (primarily public debt and equity securities, derivatives and related securities, interests and instruments) in accordance with the written investment objectives, policies and/or restrictions of each client. Such objectives, policies and/or restrictions are generally established at the beginning of the client relationship and may be amended from time to time. Clients may impose restrictions on investing in certain securities or instruments, or types of securities or instruments.

As of June 30, 2013, we managed approximately \$119.5 billion of client assets on a discretionary basis. We do not manage client assets on a non-discretionary basis.

MSA owns 50% of the membership interests in Quinten Road Fund Management LLC (“QRM”), a Delaware limited liability company organized in 2006, and also serves as its manager. QRM in turn serves as the manager of two private funds which, effective October 1, 2013, are managed by MSA. QRM has no officers or employees and does not conduct any business other than serving as the manager of the noted private funds. QRM is an affiliated investment adviser relying on MSA’s registration. The funds hold very few securities, and neither intend to originate new loans or acquire any additional securities.

Item 5. Fees and Compensation

For our advisory services, we receive advisory fees that are based on a percentage of a client’s assets under management in accordance with the terms of our advisory agreements with each client. Advisory fees for our investment company client are computed and accrued on the basis of net assets on each valuation day by Northwestern Mutual in its capacity as that client’s mutual fund accountant, and paid by the investment company client monthly in arrears. Advisory fees for other institutional clients are generally computed by the client or its designee on the basis of the value of the assets managed as of the last trading day of each calendar month, and are generally paid in arrears on a quarterly basis. We do not deduct fees directly from clients’ accounts. Advisory fees are negotiated on a case-by-case basis and vary depending on client investment objectives and needs, and specific services to be provided by us. In instances where we retain a sub-adviser when permitted under our investment advisory

agreement, we pay the sub-advisory fees from our advisory fee. Clients are not required to, nor do they pay advisory fees in advance.

We do not have a standard fee schedule for new clients because we typically do not actively seek new investment advisory clients. We infrequently add new clients and fees payable by each client are individually negotiated at the time MSA and the client enter into an advisory contract, and are based on the individual needs of each client and the specific services we are to provide.

In addition to advisory fees payable to us, clients are responsible for, and may incur other expenses in connection with the management of their assets, the purchase and sale of securities or other instruments, and the custody of their assets. These expenses include fees of the client's custodian, as well as brokerage commissions, registration fees (*e.g.*, foreign country registrations) and other transaction costs. See Item 12 below for more information on brokerage practices. In addition, clients may incur expenses indirectly in connection with investments in mutual funds, exchange-traded funds (ETFs) or similar investment vehicles made on their behalf. These include administration, investment advisory, transfer agent, custody and other related expenses charged by these investment vehicles.

Some clients' advisory agreements provide that the advisory fee compensates MSA not only for advisory services, but also for administrative services and/or expenses related thereto. In addition, we currently provide additional services for other clients for no fee. Such services are provided based on individual negotiations with clients and may not be provided to all clients with or without applicable fees. These services include the management of securities lending programs and assistance in the preparation of the client's investment guidelines. We have agreed to assist an affiliated investment adviser, Northwestern Mutual Capital, LLC ("NMC"), in facilitating the disposition of a limited number of public securities on behalf of NMC's clients, and may from time to time provide investment advice and management of certain derivatives for NMC. Please refer to Item 10 below for more information about our relationship to this affiliate.

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

We charge advisory fees based on a percentage of assets under management. Accordingly, our fees increase when assets in your account increase, and decrease when assets in your account decrease. We do not charge any other performance-based fees.

A portion of the compensation from MSA to portfolio managers and others managing client advisory accounts is based on the overall performance of Northwestern Mutual, including Northwestern Mutual's entire managed investment portfolio compared to relevant benchmarks, and the investments for which each such individual is responsible compared to the performance of relevant benchmarks and/or peer groups, or other objectives or goals as may be established. The compensation is not, however, based on a share of capital gains on or capital appreciation of the assets of the client. To the extent investment personnel may face a conflict of interest with respect to the treatment of individual client investments as a result of these compensation factors, MSA has adopted Trade Allocation Policies and Procedures

and other guidelines of conduct to seek to manage or mitigate to some extent the potential conflict. See the description of these policies under Items 11 and 12 below.

Item 7. Types of Clients

All of our clients are currently affiliated with us, including our largest client, Northwestern Mutual. We currently provide investment advice to (i) insurance companies; (ii) an investment company with 28 individual investment portfolios (including one such portfolio's wholly-owned Cayman Island subsidiary); (iii) a Northwestern Mutual separate account that serves as a funding vehicle for annuity contracts held by Northwestern Mutual's benefit plans; (iv) a charitable foundation; (v) a limited purpose federal savings bank; (vi) a registered investment adviser; and (vii) two joint venture entities in which Northwestern Mutual holds a non-controlling equity ownership interest..

We accept new clients infrequently and pursuant to individually negotiated advisory contracts. Therefore, requirements for opening or maintaining an account have not been established.

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

Methods of Analysis and Investment Strategies

We may use a variety of methods of analysis in formulating investment advice and managing assets for our clients. These securities analysis methods include fundamental, quantitative and cyclical analysis, as well as utilizing proprietary modeling tools along with advice or research provided to us.

Each client account managed by MSA is managed by one or more of our teams of investment professionals, including portfolio managers, analysts and others, which each have specific roles in the investment process. We may use a variety of sources of information in formulating our investment advice, including proprietary models and analysis, financial publications, inspections of corporate activities, research material provided by others, corporate rating services, timing services, annual reports, prospectuses, company press releases and filings with the SEC. We may also use information from sources such as industry, trade association and academic publications and conferences, personal interviews with individuals knowledgeable about a company or industry, and material provided by government agencies, such as the U.S. Departments of Commerce and Labor and the Federal Reserve Board. See Item 12 below for more information on our use of research and brokerage products and services.

The particular investment strategies utilized and specific investments selected for a client depend on the investment objectives, goals and risk tolerances of the client as established at the beginning of the advisory relationship and as modified thereafter by the client.

The investment strategies used to implement any investment advice given to clients include long-term purchases (securities held at least a year), short-term purchases (securities sold within a year), trading (securities sold within 30 days), short sales, margin transactions, and the use of exchange-traded and over-the-counter (OTC) derivatives for various investment strategies, consistent with the client's investment objectives and guidelines. We may sell securities for a variety of reasons, for example when valuation targets are achieved, when new information becomes available or when better investment opportunities are identified.

Fixed Income Securities

We may invest in several fixed income asset classes as part of our overall investment strategy. This includes, but is not limited to, high-yield and investment-grade corporate bonds, government and government agency bonds, sovereign debt, money market instruments, asset-backed securities, mortgage-backed securities, municipal securities and various types of fixed income derivatives. For example, fixed income futures contracts may be used to adjust portfolio duration, or in anticipation of changes in the yield curve. In addition, derivatives contracts such as interest rate swaps and credit default swaps may be used in an attempt to hedge certain risks.

The proportion of a client's portfolio committed to investments in securities of different issuers or different types of securities (i.e., corporate, government, structured products and derivatives) and in securities with particular characteristics (i.e., quality, sector, interest rate or maturity) varies based on our outlook for the economy, the financial markets and other factors, as well as the client's specific investment objectives, directives, risk tolerances and restrictions. In selecting corporate fixed income and related securities and instruments for clients, we develop an outlook for interest rates and the economy, analyze credit and call risks, and use other security selection techniques. We use both a top-down and bottom-up investment approach to construct the portfolio of investments, subject to any specific directives from the client. The top-down investment approach involves our evaluation of the overall economic environment and its potential impact on the level and direction of interest rates. Our approach involves identifying sectors we believe have the best potential for performance based on economic and business cycles. The bottom-up investment approach focuses on fundamental research of issuers to identify issuers that appear to have strong relative credit quality, solid balance sheets, improving company specific fundamentals and/or free cash flows.

Equity Securities

In selecting equity and equity-related securities and instruments (e.g., common stocks, preferred stocks, warrants, securities convertible into common or preferred stocks and equity-based derivatives), we generally follow a growth strategy. We employ a bottom-up approach to seek to identify companies with accelerating or sustainable earnings growth and the potential for superior revenue growth and margin expansion. We analyze the current and expected economic conditions and the outlook for the sectors and industries in which each company competes. In evaluating individual companies, we may consider factors such as the company management team, product outlook, competitive position, global exposure, financial characteristics and valuation. Exposure to value stocks may be obtained through direct investments or through the use of derivatives. The proportion of a client's portfolio committed to investments in securities with particular characteristics (such as small, medium and large capitalization

companies, and growth versus value stocks) varies based on our outlook for the economy, the financial markets and other factors, as well as the client's specific investment objectives, directives, risk tolerances and restrictions.

When seeking exposure to international securities and markets in accordance with a client's investment objectives and policies, we may seek to provide returns of certain broad-based developed and emerging markets foreign indices through ETFs, direct investments, and/or actively managed foreign and international mutual funds (including affiliated funds), or appoint one or more sub-advisers to manage the portion of a client's assets allocated to international investments. We may also seek to generate incremental return from either a top-down or bottom-up investment approach when seeking exposure to international securities and markets.

Derivatives

When we deem it to be more efficient or advantageous for our clients, we may utilize certain derivatives, such as options, futures, forwards, swap agreements and ETFs to seek to gain exposure to certain markets, sectors or regions as alternatives to direct investments; to adjust a portfolio for our view on style or term structure and duration; to provide increased flexibility in asset allocation; to earn income and to otherwise seek to enhance returns or to hedge foreign currency exposure. Derivatives may also be used for hedging liabilities as part of a client's asset/liability management program. For example, interest rate floors may be used for hedging against interest rates falling below the minimum guarantee rate in a fixed deferred annuity.

Investments in Different Parts of the Capital Structure

We are a multi-strategy adviser, and as such may acquire, on behalf of our clients, securities or other financial instruments that represent exposure to different parts of an issuer's capital structure. In certain circumstances, the interest of clients exposed to one portion of an issuer's capital structure (e.g. equity) may differ from the interests of clients exposed to another portion of the issuer's capital structure (e.g. debt). Accordingly, we may take actions for some clients that differ from the actions taken for other clients.

Risk of Loss

Markets fluctuate substantially over time, and all investments include a risk of loss of your principal and any profits that have not been realized. Performance of any investment is not guaranteed, and we cannot guarantee that you will not experience a loss of your account assets.

Among the risks you should expect to bear are the following:

- **Active Management Risk:** The performance of a client's account will reflect in part our ability to make investment decisions that are suited to achieving the client's investment objective.
- **Market Risk:** The price of a security may drop in reaction to market events and conditions.
- **Credit Risk:** An issuer of a fixed income security may not be able to make principal and/or interest payments on its debt when due.

- **Interest Rate Risk:** The value of fixed income securities or derivatives may decline because of a change in market interest rates.
- **Inflation Risk:** Purchasing power may be eroded at the rate of inflation.
- **International and Foreign Currency Risk:** Non-U.S. investments may experience more rapid and extreme changes in value than U.S. companies, and are subject to fluctuations in the value of the U.S. dollar. In addition, foreign currency hedging may not achieve its intended results.
- **Reinvestment Risk:** Future proceeds from investments may have to be reinvested at prices that may result in lower rates of return.
- **Liquidity Risk:** We may not be able to readily convert certain investments into cash.
- **Derivative Risks:** Use of derivative instruments involves risks different from, or greater than, the risks associated with investing directly in securities and other more traditional investments. Certain derivatives involve leverage, which could magnify losses, and investing in derivatives could cause a client account to lose more than the principal amount invested.
- **Counterparty Risk:** A client account may sustain a loss in the event the other party in an agreement or a participant to a transaction defaults on a contract or fails to pay amounts due, fulfill delivery conditions or otherwise comply with the terms of the contract.
- **Commodities Risk:** The value of commodity-linked derivative instruments could be impacted by changes in overall market movements, commodity index volatility, changes in interest rates or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Item 9. Disciplinary Information

We are obligated to disclose legal or disciplinary events involving us or any of our “management persons” that are material to your evaluation of our advisory business or the integrity of our management when considering initiating a client/adviser relationship, or to continuing a client/adviser relationship with us. When we refer to our “management persons,” we are referring to our executive officers and the supervisors of those who determine the general investment advice provided to advisory clients. On an annual basis, management persons are required to complete a questionnaire eliciting disclosure of applicable disciplinary information.

We do not have any legal or other disciplinary events to report to you that we believe are material to your evaluation of our advisory business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations

We are a wholly-owned company of Northwestern Mutual. Northwestern Mutual offers a spectrum of insurance and investment products directly and through a number of financial services and insurance subsidiaries. As a wholly-owned company of Northwestern Mutual, we are affiliated with these entities, a number of which are broker-dealers, investment advisers, thrift institutions and insurance companies.

We have identified below only those affiliated entities with which we have relationships or arrangements which may be considered material to our advisory business or our advisory clients. We do not believe these affiliations or arrangements impair the objectivity of our investment advice on behalf of our clients.

Investment Company

MSA is the investment adviser to the Northwestern Mutual Series Fund, Inc. (“NMSF”), an open-end management investment company (also referred to as a mutual fund) registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). MSA and NMSF may be deemed to be related persons because our parent company, Northwestern Mutual, owns all of the outstanding shares of each portfolio of NMSF directly or indirectly, and Northwestern Mutual owns all of the outstanding interests of MSA. NMSF and its individual investment portfolios are offered for sale only as funding vehicles for variable annuity contracts and variable life insurance policies issued by Northwestern Mutual. In addition to investment management services, MSA provides, or arranges for the provision of, various services to NMSF relating to the administration of the affairs of NMSF pursuant to its investment management agreement with NMSF. MSA’s Chief Compliance Officer also serves as NMSF’s Chief Compliance Officer, and representatives of MSA and Northwestern Mutual serve as officers and as Chairman of NMSF.

Broker-Dealer

Northwestern Mutual Investment Services, LLC (“NMIS”), a registered broker-dealer and investment adviser, and an insurance agency, serves as the distributor of Northwestern Mutual’s variable products for which NMSF serves as some of the underlying investment options. MSA and NMIS are related persons because they are under the common control of Northwestern Mutual.

Other Investment Advisers

Northwestern Mutual Capital, LLC (“NMC”). NMC is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (“Advisers Act”), and is a wholly-owned company of Northwestern Mutual. MSA and NMC are related persons because they are under the common control of Northwestern Mutual. NMC serves as investment adviser for Northwestern Mutual and a number of its affiliates, as well as a limited number of third-party clients, and provides investment management services primarily relating to the private securities of its clients (as well as a limited amount of publicly-traded securities). MSA and NMC provide investment advisory services for some of the same clients, including Northwestern Mutual, which is the largest advisory client for each adviser. This relationship may have ramifications to MSA’s management of a client’s account as described below. See Item 11 below for information about our procedures that are designed to protect the interests of all our clients.

MSA and NMC have adopted insider trading policies and procedures which are designed to restrict the transfer of material non-public information between these entities as well as from these entities to others. An information barrier has been established between the two entities which is designed to

restrict the disclosure of certain information between the two entities. If the information barrier is breached and MSA obtains material non-public information that may be in NMC's possession relating to an issuer, MSA is prohibited by federal securities laws from trading on or disclosing such information. As a result, MSA may be prohibited from acquiring an issuer's securities on behalf of a client, or selling an issuer's securities that may be held by the client, even if MSA believed it was prudent to do so. The client may forego potential gain by not being able to acquire the securities, or incur losses by not being able to sell the securities, until such time as the information is no longer material or becomes publicly available. Of course, the same result would occur if MSA obtained the material non-public information directly from third parties.

Regulation M under the Securities Exchange Act of 1934 (the "Exchange Act") generally prohibits us from purchasing a security during a specified restricted period if an affiliate is engaged in the distribution of such security. Accordingly, we may be prohibited from participating in certain initial and secondary public offerings for which NMC is deemed to be engaged in the distribution until all securities subject to the distribution have been sold. This may arise, for example, if a private security acquired by NMC on behalf of its client is subsequently part of an initial public offering and the shares of NMC's client are included in the offering. As a result, because of this relationship, we may not be able to acquire for a client a security as part of certain initial and secondary public offerings even if we believe it would be prudent to do so for the client.

NMC is an advisory client of MSA. MSA manages NMC's capital account consisting primarily of cash equivalents and short-term debt instruments. In addition, MSA and NMC are parties to a services agreement pursuant to which MSA may assist NMC in the disposition of certain publicly traded securities held by NMC's clients.

Quinten Road Management LLC. QRM is a Delaware limited liability company organized in 2006. MSA owns 50% of the membership interests in QRM, and also serves as its manager. QRM serves as the manager of two private fund clients and is an affiliated investment adviser relying on MSA's registration. QRM has no officers or employees and does not conduct any business other than serving as the manager of the two private funds. See Item 4 above for additional information.

Insurance Company or Agency

Northwestern Mutual is a Wisconsin mutual insurance corporation, and is our largest advisory client. MSA and Northwestern Mutual are parties to an administrative services agreement pursuant to which Northwestern Mutual performs certain administrative, corporate support, accounting, human resources, marketing and communications, information management, and other middle and back office services with respect to our investment management business. Northwestern Mutual also includes MSA employees under certain of Northwestern Mutual's benefit plans. Under the agreement, Northwestern Mutual also provides certain property, equipment, and facilities and leases office space to MSA. Fees under the administrative services agreement are generally calculated based upon allocations of time or services rendered, or to the extent possible, actual costs. Two of our directors are executive officers of Northwestern Mutual, and one of them is also our President.

Northwestern Mutual's separate accounts (either directly or indirectly through one or more underlying portfolios operating as affiliated funds of funds) hold the majority of the outstanding shares of the underlying portfolios constituting the NMSF. We are the investment adviser to these underlying portfolios, which are offered exclusively as underlying investment options for Northwestern Mutual's variable products.

Other Pooled Investment Vehicles

As noted above, MSA owns 50% of the membership interests in QRM, and also serves as its manager. QRM serves as the manager of two private fund clients that were organized in 2007 and 2008.

Other

On January 1, 2013, we registered with the United States Commodity Futures Trading Commission as a Commodity Pool Operator and a Commodity Trading Advisor, and our President was registered as an associated person. Registration was required due to certain changes in the Commodity Exchange Act and rules of the CFTC and is the result of our serving as an adviser to a mutual fund and its wholly-owned subsidiary that engages primarily in the trading of commodity futures. We have appointed a sub-adviser to manage the day-to-day selection of futures and other commodity transactions for these clients.

Consistent with the terms of our advisory agreement with NMSF, we may from time to time recommend to the Board of Directors of NMSF the hiring or replacement of a sub-adviser for one or more of the portfolios comprising NMSF. However, only the NMSF Board (and in certain cases the portfolio's shareholders) may approve the selection of the sub-adviser for a portfolio. We do not receive any compensation from the sub-adviser for our recommendation, nor do we believe this arrangement presents any conflicts of interest with clients other than NMSF. We may also provide similar assistance to our other clients in seeking sub-advisers for a portion of their assets upon request of the client. When recommending sub-advisers for a client, we seek to identify and disclose to clients certain material business relationships between Northwestern Mutual and the candidate sub-adviser(s) as part of the selection process.

MSA's President is also the Chief Investment Officer of the Northwestern Mutual Wealth Management Company ("NMWMC"), an unregistered investment adviser and limited purpose federally-chartered savings bank. MSA and NMWMC are related persons because they are under the common control of Northwestern Mutual. If material non-public information is obtained by the President that may be in NMWMC's possession relating to an issuer, MSA may be prohibited by federal securities laws from trading on or disclosing such information. As a result, MSA could be prohibited from acquiring an issuer's securities on behalf of a client, or selling an issuer's securities that may be held by the client, even if MSA believed it was prudent to do so. The client may forego potential gain by not being able to acquire the securities, or incur losses by not being able to sell the securities, until such time as the information is no longer material or becomes publicly available. Of course, the same result would occur if MSA obtained the material non-public information directly from third parties.

Russell Implementation Services, an affiliate of Russell Investment Group, one of our affiliates, may from time to time provide assistance to us in arranging program trades for certain clients for which large numbers of securities are to be bought and sold.

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

MSA has adopted Guidelines for Business Conduct, a Policy Statement on Insider Trading, a Personal Trading Policy, Policies and Procedures on Transactions with Affiliates and Cross Transactions and a Conflicts of Interest Policy (each discussed below) that are designed to ensure that the interests of its clients come before the interests of MSA or its employees or related persons. Each of these is discussed below. In addition, MSA has a trade allocation policy (described in Item 12, below) designed to achieve a fair and equitable allocation of securities transactions among client accounts seeking to acquire the same securities.

Code of Ethics

Below is a description of the two policies which together comprise MSA's Code of Ethics. A copy of MSA's Guidelines for Business Conduct (the "Conduct Guidelines") and Personal Trading Policy will be provided to any client or prospective client upon request by contacting MSA's Chief Compliance Officer, Michael Zielinski, by phone at 414-665-6103 or by mail at our mailing address appearing on the cover page of this brochure.

a. Conduct Guidelines

MSA's Conduct Guidelines, which complement our Policy Statement on Insider Trading and our Personal Trading Policy (discussed below), establish the standards of business conduct that we require of all our officers, directors, employees and certain other associated individuals ("Supervised Persons"), and reflect the fiduciary duty we owe to our clients. The Conduct Guidelines are based on the principle that the Supervised Persons are expected to act with the highest standards of personal and professional honesty and integrity. The Conduct Guidelines set forth principles that should guide the conduct of all Supervised Persons and require that they comply with all applicable laws, rules and regulations, with all client investment mandates and directives and with our fiduciary duties to our clients, in all matters related to the business activities of MSA. The Conduct Guidelines also address various affiliations and activities of Supervised Persons which could present conflicts, the receipt of gifts and gratuities, involvement in political activities and confidentiality of client information, as well as reporting requirements for violations of the Conduct Guidelines. The Conduct Guidelines are administered by MSA's Chief Compliance Officer.

b. Personal Trading Policy

Officers and employees of MSA may buy or sell for a client account securities in which they or a related person has a material financial interest, invest in the same or related securities that are recommended to clients, and may buy or sell securities for client accounts at about the same time they buy or sell for

their own accounts. Because of the potential conflicts of interest these transactions may present, we have adopted MSA's Personal Trading Policy (the "PTP") to ensure the interests of MSA's clients come before the interests of MSA, its employees and its related persons.

The PTP provides some limitations on the circumstances under which "Access Persons" can engage in personal securities transactions. Access Persons include persons defined as Access Persons under Rule 17j-1 of the Investment Company Act and Rule 204A-1 under the Advisers Act, as well as other persons that may be designated by MSA's Chief Compliance Officer. Access Persons generally include officers and employees of MSA, and officers, directors and employees of Northwestern Mutual who in connection with their regular duties, make, participate in or have access to information regarding the purchase or sale of certain securities initiated by MSA. The PTP requires all Access Persons to pre-clear personal transactions in securities subject to certain pre-clearance exceptions such as small orders of large capitalization companies, ETFs and securities whose values are based on broad-based market indexes. In addition to the pre-clearance requirements, the PTP prohibits portfolio managers and certain other investment personnel from investing in any initial public offerings by an issuer (excluding open-end investment companies), and prohibits Access Persons from certain other trading activities, such as front-running.

Subject to certain exceptions, Access Persons are subject to certain black-out periods and, except for independent directors of MSA and directors of our investment company clients that are not "interested persons" as that term is defined in the Investment Company Act, are required to hold shares of an affiliated registered investment company (which is defined to exclude money market funds) for the lesser of a calendar month or thirty (30) calendar days, including the date of purchase and date of sale. An affiliated investment company includes mutual funds for which we serve as investment adviser and funds whose investment adviser or principal underwriter is affiliated with MSA. This holding period does not apply to transactions effected pursuant to an automatic investment plan, but does apply to all non-systematic transactions such as periodic rebalancing. The PTP also contains a 30-day profit rule that prohibits in certain instances an access person from profiting from the purchase and sale or sale and purchase of the same (or equivalent) securities within 30 days, subject to certain exceptions. The PTP requires Access Persons to provide certain reports of their personal securities and certain commodities transactions (either directly or through duplicate confirmations from their brokers) and transactions reported by Access Persons are subject to review for compliance with the PTP.

Portfolio managers and members of their families may personally invest directly in products issued by Northwestern Mutual in which the portfolio manager may have a role in managing. This could create potential conflicts of interest as portfolio managers may have an incentive to favor certain products over others. We believe that these potential conflicts are mitigated to a certain extent by our policies and procedures described above.

Policy Statement on Insider Trading

MSA's Policy Statement on Insider Trading is designed to restrict MSA and its employees from trading on material non-public information or communicating material non-public information to others in

violation of applicable law. The policy is further designed to restrict the communication of material information that is confidential to MSA and our clients to other companies, including related persons of MSA. NMC and Northwestern Mutual Real Estate Investments, LLC (“NMRE”), affiliates of MSA, have also adopted insider trading policies and procedures which are designed to restrict the transfer of material non-public information to MSA and others that NMC and NMRE may obtain in the ordinary course of business when considering potential private and real estate transactions for its clients. An information barrier has been established among the three entities which is designed to restrict the disclosure of certain information among the three entities. See Item 10 above for additional information. The Policy Statement on Insider Trading is administered by MSA’s Chief Compliance Officer.

In addition to the ramifications of MSA receiving material non-public information either directly or indirectly through an affiliate as described in Item 10 above, if certain personnel of MSA or Northwestern Mutual serve on boards or in a similar capacity with respect to a company in which a client has invested, MSA may be limited as to when and if it may trade in the securities of that company.

Transactions with Affiliates and Cross Transactions

MSA’s Policies and Procedures on Transactions with Affiliates and Cross Transactions (“Affiliates Policy”) govern certain transactions with or involving affiliates on behalf of client accounts. The Affiliates Policy addresses principal transactions, agency and cross transactions and transactions for mutual fund clients involving affiliated underwriters, and seeks to address the inherent potential conflicts of interest presented by these types of transactions. Such transactions are permitted only if in compliance with the Affiliates Policy, applicable rules and regulations, and policies and procedures adopted or directed by MSA’s advisory clients.

There may be circumstances under which we deem it appropriate that one of our advisory clients sell a security at or about the same time we deem it appropriate for another of our advisory clients to purchase the same security. Consistent with our fiduciary obligations to each client and the requirements of best execution, we may, under such circumstances, arrange to have the purchase and sale transactions effected directly between clients (“cross transactions”) to, among other factors, save the clients’ brokerage commissions or other trading costs. A cross transaction would be effected on the basis of the current market price of the security or at a price reasonably determined to reflect the fair value of the security, which may be based on independent dealer quotes, information obtained from recognized pricing services, or other factors or sources deemed appropriate by MSA. We will not receive compensation (other than our advisory fee), directly or indirectly, for effecting a cross transaction between advisory clients, and accordingly will not be deemed to have acted as a “broker” within the meaning of Section 206(3) of the Advisers Act with respect to the transaction. Since, in such transactions, we will represent both client-seller and client-buyer, we may have a conflict of interest given the obligation to obtain the most favorable execution, and our other obligations and responsibilities to the client. Clients, therefore, should consider the possible costs or disadvantages of this potential conflict versus the potential benefits, including obtaining reduced transaction or execution costs that may be obtained from such cross trades.

There may be instances in which we hold contrasting orders for clients (i.e., a purchase for one client and a sale for another client of the same security) and crossing the transactions directly between the clients is not legally permitted or we determine that crossing the transactions would either not be appropriate or advisable under the circumstances. In these instances, our procedures require that we place contrasting orders with two separate unaffiliated brokers when practicable. However, the nature of certain transactions or securities may limit our ability to use two separate brokers. For example, thinly-traded fixed income securities may not have sufficient trading volume. In such cases, we may use the same unaffiliated broker for both sides of the transaction, provided that our traders (i) allow sufficient time to elapse between trades in order to subject the trades to market exposure, (ii) do not disclose to the broker with the first transaction that a subsequent transaction will be provided, and (iii) believe the transaction will be effected at the current market price and is consistent with our best execution obligations. In such cases, clients will incur brokerage commissions and/or other trading costs imposed by the brokers. If an order is expected to unavoidably result in a benefit to one account, we will seek to effect the transaction so that any such benefit inures to a client that is not a related person of MSA.

When one of our advisory clients which is a party to a cross transaction is a registered investment company, the transaction will be effected pursuant to procedures adopted by the client under Rule 17a-7 under the Investment Company Act, which among other things, does not permit cross transactions between NMSF and Northwestern Mutual or any of its affiliates.

When one of the parties to a cross transaction is an affiliate of MSA, we will notify the client that the trade will be conducted on a principal basis with a related person and obtain the client's consent prior to the completion of such transaction. Cross transactions will not be effected with any client account that is subject to ERISA except in circumstances in which there is a specific exemption from ERISA permitting the transaction and all of the requirements of the exemption are satisfied.

In addition, the self-dealing provisions of the Internal Revenue Code and regulations and interpretations thereunder prohibit affiliates of a non-profit entity that is categorized as a "private foundation" from buying or selling securities or other assets, as principal, to or from the private foundation or from otherwise acting as a dealer in buying securities from a private foundation and reselling to a third party, absent a specific exemption. While an exemption may be available for private foundation clients and clients subject to ERISA provided certain conditions are met and actions taken, we may determine not to seek to satisfy the conditions and thus not cross transactions involving these clients. In such cases, clients will incur brokerage commissions and/or other trading costs imposed by brokers.

All of MSA's clients are affiliated with MSA, including our largest client, Northwestern Mutual. Reference is made to the responses to Item 10 for a discussion of our financial industry affiliations. Subject to compliance with applicable law, we may from time to time buy or sell on behalf of our clients, including clients affiliated with MSA, securities or other investments in which MSA or a related person own the same or similar securities or otherwise have some financial interest. Affiliates of MSA may be current investors in companies that offer securities to MSA, and may receive a direct or indirect benefit, as selling shareholder, return of capital, or otherwise, from the purchase by our clients in such offerings.

Employees of MSA's related persons may serve as directors, officers or in other capacities in which they may receive direct or indirect compensation from companies in which we may purchase securities.

Northwestern Mutual has in the past, and may from time to time, invest in the shares of some or all of the portfolios of NMSF, a registered open-end investment company for which we serve as investment adviser.

We may buy and sell securities of issuers, or engage in other investments, on behalf of more than one of our clients. Circumstances may arise under which we may determine that, while it would be both desirable and suitable that a particular security or other investment be purchased or sold for more than one client, there is a limited supply or demand for the security or other investment. We will seek to allocate the opportunity to purchase or sell that security or other investment among such clients on an equitable basis, taking into consideration such factors as size of the portfolio, concentration of holdings, investment objectives and guidelines, purchase cost and cash availability. See "Order Aggregation and Allocation" and "Initial Public Offerings" in Item 12 below for additional details regarding our procedures for the allocation of trades. Pursuant to these procedures, and considerations of factors such as a client's investment objectives, strategies, restrictions, guidelines, existing positions and available cash, there may be instances in which we may not buy, sell or recommend for a portfolio or client a security or other investment that we buy, sell or recommend for another client.

We may give advice and take actions in the performance of our duties to clients that differ from the advice given, or the timing or nature of actions taken, with respect to other clients' accounts that may invest in some of the same securities recommended to clients. We, from time to time, may not be free to divulge or act upon certain information in our possession on behalf of clients.

Conflicts of Interest Policy

MSA's Conflicts of Interest Policy ("Conflicts Policy") is designed to identify and manage MSA's material conflicts of interest. The Conflicts Policy supplements the responsibility of MSA's employees to disclose and manage conflicts of interest under the Guidelines, and includes procedures for the identification, mitigation and disclosure of various conflicts. The Conflicts Policy is a tracking document for the various conflicts of interest described herein.

Item 12. Brokerage Practices

Among the specific obligations that flow from our fiduciary duty to our clients is the requirement to seek best execution of client securities transactions. Such execution must be effected in a manner such that each client's total cost or proceeds in each transaction is the most favorable under the circumstances. We are not obligated to get the lowest possible commission cost, but rather, should determine whether the transaction represents the best qualitative execution for the client. In selecting a broker-dealer to execute a trade, we may consider a range of factors. Because each order is unique, different factors will have different levels of importance for each order. Factors we may consider include, but are not limited

to, price (including the applicable brokerage commission or dollar spread), size of order and the broker-dealer's (i) experience and financial stability; (ii) market familiarity for the particular security or security type; (iii) reliability; (iv) integrity (e.g. ability to maintain confidentiality); (v) brokerage or research capabilities; (vi) technology infrastructure and operational capabilities; (vii) trade settlement abilities; and (viii) willingness to commit capital (e.g. purchase thinly-traded security for its own inventory).

We evaluate the reasonableness of commissions paid to broker-dealers on an ongoing basis. At the beginning of each year, each equity portfolio manager, analyst and trader evaluates a list of domestic broker-dealers on the basis of several different factors, including the quality of the broker-dealer's (i) research; (ii) sales coverage; and (iii) trading. Once broker-dealers are evaluated, all scores are combined into a composite score and the broker-dealers are ranked from highest to lowest. Once this process is completed, a meeting is held to discuss the results and establish annual commission targets for each firm. Changes to target amounts for each broker-dealer may be made based on discussions at the meeting. Equity traders are provided with a target amount for each broker-dealer. Through informal reviews, the commission targets may be adjusted as broker-dealer relationships change throughout the year. MSA's fixed income teams conduct semi-annual evaluations of fixed income broker-dealers, including an imputed commission cost analysis. The evaluation of the reasonableness of the brokerage commissions paid is based primarily on the professional opinions of the persons responsible for the placement and review of such transactions.

We have established a Brokerage and Trading Committee which is responsible for developing and maintaining brokerage and trading-related policies and procedures and for overseeing their implementation, as well as conflicts of interest that may arise in connection with the selection of brokers, as discussed in more detail in this Item 12.

MSA's investment divisions have principal responsibility for evaluating whether commissions generated on transactions for MSA's client accounts are used in a manner that is in the best interests of our clients and consistent with our applicable policies and procedures. Additional oversight is provided by our Brokerage and Trading Committee.

We have the authority to determine, without obtaining specific client consent, the broker or dealer to be used and the commission rates paid.

Client Commission Arrangements

As permitted by the Exchange Act, we engage in the long-standing investment management industry practice of paying higher commissions to brokers and dealers who provide research and brokerage products and services ("Research and Brokerage Services") than to brokers and dealers who do not provide such Research and Brokerage Services, if higher commissions are deemed reasonable in relation to the value of Research and Brokerage Services provided. These types of transactions are commonly referred to as "soft dollar" transactions.

The Research and Brokerage Services provided to us includes both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party. When we use

client brokerage commissions to obtain Research and Brokerage Services, we receive a benefit because we do not have to produce or pay for such research. We would, through the use of these products and services, avoid the additional expenses which would be incurred if we would develop comparable information through our own staff. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving such products or services rather than our clients' interest in receiving most favorable execution.

We may enter into Client Commission Arrangements with certain broker-dealers under which we may use client commissions to pay for Research and Brokerage Services produced by someone other than the executing broker-dealer, including third-party broker-dealers and non-broker research providers. Under such arrangements, the executing broker sets aside a portion of the commission to be used to provide MSA with certain products or services that qualify for a safe harbor for such activities provided by Section 28(e) of the Exchange Act.

In some instances, we may request a particular broker-dealer to provide a specific Research or Brokerage Service. In such instances, the broker-dealer, in agreeing to provide the Research or Brokerage Service, frequently will indicate to us a specific or minimum amount of commissions that it expects to receive by reason of its provision of the particular research service. Although we do not agree to direct a specific or minimum commission amount to a firm in that circumstance, we do maintain an internal procedure to identify those brokers who provide us with Research and Brokerage Services and the quality of such Research and Brokerage Services, and endeavor to direct where appropriate sufficient commissions to ensure the continued receipt of Research and Brokerage Services, provided the commissions are considered reasonable in relation to the value of the research we receive.

Research and Brokerage Services provided may include, but are not limited to, (i) furnishing advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities, or purchasers or sellers of securities; (ii) furnishing seminars, information, analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategies, trading markets and methods, and the performance of accounts if used to assist in making investment decisions, and legislative, political and accounting developments related to the foregoing; (iii) access to research analysts, corporate management personnel, industry experts, economists and government officials; (iv) comparative performance evaluation and technical measurement services and quotation services; and (v) other similar research and brokerage products and services that assist us in making investment decisions. For example, a broker-dealer may provide pre-trade and post-trade analytics that include research on optimal execution venues and trading strategies. Research received from brokers or dealers is supplemental to our own research efforts.

In determining whether a service or product qualifies as a "research" or "brokerage" product or service, we evaluate whether the service or product provides lawful and appropriate assistance to us in carrying out our investment decision-making responsibilities. When a product or service has a "mixed use" (i.e., it also serves functions that do not assist in the investment decision-making or trading process and is therefore partially ineligible under Section 28(e) of the Exchange Act), we may use client commissions to

pay for the portion of the product or service that constitutes eligible research or brokerage provided the predominant use is eligible. In such event, we will make a reasonable allocation of the cost of the product or service according to its use, will use client commissions to pay for the portion of the product or service that we determine assists us in the investment decision-making or trading process, and will pay for the remaining cost of the product or service with our own monies. We have implemented policies and procedures designed to mitigate the potential conflicts of interest that this allocation process may present.

Research and Brokerage Services furnished by broker-dealers are not necessarily utilized for the specific account that generated commissions to the broker-dealer providing such Research and Brokerage Services. Some clients, including fixed income clients, may benefit from the Research and Brokerage Services despite the fact that their commissions may not be used to pay for such Research and Brokerage Services. We do not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Directed Brokerage

Clients may direct us to execute transactions through a specific broker-dealer. We currently do not have any such arrangements.

Order Aggregation and Allocation

Certain of our clients have established restrictions on the types and quantities of securities that may be purchased. We select broker-dealers based on their perceived ability to obtain best execution as described above. On that basis, we may aggregate orders when we determine that investment decisions are appropriate for each participating account. In some cases this policy may cause an account to receive a less favorable price than if the account's order had not been aggregated. Investment decisions for each account managed by MSA are made independently from those for any other account that is or may in the future become managed by MSA. If, however, a number of accounts managed by us are contemporaneously engaged in the purchase or sale of the same security, the orders may be aggregated and the transactions may be averaged as to price and allocated or, if necessary, reallocated equitably to each account pursuant to MSA's Trade Allocation Policies and Procedures. In some cases, this policy might adversely affect the price paid or received by an account or the size of the position obtained or liquidated for an account.

Each portfolio manager must strive for a fair and equitable allocation of securities transactions among his or her accounts. Such allocation decisions are made for each client individually, based on the characteristics of the particular security and "Investment Considerations" of each client, as well for all clients collectively. Investment Considerations is a broad term that includes, but is not limited to, the client's investment objectives and restrictions, current securities positions and cash available for investment or liquidity needs. For example, when making allocation decisions, a portfolio manager may consider the current composition of a client's securities portfolio in terms of factors such as sector and industry weightings; diversity of portfolio holdings; risk exposure; average and median market

capitalization; portfolio duration and maturity; yield curve positioning; portfolio credit quality; and with respect to taxable accounts, the impact of realized and unrealized capital gains and losses.

Allocations may not be based upon account performance, the amount of management fees charged, the amount of commissions generated by a particular account or group of accounts, or whether the account is affiliated or unaffiliated.

After taking the characteristics of the particular security and each client's Investment Considerations into account, portfolio managers will initiate a trade order for the security. Each trade order will specify the accounts that will trade the security and the order size per account. Weightings in accounts or account groups may vary based on the factors discussed above. Securities transactions will be allocated using a pro-rata allocation method. The pro-rata method allocates securities transactions among participating client accounts in proportion to the size of the orders placed for each account or in the case of a partially-executed order, in proportion to the size of the unexecuted order for each account.

If an order is filled in its entirety, it will be allocated in accordance with the terms of the original order. If an order is partially filled, it will be allocated pro-rata based on the terms of the original order. An allocation shall be deemed to be "allocated pro-rata" where any deviation from an exact proportion results either from rounding off the number of securities allocated to the next higher or lower round-lot figure, or the failure to allocate any securities to one or more clients under circumstances where the number of securities to be allocated is relatively small in relation to the volume of transactions ordinarily engaged in for such client or in relation to the size of the client's account. In the case of certain convertible securities, it may not be practicable to identify the account(s) for which the order is being placed prior to execution. In such cases, the trade will be allocated promptly after its execution, but no later than the date on which execution occurs.

Cross Transactions

Consistent with our fiduciary obligations to each client and the requirements of best execution, we may arrange to have a purchase and a sale transaction effected directly between clients ("cross transactions"). See Item 11 above for more information on cross transactions.

Initial Public Offerings

From time to time, we may take advantage of opportunities to invest in initial public offerings of equity securities ("IPOs") as they arise. Our IPO allocation procedures have been designed with the goal of equitably allocating IPOs of a certain type and/or size among accounts with objectives similar to the IPO characteristics. As such, IPOs may not be available to all equity accounts managed by MSA. Rather, participation in an IPO will depend on the group(s) in which the account has been categorized, the categorization of the IPO as described above, and the determination of the portfolio manager as to the appropriateness of the IPO for the account.

Availability of IPOs to MSA may be based on the amount of brokerage business MSA conducts with an underwriter(s) of the IPO. Larger accounts typically generate a relatively larger percentage of the

brokerage commissions. However, depending on the category of the larger account and the type of the IPO involved, larger accounts may not participate in IPOs in the same proportion as the commissions they generate.

A portfolio manager may determine not to allocate a particular IPO to one or more portfolios within a particular asset class only if there are unique circumstances affecting that portfolio. In such instances, the basis for the exclusion must be documented and approved by MSA's Head of Equity Investments and promptly submitted to MSA's Chief Compliance Officer.

We have the discretion to deviate from these allocation procedures if such deviation is consistent with the intent of the policies outlined therein.

See Item 10 above for additional information regarding Regulation M.

Trade and Operational Errors

Any trade or operational error which results in a gain accrues to the benefit of the client account. Except for in de minimis situations (i.e. errors less than \$100), any error which results in a loss will be reimbursed by us (or other responsible party) to the client's account. Broker-dealers may make errors from time to time. In such cases, we will request that the broker-dealer reimburse the applicable client account. However, a broker-dealer may not absorb losses from an error caused by us.

Miscellaneous

Directors, officers and employees of MSA and members of their immediate family may own securities or other interests in, or otherwise hold positions with, brokers that may be utilized by MSA to effect client transactions. This can present a conflict in terms of the motive a portfolio manager or trader may have in selecting individual brokers to effect transactions for a client. The Conduct Guidelines discussed in Item 11 above require that all MSA personnel must act with the highest standards of personal and professional honesty and integrity and put client interests ahead of their own. In addition, these individuals are required to complete annual questionnaires and report quarterly securities transactions that would identify these potential conflicts and permit monitoring by MSA's Compliance Department and/or Brokerage and Trading Committee where deemed appropriate.

Item 13. Review of Accounts

Each of the portfolio managers has the primary responsibility for the investment advice given to the client accounts managed or co-managed by each of them. On a continuous basis, each portfolio manager evaluates the client accounts for which he or she has responsibility using a variety of measures, including the percentage that is invested in a particular security, sector or industry, comparisons to benchmarks, and the overall make-up of the account.

MSA's Compliance Department performs ongoing reviews of investment company accounts for compliance with investment policies and restrictions. In addition, subject to MSA's oversight, compliance reviews are conducted for all accounts by the accounting or operations staff of Northwestern Mutual under the administrative services agreement discussed above in Item 10. Such reviews are performed periodically or more frequently as necessary based on the circumstances of each account and market conditions.

MSA regularly reports to each client on the investment program for its portfolio and the issuers and securities represented in the portfolio. The frequency, content and format of reporting depend on the individual client's needs, requirements and directions. In general, clients receive monthly or quarterly reports containing economic and market commentary and portfolio performance, including benchmark comparisons and attribution commentary. MSA will furnish clients with such additional reports and details as the client may reasonably request. A variety of client reports are produced and communications with clients take place through a variety of means, including written reports and in-person presentations at client investment committee and/or board of directors meetings.

Item 14. Client Referrals and Other Compensation

We do not currently actively market or advertise our advisory services in search for new investment advisory clients, and thus accept new clients infrequently. As such, we do not compensate any person for client referrals nor do we consider client referrals in connection with selecting or recommending broker-dealers.

Regarding receipt of economic benefits from persons who are not advisory clients for providing investment advice or other advisory services to our clients, see Item 12 above for a discussion of client commission arrangements. Such arrangements provide an economic benefit to us from non-clients in connection with giving advice to clients. In addition, from time to time third parties may offer entertainment, recreational activities, travel and lodging in connection with out-of-town meetings, seminars or site visits by a broker-dealer, portfolio company or other third party doing business with MSA, and gifts and favors. MSA's Conduct Guidelines govern the acceptance of benefits or gratuities and dictate the amount and the circumstances under which these may be accepted, if at all. The Conduct Guidelines set forth principles that should guide the conduct of all Supervised Persons and requires that they comply with all applicable laws, rules and regulations, with all client investment mandates and directives and with our fiduciary duties to our clients, in all matters related to the business activities of MSA. A copy of the Conduct Guidelines will be provided to any client or prospective client upon request by contacting MSA's Chief Compliance Officer, Michael Zielinski, by phone at 414-665-6103 or by mail at our mailing address appearing on the cover page of this brochure.

Item 15. Custody

With limited exceptions noted below, we do not have custody of client funds or securities. We urge you to carefully review the account statements you receive from your qualified custodian. For tax and other purposes, the custodial statement is the official record of your account and the assets in your account.

MSA is deemed to have “custody” of client funds or securities for two of its clients. The physical funds and securities for these clients are nonetheless held by a third party unaffiliated custodian. For MSA’s two clients which are pooled vehicles, we comply with the custody rules using the “audit exception.” In such cases, fund investors may not receive statements from the qualified custodian. Instead, the vehicles are subject to an annual audit and the audited financial statements, prepared in accordance with U.S. generally accepted accounting principles, are distributed to fund investors within 120 days of the vehicles’ fiscal year end. All Clients should carefully review any statements they may receive from the custodian and compare statements received from us with the statements received from the custodian.

Item 16. Investment Discretion

We are appointed as discretionary investment manager with full discretion in our investment advisory agreements. We generally have the authority to determine, without obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, the broker-dealer to be used and the commission rates paid. We have discretion to select individual securities subject to client mandates and investment restrictions and regulatory constraints. In instances where we retain a sub-adviser when permitted under the terms of the applicable investment advisory agreement, the sub-adviser generally manages the client’s investments subject to the supervision and oversight by MSA and the client.

Item 17. Voting Client Securities

In accordance with SEC rule 206(4)-6 under the Advisers Act, MSA has adopted written Proxy Voting Policies and Procedures (the “Proxy Policies”) that are reasonably designed to ensure that proxies are voted in the best interest of clients in those cases where a client has contractually given proxy voting responsibility to MSA. We have established a Proxy Voting Committee (the “Proxy Committee”) which is responsible for developing and maintaining the Proxy Policies and for overseeing their implementation. We have also engaged Institutional Shareholder Services Inc. (“ISS”), an unaffiliated proxy voting and research service, to assist with the administration and voting of client proxies.

We vote proxies on behalf of client accounts. However, you have the right to vote proxies yourself. You may instruct us how to cast your vote in a particular proxy, or to vote proxies according to particular criteria. Such requests should be made in writing and submitted to MSA’s Chief Compliance Officer, Michael Zielinski.

Voting Procedures

With the assistance of ISS, we have developed and adopted a set of Proxy Voting Guidelines (the “Proxy Guidelines”). We generally votes all client proxies based on the recommendations prepared by ISS through application of the Proxy Guidelines, or to the extent not covered by the Proxy Guidelines, ISS’s independent voting standards. These recommendations are reviewed prior to voting by our investment personnel charged with managing the client account holding the applicable securities. In the event one of our portfolio managers or analysts determines that the interests of our clients warrant a vote contrary to the Proxy Guidelines or ISS’s recommendations with respect to the securities held in any of the client accounts they manage, we will vote in the manner the portfolio manager or analyst believes to be in the best interests of the applicable advisory clients following a determination by the Head of MSA Equity Investments that no conflict of interest exists. A summary of such votes are reviewed by the Proxy Committee at its next regularly scheduled meeting.

To the extent applicable, these procedures will be used by MSA for exercising voting rights which may arise upon conversion of, or in connection with certain other situations with respect to, fixed income or other securities which do not ordinarily carry voting rights. In these limited circumstances, because no recommendations are typically generated by ISS, the portfolio manager will submit a written recommendation as to how the client securities should be voted and the rationale for such recommendation to MSA’s Vice President-Investments, together with information regarding whether a conflict of interest exists in connection with the vote. A summary of such votes is reviewed by the Proxy Committee. Such review is not required in the case of ordinary course requests for amendments, consent solicitations or directions with respect to the exercise of remedies for fixed income or other traditionally non-voting securities. In each case, it is MSA’s policy to cast such votes in a manner consistent with the best interests of its clients.

In many cases, a security may be held by multiple client accounts. Because the interests of various clients may differ, we are not required to cast consistent votes on behalf of all clients. We also reserve the right to request a client to vote their shares themselves.

Although we attempt to process every proxy vote we receive, there are situations in which we may not vote proxies if the costs, resources or resulting restrictions required to vote such proxies outweigh the expected benefit to the applicable client of casting such a vote, or other circumstances prevent us from voting. These situations may involve (i) foreign securities requiring translation services or travel to a foreign country to vote, (ii) countries which restrict trading in a company’s stock within a given period of time on or around the shareholder meeting date if shareholders vote proxies of the company (so-called “share blocking” countries), (iii) securities of an advisory client which are lent out under a securities lending program while the applicable issuer is conducting a proxy solicitation, or (iv) certain foreign companies that do not designate a record date for purposes of proxy voting, and require registration prior to public notice of an upcoming proxy vote (so-called “re-registration” requirements).

Conflicts of Interest

The Proxy Policies require that in making proxy voting determinations, MSA's personnel may not be influenced by personal or family financial interests or outside sources whose interests conflict with the interests of clients, and are designed to eliminate these influences.

In the event we become aware of a conflict of interest relating to a particular proxy proposal, the Proxy Committee will be responsible for reviewing the proposal and determining the vote. Unless the conflict of interest directly involves the applicable portfolio manager or analyst managing the client account holding the applicable securities, the portfolio manager or analyst will provide the Proxy Committee with his or her recommendation as to how the proxy should be voted and the rationale for his or her recommendation. The Proxy Committee will review the portfolio manager's or analyst's voting recommendation (if any) and all relevant facts and circumstances and determine how the proxy should be voted. Application of the Proxy Guidelines to vote client proxies should, in most cases, adequately address any possible conflicts of interest since the Proxy Guidelines are pre-determined. However, if the Proxy Committee believes the application of the Proxy Guidelines is not in the best interests of the applicable client, the Proxy Committee may vote contrary to the Proxy Guidelines.

To avoid a potential conflict of interest when casting proxy votes with respect to shares of one NMSF portfolio invested in another NMSF portfolio (an "underlying portfolio"), MSA will employ echo voting. That is, we will vote the shares of the underlying portfolio in the same proportion as the voting instructions received by Northwestern Mutual from holders of variable annuity contracts and variable life insurance policies with an allocation to the underlying portfolio.

To obtain a copy of the Proxy Policies, including the Proxy Guidelines, please contact MSA's Chief Compliance Officer, Michael Zielinski by phone at 414-665-6103 or by mail at our mailing address appearing on the cover of this brochure. Clients may also request information on votes cast by making a request by phone or mail.

In situations in which we appoint a sub-adviser to be responsible for the day-to-day investment management for a client, such as with certain portfolios of NMSF, and subject to the approval of the client, portfolio securities may be voted by, and in accordance with, the proxy voting procedures of the sub-adviser.

Item 18. Financial Information

MSA does not have any financial condition that is reasonably likely to impair our ability to meet contractual or fiduciary commitments to clients, and MSA has not been the subject of a bankruptcy proceeding.

Additional Information

Security Valuation

Securities held in client accounts are generally valued at either market value or amortized cost, depending on the regulatory requirements applicable to each client. For securities valued at market value, if a market quotation is not readily available or is deemed unreliable, the fair value of a security will be determined in good faith pursuant to our policies and procedures. Although we are not the pricing agents, we may propose a fair value for a security in good faith under such policies and procedures. Because our compensation, and in some cases performance, is based on the value of assets held in an account, we may have a potential incentive to set a high valuation for a security. We believe that this potential conflict may be mitigated to a certain extent by our policies and procedures and the clients' role in valuing securities subject to fee and performance calculations, as well as oversight by the NMSF Pricing Committee with respect to NMSF valuations. Certain clients may be subject to special rules regarding valuation of investments and may value or arrange for the valuation of their portfolio securities. In those instances, at the direction of the client, we will use the client's valuations for purposes of calculating fees and, where applicable, performance. Given the role of the clients in the valuation process, there may be differences in prices for the same security held by different client accounts.

Privacy Policy

MSA and its employees are subject to Northwestern Mutual's policies and procedures with respect to the confidentiality of client and proprietary information. Northwestern Mutual expects all of its employees to maintain high standards of business ethics and to follow all policies regarding individual and business conduct. Each year, employees are required to acknowledge that they have read and understand Northwestern Mutual's "Corporate Policy Regarding Confidential Information." Further, it is our policy to keep confidential all client information as directed by each client.

Disclosure of Portfolio Holdings

It is our policy, with respect to investment company clients, to release portfolio holdings information only as required or permitted by applicable law and the client's policies and procedures regarding such dissemination. Disclosure of investment company client non-public portfolio holdings to selected third parties is permissible only when (i) we have a legitimate business purpose for doing so; and (ii) the recipients are subject to a duty of confidentiality, including a duty not to trade on the non-public information. Disclosure of portfolio holdings information for all other clients is subject to the terms of our investment management agreement with the client and the directions and permission of the client. Because some accounts are managed in a similar manner, the disclosure of holdings information for one client may provide some indication of the holdings of other clients.

Business Continuity Plan

We have adopted a business continuity plan which documents the strategies, personnel, procedures and resources that MSA and its primary service providers will use to respond to any short or long-term interruption to its essential business functions. The business continuity plan focuses on key continuity and recovery priorities, and provides a bridge between the immediate continuity needs of MSA and the large-scale continuity and recovery efforts provided by its key service providers.