

NORTHWESTERN MUTUAL INVESTMENT SERVICES, LLC

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This brochure provides information about the qualifications and business practices of Northwestern Mutual Investment Services, LLC. If you have any questions about the contents of this brochure, please contact us at 1-866-950-4644. 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 Northwestern Mutual Investment Services, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Northwestern Mutual Investment Services, LLC, 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

("NMIS", "we" or "us") last updated our firm brochure on March 30, 2016. As of June, 2017, NMIS IARs no longer refer clients to Northwestern Mutual Wealth Management Company(NMWMC) and NMIS no longer earns referral fees from referring clients to NMWMC.

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).

Item 3. Table of Contents

Item 1.	Cover Page.....	1
Item 2.	Material Changes.....	2
Item 3.	Table of Contents.....	3
Item 4.	Advisory Business.....	4
Item 5.	Fees and Compensation.....	4
Item 6.	Performance-Based Fees and Side-By-Side Management.....	5
Item 7.	Types of Clients.....	5
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Item 9.	Disciplinary Information.....	5
Item 10.	Other Financial Industry Activities and Affiliations.....	7
Item 11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	8
Item 12.	Brokerage Practices.....	9
Item 13.	Review of Accounts.....	9
Item 14.	Client Referrals and Other Compensation.....	9
Item 15.	Custody.....	9
Item 16.	Investment Discretion.....	9
Item 17.	Voting Client Securities.....	9
Item 18.	Financial Information.....	9

Item 4. Advisory Business

Northwestern Mutual Investment Services, LLC (“NMIS”) is a dually registered broker-dealer and investment adviser, and a wholly owned subsidiary of The Northwestern Mutual Life Insurance Company (“NM”). “Northwestern Mutual” is the marketing name for NM and its subsidiaries and affiliates. NMIS was formed and has been in business since 1968.

Referral Services Program

NMIS provides referral services by screening, selecting, and entering into arrangements with certain other investment advisers (the “Sponsors”) which provide either financial planning services, mutual fund asset allocation programs or other investment management services (the “Programs”). Under its referral programs NMIS’s primary role is to refer its insurance or securities brokerage clients to Sponsors, and in that role, will function as a “solicitor” within the meaning of Rule 206(4)-3 under the Investment Advisers Act of 1940. NMIS does not provide continuous and regular supervisory or management services to accounts established with Sponsors. Rather, its referral services are limited. NMIS does not charge its referral clients for the services described above. NMIS is compensated for the services by the Sponsor through payment of a referral fee.

Fixed Income Advice from NMIS Investment Trading Services

NMIS employee representatives (“Trading Services Representatives”) located in the NMIS Investment Trading Services (“NMIS Trading Services”) in NMIS’s home office of Milwaukee, Wisconsin provide non-discretionary investment advice to other investment advisers regarding purchasing and selling of fixed income investments such as corporate and municipal bonds. This advice may include assistance with structuring bond ladders or managing duration of fixed-income positions. The Trading Services Representatives have no discretionary trading authority in accounts where they assist investment advisers with fixed-income securities advice. Trading Services Representatives are employees and registered representatives of NMIS. Trading Services Representatives are compensated with a salary and company bonus plan related to broad-based company goals. Trading Services Representatives’ compensation is not related to account values, fees or commissions of the accounts they service.

Retirement Plan Services

NMIS advises other investment advisers in selecting investment advisers who can provide investment advice under Section 3(21) of ERISA to retirement plan clients, when other investment advisers do not wish to assume status as ERISA fiduciaries with respect to retirement plan clients.

Item 5. Fees and Compensation

We do not deduct fees directly from clients’ accounts. Advisory fees are negotiated on a case-by-case basis and vary depending on specific services to be provided. Clients are not required to, nor do they, pay advisory fees in advance.

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

NMIS does not accept any performance-based fees.

Item 7. Types of Clients

Referral Services Program: NMIS may refer individuals, pension and profit sharing plans, trusts, estates or charitable organizations, corporations or other business entities to investment advisers as a “solicitor” within the meaning of Rule 206(4)-3 under the Investment Advisers Act of 1940. NMIS does not establish a contractual relationship with the individuals or entities referred. Based on its limited activities NMIS does not consider the individuals or entities that it refers to investment advisers as “clients” as that term is used in the Investment Advisers Act.

Fixed Income Advice and Retirement Plan Services: NMIS currently only offers these services to other investment advisers.

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

In undertaking its Referral Services Program, NMIS does not offer advice on any particular investment. NMIS screens and selects Sponsors based on strategies, services offered, costs and other features. The principal sources of information used by NMIS will be materials provided by the Sponsors and filings by the Sponsors with regulators, including the U.S. Securities and Exchange Commission (“SEC”) and state securities regulators. NMIS may also use other sources of materials including, but not limited to financial newspapers and financial services. Advice regarding appropriate investments is given by the Sponsors. Each Sponsor determines its own method of analysis, sources of information and investment strategies except that the focus of the referral service generally is limited to long-term investments rather than short-term strategies.

NMIS uses third-party research services to provide advice to clients with regard to fixed-income strategies and retirement plan services.

Item 9. Disciplinary Information

NMIS was involved in the following regulatory proceedings involving the Financial Industry Regulatory Authority (“FINRA”), an entity which regulates NMIS’s broker-dealer activities. In the settlements below, NMIS consented to the entry of findings and the imposition of the sanctions described without admitting or denying the allegations. These matters do not relate to NMIS’s advisory business.

Auction Rate Securities

In a 2009 settlement, FINRA censured and fined NMIS \$200,000 for violating FINRA rules between 2006 and 2008 relating to NMIS’s marketing and sale of Auction Rate Securities (“ARS”). FINRA found that NMIS failed to maintain adequate supervisory procedures concerning its sales and marketing activities regarding ARS. Pursuant to an agreement with FINRA, NMIS offered to buy back all ARS, grant relief for

investors who sold their ARS below par, arbitrate any consequential damages claims through a FINRA special arbitration program, and provide reports to FINRA concerning compliance with the agreement.

Mutual Fund Sales

In a 2007 settlement, FINRA censured and fined NMIS \$100,000 for conduct that occurred between 2002 and 2004 that FINRA found violated rules related to NMIS's failure to establish, maintain and enforce a supervisory system and procedures reasonably designed to identify opportunities for certain investors to purchase certain mutual funds at Net Asset Value ("NAV"), and ensure that those investors received the benefit of available NAV transfer programs. Subsequent to a FINRA examination, NMIS promptly engaged in remedial action to (1) identify all funds with NAV transfer programs that it sold, (2) assess the extent to which customers were harmed, (3) provide remediation to eligible customers, and (4) retain a third party to assess NMIS' remediation.

Untimely Reporting of Complaints and other Violations

In a 2006 settlement, FINRA censured and fined NMIS \$115,000 for violations of FINRA rules relating to NMIS's obligation to make timely reporting to FINRA of certain kinds of customer complaints and NMIS's failure to follow terms of a previous settlement with FINRA. NMIS failed to timely report customer complaints regarding misappropriation of funds or forgery; disciplinary actions against its registered representatives that resulted in terminations or suspensions; and felony charges against an associated person. NMIS also failed to pre-file sales material regarding variable life insurance products with FINRA as agreed upon in an earlier settlement with FINRA; failed to accurately report municipal securities transactions and failed to accurately prepare municipal customer confirmations.

Failure to Report Complaints and Update Disclosure Documents

In a 2005 FINRA Hearing Panel decision, NMIS was censured and fined \$110,000, NMIS's then-Chief Compliance Officer was censured and fined \$15,000, and a former NMIS Chief Compliance Officer was censured and fined \$5,000 for violations of FINRA rules that occurred from 1999 to early 2001 relating to failure to file certain statistical and summary reports within the reporting period required by FINRA rules, failure to timely report two settlements and file an amendment to a registered representative's Form U-5 document to reflect settlements with customers and customer arbitrations, as well as for failure to adequately supervise NMIS personnel regarding the handling of customer complaints. In response, NMIS implemented procedures to enhance the firm's compliance reporting processes.

Marketing of Variable Life Insurance

In a 2004 settlement, FINRA censured and fined NMIS \$1,000,000 for NMIS's failure to comply with FINRA rules relating to the sales and marketing of securities that occurred between 1998 and 2001. One NMIS representative presented variable life sales training seminars during 1998 through 2001 that did not comply with FINRA rules because the variable life product was presented to other registered representatives in an unbalanced and inappropriate way. A second NMIS representative sent four letters to customers during 1998 through 2000 that did not comply with FINRA advertising rules because

inappropriate terms were used to describe variable life insurance policies. FINRA found that NMIS did not adequately supervise these two registered representatives in accordance with FINRA rules and that it did not appropriately maintain internal e-mail communications in accordance with FINRA rules. NMIS agreed to file with FINRA's advertising regulation department all institutional sales materials used for educational purposes relating to internal seminars and training sessions concerning variable life insurance prior to first use for a period of one year. NMIS also agreed to provide notice to all current registered representatives who attended the seminars at issue that explained the deficiencies in the seminars. NMIS paid a \$10,000 fine to the Pennsylvania Department of Insurance in connection with the same matter.

Item 10. Other Financial Industry Activities and Affiliations

NMIS is a wholly-owned subsidiary of The Northwestern Mutual Life Insurance Company ("NM"). NM and either directly or through financial services and insurance affiliates, offers a spectrum of insurance and/or investment products. As a wholly-owned subsidiary of NM, we are affiliated with these entities, which include a thrift institution and insurance company. 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.

Northwestern Mutual Investment Services, LLC ("NMIS")

NMIS is a wholly-owned company of NM. NMIS is registered with the SEC as a broker-dealer under the Securities Exchange Act of 1934, and as an investment adviser under the Investment Advisers Act of 1940. NMIS' principal business activity is as a securities broker-dealer. Representatives are also registered representatives of NMIS as broker-dealer. NMIS is the distributor for NM variable annuity and variable life contracts. Most of NMIS' registered representatives are also agents of NM and Northwestern Long Term Care Insurance Company ("Northwestern Long Term Care"). NMIS is an insurance agency. NMIS registered representatives also may offer variable life, variable annuity and group variable annuity products issued by unaffiliated insurance companies. NM offers and sells to the public traditional life insurance products, disability insurance and long-term care insurance. Most of NMIS's principal executive officers devote substantially all of their time to these insurance, securities brokerage, and advisory activities.

The Northwestern Mutual Life Insurance Company ("NM")

NM is the owner of NMIS. Some of NM's officers and employees are also officers and employees of NMIS or function in similar capacities. NM also provides to NMIS certain accounting and tax services; internal audit services; treasury services; human resources services; management information system services; marketing and communications services; legal services; compliance services; insurance services; general corporate services; contract, license and registration services; financial and estate planning support services; training and development services; product development and corporate project services; field compensation services; special investigation services; and other services as agreed to by the parties. NMIS is included in NM's consolidated federal income tax returns, and they have a tax

allocation agreement that governs their respective federal income tax liabilities and provides for compensation to one entity for use by the other entity of any net losses or credits as well as the allocation and payment of any refund arising from the application of any losses or credits. This inter-company agreement is intended to result in no less favorable treatment to NMIS than if it had filed its income tax return as a separate entity.

Northwestern Mutual Wealth Management Company (“NMWMC”)

NMWMC is a limited purpose federal savings bank. NMWMC and NMIS are both under the common control of NM. NMIS has a brokerage services agreement with NMWMC whereby NMIS offers brokerage and other services to support NMWMC in its offering of investment advisory services to its clients. Some of NMIS’ registered representatives are both a NMIS investment advisory representative (“IAR”) and a NMWMC financial advisor.

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NMIS charges clients of NMWMC transaction fees in connection with fixed income transactions in NMWMC-sponsored Signature advisory program accounts where NMIS may assist NMWMC advisory representatives. These transaction fees are the same regardless of the type of fixed-income transaction that occurs. NMIS Client Services Representatives receive no compensation or incentives whatsoever in connection with any transaction fees collected by NMIS.

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

NMIS has adopted a Code of Ethics pursuant to Rule 204A-1 of the Advisers Act (the “Code”). The Code acknowledges NMIS’s fiduciary duty to its clients. The Code sets forth guiding principles and standards of business conduct to ensure that all NMIS employees and other persons supervised by NMIS (“Supervised Persons”) act in accordance with the highest standards of personal and professional honesty and integrity, and comply with all applicable laws, rules and regulations. Certain Supervised Persons (“Access Persons”) must also report their personal securities transactions and holdings.

The Code sets out the guiding principle that Supervised Persons will refrain from taking actions or seeking benefits that would prejudice the rights of any client or conflict with the best interests of any client. The Code, among other things, sets forth policies and procedures (1) monitoring personal securities transactions and holdings of Access Persons, (2) prohibiting transactions by Supervised Persons in securities of a company while in possession of non-public information about the company, and (3) ensuring that Supervised Persons safeguard all non-public and confidential information that NMIS may obtain from its clients or others. A copy of the Code is available to you upon request. The Code is administered by the Chief Compliance Officer of NMIS. All Supervised Persons are expected to comply with the Code and failure to do so may constitute grounds for disciplinary action, including warnings, fines, disgorgements, suspensions, demotions and termination of Supervised Person’s employment or association with NMIS.

Item 12 Brokerage Practices

NMIS does recommend or use broker-dealers in connection with its advisory services.

Item 13. Review of Accounts

NMIS does not manage accounts on behalf of clients.

Item 14. Client Referrals and Other Compensation

NMIS does not accept referrals from third parties or solicitors.

Item 15. Custody

NMIS does not have custody of client funds or securities.

Item 16. Investment Discretion

NMIS does not have investment discretion over any client assets.

Item 17. Voting Client Securities

NMIS does not have any ability to vote securities on behalf of any client account.

Item 18. Financial Information

NMIS does not solicit pre-payment of fees from any client for its services for more than six months in advance or have custody of any client assets.