



## **NORTHERN TRUST INVESTMENTS, INC.**

### **Form ADV Part 2A**

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**March 31, 2023**

This brochure provides information about the qualifications and business practices of Northern Trust Investments, Inc. ("NTI"). If you have any questions about the contents of this brochure, please contact your investment relationship manager or our corporate operator at (312) 630-6000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. Additional information about NTI also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

NTI is a registered investment adviser with the SEC. Registration does not imply a certain level of skill or training.

This brochure does not constitute an offer or a solicitation of an offer to buy shares or interests in any investment fund that NTI sponsors, manages, or advises. An offer of those funds can only be made to qualified investors by way of the approved offering materials for those funds and only in jurisdictions in which that offer will comply with applicable rules and regulations.

## Item 2: Material Changes

The following material changes have been made to this brochure since its last annual update on March 31, 2022.

- Added Northern Trust Asset Management Australia Pty Ltd as a participating affiliate in Item 10

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## Item 4: Advisory Business

### Description of the Firm

Northern Trust Investments, Inc. ("NTI") is the primary U.S. investment adviser of Northern Trust Asset Management. Northern Trust Asset Management is the branding name of the asset management business of Northern Trust Corporation, a financial holding company and publicly traded company.

NTI has been registered with the U.S. Securities and Exchange Commission ("SEC") as an investment adviser pursuant to the Investment Advisers Act of 1940 since 1988. NTI is also an Illinois banking corporation subject to the rules and regulations of the Illinois Department of Financial and Professional Regulation. NTI is a wholly owned subsidiary of The Northern Trust Company ("TNTC"), an Illinois state banking corporation. NTI is registered with the U.S. Commodities and Futures Trading Commission as a Commodity Pool Operator ("CPO") and Commodity Trading Advisor ("CTA") and designated a Swap Firm. NTI is also a member of the National Futures Association.

### Types of Advisory Services

NTI is a multi-asset class provider of a wide range of discretionary and non-discretionary investment advisory and sub-advisory services. NTI's asset class capabilities include equity, fixed income, liquidity and asset allocation strategies. Strategy implementation ranges from passive and factor-based quantitative, to fundamental active and multi-manager solutions. Investment solutions can incorporate sustainable investing principles and customized tax management. The following is a description of the investment vehicles and services NTI offers to clients:

**Investment Pools:** NTI provides discretionary investment advisory and sub-advisory services to the following types of affiliated and non-affiliated registered and unregistered investment pools:

- Mutual Funds
- Bank Common and Collective Funds
- Exchange-Traded Funds
- Limited Partnerships
- Other U.S. and Non-U.S. Investment Funds

Each investment pool has an investment objective and investment guidelines. Generally, NTI cannot tailor the investment guidelines or impose restrictions on an investment pool to meet individual client needs. Investment objectives and guidelines, and any restrictions or limitations thereto, may be customized for single investor investment pools.

**Separately Managed Accounts:** NTI provides discretionary and non-discretionary investment advisory services tailored to meet a client's individual investment objectives and guidelines, as well as any client investment restrictions or limitations. The investment performance of any client account may be affected by the imposition of investment restrictions or limitations. Clients who impose investment restrictions or limitations might affect the account's performance and limit NTI's ability to employ various investment strategies. This may result in investment performance

that differs from that of a benchmark or other client accounts utilizing the same or similar investment strategy.

NTI provides investment advisory strategies delivered through other financial intermediaries (such as banks, RIAs and wrap-fee sponsors). Under such arrangements, NTI may be selected to provide these investment strategies through Model Portfolio Services (as noted below), or where NTI acts as portfolio manager only. In such arrangements, NTI manages the account in accordance with the agreed-upon investment objectives, guidelines, risk tolerances and restrictions established by the financial intermediary or their client. Under such arrangements the intermediary is acting as fiduciary with regard to suitability.

Limited Partnerships: NTI provides clients with access to select certain third-party investment strategies through limited partnership structures, some of which are offered on a private placement basis.

### **Model Portfolio Services**

Model Delivery: NTI provides non-discretionary investment advisory services to other financial intermediaries (including Wrap Programs) as noted above. Under such arrangements, NTI provides model portfolios of our proprietary investment strategies. The recipients of these models may use NTI's model portfolios, as well as any on-going updates to the model portfolio, either alone or with other model portfolios to manage the accounts on behalf of their clients. Sponsors and other recipients of the models retain investment discretion under these arrangements, and NTI is solely responsible for providing its model portfolio to the financial intermediary.

Model Implementation of Third-Party strategies: Through the model portfolio services platform, NTI provides clients with access to select certain third-party investment strategies. Under such arrangements, the third-party manager is responsible for security selection and on-going model updates while NTI provides managed account implementation and trading services. Model portfolio implementation is designed to maximize operational efficiencies for separately managed account investments by centralizing the delivery and manufacturing of model portfolio strategies. Through a highly scalable process of construction, rebalancing, and daily monitoring of activity, accounts are managed to minimize dispersion from the selected model portfolio. NTI relies on a suite of proprietary and vended applications to assist in the ongoing management of these accounts.

**Multi-Manager and Outsourced Chief Investment Officer (“OCIO”) Services:** NTI provides investment advisory services on asset allocation and the selection, oversight and termination of affiliated and non-affiliated investment advisers. Multi-manager strategies can range from a single asset class to multiple asset classes employing a number of investment advisers.

NTI also provides outsourced investment management services to individual and institutional clients. NTI performs research, due diligence and program management across multiple asset classes. To meet the needs of its clients, NTI employs various investment vehicles (custom separate accounts, common, collective, registered and private funds). OCIO engages clients on a discretionary and advisory basis. For discretionary clients, OCIO has investment authority and is responsible for the implementation of investment decisions. For advisory services, OCIO provides recommendations, and clients retain investment authority over account activity.

**Investment Research and Advisory Services:** NTI provides investment research and advisory services to clients for their use in evaluating and implementing investment solutions.

**Overlay Services:** NTI provides clients with overlay services that include currency hedging, cash equitization and beta management. These strategies may employ foreign exchange forwards, futures and exchange-traded funds.

**Index Services:** NTI constructs indexes that certain of its advised exchange-traded funds or clients utilize as benchmarks. NTI may also create indexes for unaffiliated clients.

**Transition Management Services:** NTI provides transition management services to assist clients in restructuring or reallocating their assets.

## Assets Under Management

As of December 31, 2022, NTI managed approximately \$902,656,985,580 in regulatory assets under management on a discretionary basis.

## Item 5: Fees and Compensation

### Fee Schedule

NTI is compensated for investment advisory services provided to clients. Generally, all fees may be negotiable and are: 1) based on assets under management or assets under advisement; 2) fixed; or 3) performance based. The following table shows the fee ranges categorized by asset or service type:

Investment Advisory Services		Fee Range per Annum
Separately Managed Accounts:		
Fundamental Active Equity		0.25 - 1.00%
Third-Party Strategies		0.50 - 1.00%
Quantitative Equity		0.20 - 0.65%
Passive Equity		0.02 - 0.30%
Fixed Income & Cash Management		0.02 - 0.30%
Multi-Asset Class		Up to 0.50%
Model Portfolios Services:		
Model Delivery		Up to 0.30%
Model Implementation of Third-Party Strategies		Up to 0.50%
Investment Pools:		
Fundamental Active Equity		0.40 - 1.10%
Quantitative Equity		0.17 - 1.10%
Passive Equity		0.005 - 0.70%
Fixed Income & Cash Management		0.015 - 0.80%

Multi-Asset Class	Up to 0.60%
Multi-Manager Services	Negotiated
OCIO Services	Negotiated
Transition Management Services	Negotiated
Investment Research and Advisory Services	Negotiated
Index Services	Negotiated
Overlay Services	Negotiated

Notwithstanding the fee ranges set forth above, NTI reserves the right to negotiate client investment advisory agreements with varying fees and minimums and maximums that may differ from the fees described herein. In addition to or as part of negotiations, fees may vary as a result of the particular circumstances of the client, the size and scope of the overall client relationship, client customization of the investment guidelines, additional or differing levels of servicing, or as may be otherwise agreed with specific clients. Clients that negotiate fees with differing breakpoints may pay a higher fee than the fees set forth here as a result of fluctuations in the amount of the client's assets under management and account performance.

Upon termination of a client account, NTI promptly refunds unearned fees to the client and any earned but unpaid fees are due and payable.

Investment advisory services may include holdings in proprietary and non-proprietary investment pools, which have their own fees and expenses in addition to NTI's investment advisory fee. In certain instances where not prohibited, NTI would receive a separate account investment advisory fee and a proprietary pooled investment management fee. Clients should review the investment advisory agreement and fund governing documents for further information regarding fees.

The prospectus, offering or governing document or fee agreement of the NTI investment pools sets forth the applicable fees and expenses. In addition to NTI's advisory fee, clients generally will incur other fees and expenses, including, but not limited to, custodian, brokerage and other transaction costs. When aggregating trading orders, aggregate trading fees and expenses will be incurred by multiple client accounts and funds. The Adviser allocates aggregate costs among applicable client accounts (and, in certain cases, among the Adviser and applicable client accounts and funds) in accordance with allocation policies and procedures, which are designed to allocate expenses in a reasonable and consistent manner over time among such advisory clients. Under its current expense allocation policies, the Adviser generally allocates the expense among the client accounts and funds on a pro rata basis and will allocate a minimum expense amount to each client account. Under certain circumstances, the Adviser may deviate from pro rata allocation if it deems another method more appropriate, such as for FX orders where participating clients do not have the same approved counterparty list. Nonetheless, the portion of an aggregate expense that the Adviser allocates to a client account or a fund may not reflect the relative benefit derived by the relevant client account or fund in each instance.

Clients invested in proprietary investment pools that have an existing investment advisory relationship with NTI and its affiliates may be considered affiliated partners ("Affiliated Partners")

with respect to their interest in the investment pools. Affiliated Partners in the proprietary investment pools may pay a reduced management fee and/or carried interest, which will be determined by the type of the client investment advisory relationship with NTI and its affiliates. The Affiliated Partner definition is further described in the respective fund's limited partnership agreement.

## Payment Methods

### Separately Managed Accounts

Fees for separately managed account investment advisory services are typically charged as a percentage of the client's assets under management and are calculated based on average daily, month-end or quarter-end net assets. Fees typically include accrued income and are charged to the client's account on a monthly or quarterly basis in arrears. NTI may also have accounts with fixed or performance-based fees. The client may select whether to have the fees deducted automatically by the client's custodian or billed directly to the client. The investment advisory agreement may also provide that the client may incur fees and expenses in addition to NTI's advisory fees, such as brokerage and other transaction costs and administrative and other expenses. Examples of other costs and expenses include markups, markdowns and other amounts included in the price of a security, odd-lot differentials, transfer fees and electronic fund fees. In addition to the investment advisory fees, clients may pay additional charges for services provided by NTI's affiliates, such as custodian fees for the safekeeping and reporting of managed assets. The client should review their investment advisory agreement for further information on how NTI charges and collects fees. See Item 12 for additional information on Brokerage Practices.

If allowed by investment guidelines, NTI may invest the client's account in investment pools, including those advised by NTI or an NTI affiliate. These investment pools incur investment advisory fees and operational expenses such as transfer agent, custody, audit, tax, brokerage, administrative and other transactional costs and expenses. The client's account will indirectly incur these fees and expenses as an investor in such investment pools and as a result, the client may bear higher expenses than if the client invested directly in the securities held by these investment pools.

For client accounts subject to ERISA, the amount of any client account assets invested in affiliated registered open-ended investment companies is subtracted from the aggregate amount of client account assets from which the fee is calculated. In cases where the client's account is not subject to ERISA and/or where client account assets are invested in affiliated investment pools that are not registered open-ended investment companies, NTI may, subject to the client agreement and applicable law, calculate its separate account fee on the aggregate amount of the client's assets.

### Investment Pools

Advisory fees for investment pools are typically charged as a percentage of assets held and managed in the investment pool. As noted above, investment pools may be subject to additional charges including, but not limited to, transfer agent, custody, audit, tax, brokerage, administrative and other transaction costs and expenses. Fees and expenses are disclosed in the investment pool governing documents and are not generally negotiable, though they may be waived or deferred at the discretion of the investment pool and/or NTI. Such waivers and deferrals will cause some clients or groups of clients to pay fees that are different from the fee schedules disclosed in

the investment pool's governing documents. Clients should review the investment pool's governing documents for further information regarding fees and expenses.

Clients investing in common or collective funds for which NTI serves as trustee typically sign an investment advisory or a trust agreement with NTI. Common and collective fund investment management fees may be collected at the fund level, as a percentage of the fund's average daily net assets or invoiced directly to the investor. The common and collective fund fees include an administrative fee that is collected by NTI and paid to TNTC for the custody and administration of the common and collective funds. A description of the calculation and payment of fees payable is set forth in the applicable prospectus, offering or governing document or fee agreement for the relevant investment pool. Clients should refer to such documents for further information with respect to fees and expenses.

NTI provides investment advisory services as a sub-adviser to certain affiliated and non-affiliated registered investment pools. Generally, NTI receives a sub-advisory fee based on assets under management paid monthly in arrears. Clients should refer to their investment sub-advisory agreement for further information with respect to fees and expenses.

### **Limited Partnership Services**

Fees for limited partnership services are typically charged as a percentage of assets under management, billed in arrears. Fees may also include a performance based fee.

### **Multi-Manager and Outsourced Chief Investment Officer Services**

Fees for Multi-Manager Strategies are determined by the asset class and the level of customization that a client may require and typically are charged as a percentage of assets under management or advisement. Fees may also be charged as a fixed rate or performance based. Clients may choose to be billed in advance or in arrears as set forth in the client's investment advisory agreement. NTI will generally bill clients on a monthly or quarterly basis. Performance-based fees are billed quarterly or annually, and fixed fees are generally billed quarterly at a flat rate. The client may choose whether to have fees automatically deducted by their custodian from the assets in the account or billed directly. In addition to the NTI advisory fee, clients may also incur embedded investment pool fees and expenses. The investment advisory agreement may also provide that the client will incur fees and expenses in addition to the advisory fees such as brokerage and other transaction costs, administrative and other expenses. Clients may also pay additional charges for services provided by NTI's affiliates, such as custodian fees for the safekeeping and reporting of managed assets. The client should review their investment advisory agreement for further information on how NTI charges and collects its fees.

### **Model Portfolio Services**

Fees for both Model Delivery and Model Implementation are generally charged as a percentage of the assets under management or advisement. NTI's fee is determined by the asset class and services the client has requested. Fees are generally billed quarterly in arrears.

**Multi-Asset Class Separately Managed Accounts and Model Delivery:** Certain multi asset class strategies will be allocated up to 100% among NTI proprietary mutual funds and exchange traded funds for which NTI receives an investment management fee for such service. Where invested in proprietary mutual funds, affiliates may receive administrative, custodial and transfer agency fees for such services. The client's account will indirectly incur these fees and expenses as an investor

in such proprietary mutual funds. The fees are in addition to any investment advisory fee charged by NTI. Portfolios utilizing proprietary mutual funds and exchange-traded funds present a conflict of interest because NTI and its affiliates will receive more overall compensation when NTI managed products are used.

Where NTI acts as portfolio manager in a wrap program, the program Sponsor pays a portion of the wrap fee collected from a client to NTI for its investment advisory services. Each Sponsor generally pays NTI on a quarterly basis, either in advance or arrears as agreed. Fees are negotiated directly with the Sponsor. A Sponsor typically charges its clients a single “wrapped” fee that is not based on transactions in the client's account. The single fee is typically inclusive of investment advisory, custody, trade execution and administrative services (performance, reporting, etc.).

### **Investment Research and Advisory Services**

NTI generally provides its investment research and advisory services as a flat fee that may be billed quarterly in advance or annually.

### **Overlay Services**

NTI may receive an asset-based fee, flat fee, or a fee based on notional value as of the last day of the billing cycle. The fees are generally billed monthly or quarterly in arrears.

### **Index Services**

NTI does not receive a licensing fee from its affiliated exchange-traded funds for the provision of index services.

NTI may receive a licensing fee based upon a percentage of the assets from non-affiliated exchange-traded funds or accounts.

### **Transition Management Services**

Transition management fees are generally negotiated on a case-by-case basis and may be charged as a percentage of assets, as a transaction-based brokerage commission, or as a flat fee.

### **Other Fees and Compensation**

NTI's affiliate, TNTC, is compensated for acting as securities lending agent on behalf of certain client accounts. TNTC earns securities lending income when such client assets are on loan.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

NTI may enter into performance-based fee arrangements with clients on occasion. Generally, these fees are based on a share of capital gains or on capital appreciation of the client's assets during a designated period. Certain non-affiliated investment advisers may enter into incentive fee arrangements that provide for an asset-based management fee, based on the market value

of the account at specified periods, plus a performance fee based on the account's return in excess of a specified benchmark.

NTI's portfolio managers are often responsible for managing one or more client accounts, including separate accounts and investment pools. A portfolio manager may manage various client accounts that may have materially higher or lower fee arrangements. The side-by-side management of these accounts may raise potential conflicts of interest relating to cross-trading, the allocation of investment opportunities, and the aggregation and allocation of trades. In addition, while portfolio managers generally only manage accounts with similar investment strategies, it is possible that due to varying investment restrictions among accounts, certain investments could be made for some accounts and not others, or conflicting investment positions could be taken among accounts. Some portfolio managers may be dual officers of one or more affiliates and undertake investment advisory duties for the affiliates. The portfolio managers have a fiduciary responsibility to manage all client accounts in a fair and equitable manner. NTI takes reasonable steps to obtain the best qualitative execution of securities transactions. NTI has a fiduciary duty to treat its clients fairly and no account may be given preferential treatment in connection with an investment opportunity when aggregating and allocating securities transactions.

NTI may have a financial incentive to favor accounts with performance-based fees because there may be an opportunity to earn greater fees on such accounts compared to accounts without performance-based fees. As a result, NTI may have an incentive to direct its best investment ideas to or allocate sequence trades in favor of the account that pays a performance fee. NTI may also have an incentive to recommend investments that may be riskier or more speculative than those that it would recommend under a different fee arrangement.

NTI may invest client accounts in affiliated investment pools. If appropriate and consistent with the client's investment objectives and applicable law, NTI may recommend to clients investment pools in which it or an affiliate provides services for a fee. NTI has an incentive to allocate investments to these types of affiliated investment pools in order to generate additional fees for NTI or its affiliates. In addition, NTI could direct its best investment ideas to these investment products or investment pools to the potential disadvantage of separately managed accounts.

NTI has developed allocation policies, procedures and controls designed to ensure equitable allocation of investment opportunities over time, including regular review of similarly situated accounts to identify performance outliers. As NTI becomes aware of additional potential or actual conflicts of interest, they will be reviewed on a case-by-case basis.

## Item 7: Types of Clients

NTI provides investment advisory services to institutions and individuals, including high net worth individuals, pension and employee benefit plans, trusts, corporate and public retirement funds, foundations, endowments, insurance companies, sovereign wealth funds, pooled investment vehicles, investment companies, corporations, financial intermediaries (including but not limited to registered investment advisers, trust bank companies and wrap fee programs), state and municipal government entities, and bank common and collective funds. NTI also provides investment advisory services to affiliates.

Minimum account size requirements vary based on the type of client, asset class, and investment strategy. Minimum account requirements may be waived at the discretion of NTI.

## Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

### Methods of Analysis

NTI employs a variety of security analysis methods in providing investment advisory services including, but not limited to, qualitative, fundamental and quantitative analysis. NTI relies on a variety of sources of information, such as financial publications, internal and external research, company visits, public filings and information from rating services.

### Investment Strategies

NTI may offer additional strategies or variations of the primary investment strategies described below. Each strategy is managed by a team comprised of portfolio managers and investment analysts. Clients should rely on the governing documents for the investment strategies that are specific to investments pools. Clients are also urged to consult with their counsel and financial, tax and legal advisers for information pertinent to the type of investment pool.

Generally, the strategies utilize the following types of securities:

Stocks (common, preferred and convertible)	Bonds
Registered Investment Companies	Money Market Instruments
Investment Pools	Reverse Repurchase Agreements
Exchange-Traded Funds	Non-U.S. Issuer Securities
Futures	Warrants
Forwards	Inflation-Linked Securities
Depository Receipts	Over-the-Counter Securities
Real Estate Investment Trusts	Rule 144A Securities
Government Obligations	Reg S Securities
Debt Securities	Derivatives
Asset-Backed Securities	Options Contracts
Mortgage Backed Securities	Commercial Paper
Commercial Mortgage Backed Securities	Certificates of Deposits
Master Limited Partnerships	

NTI may invest in other instruments or securities when consistent with client guidelines and objectives.

### Equity Strategies

NTI teams use a variety of equity strategies, including:

**Quantitative Active:** Quantitative investment strategies seek to outperform a benchmark by exploiting market anomalies and behavioral biases using proprietary, quantitative models and processes to select securities, construct portfolios, manage risk and deliver targeted outcomes. The investment teams conduct research on quality, size, value, momentum, low volatility and dividend yield. Strategies are then developed to target exposure to these risk factors with a focus on avoiding unintended risks and sector biases. Strategies can incorporate sustainable investing

and tax-efficient principles to further tailor investment outcomes and include exposure to U.S., developed ex-US and emerging markets.

**Fundamental Active Equity:** Fundamental analyses as well as proprietary and vended applications are used in the construction and ongoing management of accounts and/or model portfolios. NTI equity research analysts also provide insight on individual stocks, macroeconomic environment and proprietary external research.

**Passive Equity:** Proprietary and vended applications are used to assist in the construction and ongoing management of the passive equity strategy. NTI portfolio managers utilize an in-depth understanding of the construction rules for indexes and practical experience in the implications of index rule changes. These strategies are focused on efficient exposure, management of risk and transaction costs.

## Fixed Income & Liquidity Strategies

The fixed income teams that consist of research analysts and portfolio managers utilize several strategies to manage fixed income including:

**Active Fixed Income & Liquidity:** Active fixed income incorporates both a top-down macro-economic view along with a bottom-up fundamental outlook. NTI's macro fixed income strategy committees generate proprietary environmental forecasts on key global metrics that guide the formulation of its active investment policy. The team of fixed income professionals reconciles these top-down macro views with bottom-up market inputs to develop tactical investment strategies. Risk/reward relationships are continuously monitored across sectors and issuers to identify attractive investment opportunities. The approach uses cash management, ultra-short, short duration, and intermediate duration securities, as well as tax-exempt, international and high-yield securities.

**Passive Fixed Income:** Passive fixed income provides a diversified portfolio through stratified sampling with risk and return characteristics of the underlying benchmark. Because of the large size and diverse underlying holdings of the various fixed income indexes, the team employs a sampling strategy to construct portfolios. The sampling process requires managing over-weights and under-weights of index members. Based on similar features of various constituents of the index, NTI strives to build the optimal account to replicate the benchmark while taking into account liquidity and the cost of trading.

## Asset Allocation Strategies

### Multi-Manager Strategies

NTI researches non-affiliated investment advisers and their respective security analysis methods across different investment classes and styles. NTI's qualitative due diligence is complemented with a quantitative analysis of the advisers' past performance and portfolios. NTI seeks to maintain updated information on non-affiliated investment advisers and investment pools through routine compliance, operational and research due diligence efforts. NTI looks for investment advisers with a consistent investment style who manage the strategies in compliance with stated objectives and are performing competitively versus peers and market benchmarks. The investment advisers may not always be among the top performing in their respective asset classes, but NTI seeks to select those that will over time deliver competitive performance versus both peers and market

benchmarks. Each investment adviser has discretion to purchase and sell securities for their portion of an assigned portfolio within agreed-upon investment guidelines.

### **Third-Party Strategies (Model Implementation)**

The list of non-affiliated investment strategies offered through model implementation services is at the discretion of NTI. The same research used under our Multi-Manager Strategies is applied in selecting non-affiliated investment strategies that are offered by means of model implementation to institutional clients and financial intermediaries.

### **Multi-Asset Strategies**

NTI also offers discretionary and non-discretionary multi-asset class solutions that use active, passive and quantitative strategies, including strategic and tactical allocation and glide path (target date). The strategies may use individual securities as well as investment pools. The investment advisory services within these strategies are provided by both affiliated and non-affiliated investment advisers. In some solutions, clients have ultimate responsibility for selection of asset classes and asset allocation weighting supported by NTI's analysis of asset allocation strategy alternatives. Other solutions are offered on a fully discretionary basis in which NTI may select the asset classes and asset allocation weighting for a range of objectives. The asset allocation decisions are driven by various investment committees within NTI. Clients have ultimate responsibility for the selection of the investment objective.

### **Other Strategies**

#### **Sustainable Investing Strategies**

NTI offers a variety of sustainable investing strategies that incorporate analysis of material environmental, social and governance risks and opportunities. Strategies can incorporate values and norms based exclusionary screens, "best in class" tilts, and integration approaches designed to achieve financial and sustainable investing goals. These approaches may be used singularly or in combination. NTI may engage and rely on third-party research vendors to provide sustainable investing data for companies.

#### **Overlay Services Strategies**

NTI applies quantitative analysis methodologies in creating overlay investment strategies. NTI relies on proprietary and vended applications to construct and manage client accounts. The available overlay strategies include a range of cash equitization, synthetic beta management, and currency hedging.

#### **Transition Management Strategies**

NTI assists clients who are implementing asset allocation decisions, such as liquidations or changes in advisers, benchmarks or mandates. The transition management team assesses these events, and overall risks and implements strategies based upon client direction. In providing these services NTI utilizes Northern Trust Securities, Inc. ("NTSI") and Northern Trust Securities LLP ("NTS"), its affiliate broker-dealers, subject to compliance with applicable regulations.

## Material Risks

Investing in securities involves risk of loss that clients should be prepared to bear. All investments include inherent risks of loss of principal. NTI does not guarantee to clients rates of return on investments for any period. All clients assume the risk that investment returns may be negative or below the rates of return of other investment advisers, market indexes or investment products. Clients may experience a loss of value in their investments. Past performance does not guarantee future results and there is no guarantee that the client's investment objectives will be achieved. The list of risk factors below is not a complete enumeration or explanation of the risks involved in client accounts managed by NTI or the securities in those accounts. While NTI seeks to manage accounts so that risks are appropriate to the strategy, it is not possible to fully mitigate all risks. Clients who are invested in investment pools should refer to the risk factors section in the respective governing documents for a more detailed discussion of the risks involving investment pools.

### General and Strategy Specific Risks

**Asset Allocation Risk:** NTI's ability to achieve an investment goal may depend upon its skill in determining a portfolio's asset allocation mix and/or selecting sub-advisers. There is the possibility that NTI's evaluations and assumptions regarding asset classes and the selected sub-advisers will not be successful in view of actual market trends. The asset allocation of investment assets among the various asset classes and market segments, including selection of sub-advisers, may not perform as expected. Investments in any asset class may be concentrated, which may cause the client account to be subject to greater volatility and risk than a more diversified investment strategy. Asset classes in which the strategy seeks investment exposure can perform differently than each other at any given time so the strategy will then be affected by its allocation among the various asset classes. If the investment strategy favors exposure to an asset class during a period when that class underperforms, performance may be hurt.

**Asset Backed/Mortgage-Backed Securities Risk:** Asset-backed and mortgage-backed securities are subject to credit, interest rate, prepayment, extension, valuation and liquidity risks. The value of these securities also may change because of actual or perceived changes in the creditworthiness of the originator, the service agent, the financial institution providing the credit support or the counterparty. Unlike mortgage-backed securities issued or guaranteed by agencies of the U.S. government or government-sponsored enterprises, mortgage-backed securities issued by private issuers do not have a government or government-sponsored enterprise guarantee (but may have other credit enhancement), and may, and frequently do, have less favorable collateral, credit risk or other underwriting characteristics. Credit supports, if any, generally apply only to a fraction of a security's value and may be inadequate to protect investors in the event of a default. When interest rates decline, the value of an asset-backed or mortgage-backed security with prepayment features may not increase as much as that of other fixed-income securities. In addition, non-mortgage asset-backed securities involve certain risks not presented by mortgage-backed securities. Primarily, these securities do not have the benefit of the same security interest in the underlying collateral. Credit card receivables generally are unsecured, and the debtors are entitled to the protection of a number of state and federal consumer credit laws. Automobile receivables are subject to the risk that the trustee for the holders of the automobile receivables may not have an effective security interest in all of the obligations backing the receivables. If the issuer of the security has no security interest in the related collateral, there is the risk that an investment could lose money if the issuer defaults. Collateralized bond obligations (CBOs) and collateralized loan obligations (CLOs) are generally offered in tranches that vary in

risk and yield. Both CBOs and CLOs can experience substantial losses due to actual defaults of the underlying collateral, increased sensitivity to defaults due to collateral default and disappearance of junior tranches that protect the more senior tranches, market anticipation of defaults and aversion to CBO or CLO securities as a class. A future economic downturn could increase the risk that such assets underlying asset-backed securities purchased will also suffer greater levels of default than were historically experienced. Investments in mortgage-backed securities comprised of subprime mortgages and investments in other asset-backed securities of underperforming assets may be subject to a higher degree of credit risk, valuation risk, and liquidity risk.

**Commodity Risk:** Exposure to commodities may subject a portfolio to greater volatility than investing in traditional securities. The value of commodity-linked investments may be affected by overall market movements, index volatility or changes in interest rates. Certain strategies may have exposure to commodities. Commodity prices fluctuate for several reasons, including changes in market and economic conditions and outlook, the impact of weather on demand, the impact of interest rates and inflation on production and demand, levels of domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation and taxation and the availability of local, intrastate and interstate transportation systems. Volatility of commodity prices, which may lead to a reduction in production or supply, may also negatively impact the performance of companies in natural resources industries that are involved in the transportation processing, storing, distribution or marketing of commodities. Volatility of commodity prices may also make it more difficult for companies in natural resources industries to raise capital to the extent the market perceives that their performance may be directly or indirectly tied to commodity prices.

**Concentration Risk:** When a strategy is concentrated in a particular industry or group of industries it may present more risks than a strategy that is broadly diversified over several industries or groups of industries. Compared to the broad market, an individual industry may be more strongly affected by changes in the economic climate, broad market shifts, moves in a particular dominant stock or regulatory changes.

**Corporate Bond Risk:** Corporate bonds are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of corporate debt can be expected to decline. Bonds with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities.

**Counterparty Risk:** Counterparty risk is the risk that the other party to the transaction will not perform its contractual obligations. A counterparty to a transaction may default or fail to meet certain terms of a transactions or the agreement. An account may have exposure to the credit risk of counterparties with which it deals in connection with the investment of its assets, whether engaged in exchange traded or off-exchange transactions or through brokers, dealers, custodians, and exchanges through which it engages.

**Country, Industry and Market Sector Risk:** An investment strategy may result in significantly over or under exposure to certain country, industry or market sectors, which may cause an account's performance to be more or less sensitive to developments affecting those countries, industries or sectors.

**Credit (or Default) Risk:** An issuer or guarantor of a fixed income security, or a counterparty to a to-be-announced transaction, repurchase or other transaction, may be unwilling or unable to meet its payment or other financial obligations, adversely affecting the investment's liquidity, value, and returns. The credit quality of a debt security or of the issuer of a debt security held could deteriorate rapidly, which may impair the investment's liquidity or cause a deterioration in investment value. NTI could also be delayed or hindered in its enforcement of rights against an issuer, guarantor or counterparty. The degree of credit risk depends on the issuer's or counterparty's financial condition and on the terms of the securities.

**Currency Risk:** To the extent an investment strategy has exposure to foreign currency or foreign-currency-traded investments, the performance of the account may be more or less sensitive to fluctuating foreign exchange rates. Unless the account has hedged its foreign currency exposure, foreign securities involve the risk of negative foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency (or other instruments through which an investment has exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. Currency hedging strategies, if used, are not always successful. For instance, forward foreign currency exchange contracts, could reduce performance if there are unanticipated changes in currency exchange rates.

**Cybersecurity Risks:** NTI and its service providers may experience disruptions that arise from breaches in cyber security, human error, processing and communications errors, counterparty or third-party errors, technology or systems failures, any of which may have an adverse impact on client accounts. Failures or breaches of the electronic systems of NTI, and its service providers, or the issuers of investment securities, have the ability to cause disruptions and negatively impact NTI's business operations, potentially resulting in financial losses to client accounts.

With the increased use of the Internet and because information technology ("IT") systems and digital data underlie most of NTI's operations, client accounts and service providers and their vendors are exposed to the risk that their operations and data may be compromised as a result of internal and external cyber-failures, breaches or attacks ("Cyber Risk"). This could occur as a result of malicious or criminal cyber-attacks. Cyber-attacks include actions taken to: (i) steal or corrupt data maintained online or digitally, (ii) gain unauthorized access to or release confidential information, (iii) shut down a website through denial-of-service attacks or (iv) otherwise disrupt normal business operations. However, events arising from human error, faulty or inadequately implemented policies and procedures or other systems failures unrelated to any external cyber-threat may have effects similar to those caused by deliberate cyber-attacks. Among other situations, disruptions (for example, pandemics and health crises) that cause prolonged periods of remote work or significant employee absences at service providers could impact the ability to conduct operations.

Information security risks for large financial institutions are significant in part because of the evolving proliferation of new technologies, the use of the internet, mobile devices, and cloud technologies to conduct financial transactions and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign state actors. NTI as a wholly owned subsidiary of TNTC, is included in TNTC's cybersecurity program. If TNTC fails to continue to upgrade technology infrastructure to ensure effective cybersecurity relative to the type, size and complexity of operations, NTI could become more vulnerable to cyber-attack(s). Additionally, the computer, communications, data processing, networks, backup, business continuity or other operating, information or technology systems, including those that TNTC outsources to other providers, may fail to operate properly or become disabled, overloaded or

damaged as a result of a number of factors. These factors could include events that are wholly or partially beyond our control and may develop into a negative influence on NTI's ability to conduct business activities.

The techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target. As a result, NTI may be unable to anticipate these techniques or to implement adequate preventative measures. NTI and its clients have been, and expect to continue to be, subject to a wide variety of cyber-attacks and threats. An externally caused information security incident, such as a cyber-attack including a phishing scam, malware, or denial-of-service attack, or an internally caused incident, such as failure to control access to sensitive systems, could materially interrupt business operations or cause disclosure or modification of sensitive or confidential client or competitive information. NTI's security measures may be breached due to the actions of outside parties, employee error, failure of controls with respect to granting access to systems, malfeasance or otherwise, and, as a result, an unauthorized party may obtain access to NTI's or its clients' proprietary and confidential information, resulting in the theft, loss, destruction, gathering, monitoring, or other misappropriation of this information. NTI could be the subject of legal claims or proceedings related to security incidents, including regulatory investigations and actions. Further, the market perception of the effectiveness of the security measures could be harmed, our reputation could suffer and NTI could lose clients in conjunction with security incidents, each of which could have a negative effect on the business, financial condition and results of operations. A breach of security may also adversely affect the ability to effect transactions, service clients, manage exposure to risk or expand the business. An event that results in the loss of information could conceivably require NTI to reconstruct lost data or reimburse clients for data and credit monitoring services, both costly endeavors that result in a negative impact on NTI's business and reputation. Further, even if not directed at NTI, attacks on financial or other institutions important to the overall functioning of the financial system or on counterparties could affect, directly or indirectly, aspects of NTI's business.

Due to NTI's interconnectivity with third-party vendors, advisers, central agents, exchanges, clearing houses and other financial institutions, NTI may be adversely affected if any of them are subject to a successful cyber-attack or other information security event, including those arising due to the use of mobile technology or a third-party cloud environment. NTI also routinely transmits and receives personal, confidential or proprietary information by email and other electronic means. NTI collaborates with clients and third parties to develop secure transmission capabilities and protect against cyber-attacks.

Cyber Risks are also present for issuers of securities or other instruments, which could result in material adverse consequences for such issuers, and may cause an investment in such issuers to lose value.

While NTI and its service providers may have established business continuity plans and risk management systems to prevent such cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified or that cyber-attacks may be highly sophisticated.

**Debt Securities Risk:** In general, a debt security represents a loan of money to the issuer by the purchaser of the security. A debt security typically has a fixed payment schedule that obligates the issuer to pay interest to the lender and to return the lender's money over a certain time period. Debt securities are all generally subject to interest rate, credit, income and prepayment risks and, like all investments, are subject to liquidity and market risks to varying degrees depending upon

the specific terms and type of security. NTI attempts to reduce credit and market risk through diversification and ongoing credit analysis of each issuer, as well as by monitoring economic developments, but there can be no assurance that it will be successful at doing so.

**Depository Receipts Risk:** Foreign securities may trade in the form of depository receipts. In addition to investment risks associated with the underlying issuer, depository receipts may expose a client account to additional risks associated with non-uniform terms that apply to depository receipt programs, including credit exposure to the depository bank and to the sponsors and other parties with whom the depository bank establishes the programs, currency, political, economic, market risks and the risks of an illiquid market for depository receipts. Depository receipts are generally subject to the same risks as the foreign securities that they evidence or into which they may be converted. Depository receipts may not track the price of the underlying foreign securities on which they are based, may have limited voting rights, and may have a distribution subject to a fee charged by the depository. As a result, equity shares of the underlying issuer may trade at a discount or premium to the market price of the depository receipts. Some institutions issuing depository receipts may not be sponsored by the issuer. Unsponsored programs generally expose investors to greater risks than sponsored programs and do not provide holders with many of the shareholder benefits that come from investing in a sponsored depository receipt.

**Derivative Risk:** Derivatives pose risks in addition to and greater than those associated with investing directly in securities, currencies and other instruments, may be illiquid or less liquid, more volatile, more difficult to value and may be leveraged so that small changes in the value of the underlying reference asset may produce disproportionate losses. Certain derivatives are also subject to counterparty risk, which is the risk that the other party to the transaction will not perform its contractual obligations. The use of derivatives is a highly specialized activity that involves investment techniques and risks different from those associated with investments in more traditional securities and instruments.

**Distressed Securities Risk:** Distressed Securities Risk is the substantial risk of investing in distressed securities that is in addition to the risks of investing in non-investment grade securities generally. NTI defines securities issued by companies whose financial condition is troubled or uncertain and that may be involved in bankruptcy proceedings, reorganizations or financial restructurings as “distressed securities.” Distressed securities are speculative and involve a substantial risk that principal will not be paid. In addition, investments in distressed securities will generally not receive interest payments on the distressed securities and may incur costs to protect its investment. These securities may present a substantial risk of default. An investment in distressed securities may incur additional expenses to the extent it is required to seek recovery upon a default in the payment of principal or interest on its portfolio holdings. In any reorganization or liquidation proceeding relating to a portfolio company, a client account may lose its entire investment or may be required to accept cash or securities with a value less than its original investment. Distressed securities and any securities received in an exchange for such securities may be subject to restrictions on resale.

**Emerging Market Risk:** Securities of issuers located or doing substantial business in emerging markets are generally subject to greater market volatility, political, social and economic instability, uncertain trading markets and more governmental limitations on foreign investments than more developed markets. In addition, companies operating in emerging markets may be subject to lower trading volumes and greater price volatility than companies in more developed markets. Emerging market economies may be based on only a few industries, may be highly vulnerable to changes in local and global trade conditions, and may suffer from extreme and volatile debt burdens or inflation rates. Companies in emerging market countries generally may be subject to

less stringent regulatory, disclosure, financial reporting, accounting, auditing and recordkeeping standards than companies in more developed countries. As a result, information, including financial information, about such companies may be less available and reliable, which can impede the ability to evaluate such companies. Securities law and the enforcement of systems of taxation in many emerging market countries may change quickly and unpredictably, and the ability to bring and enforce actions (including bankruptcy, confiscatory taxation, expropriation, nationalization of a company's assets, restrictions on foreign ownership of local companies, restrictions on withdrawing assets from the country, protectionist measures and practices such as share blocking), or to obtain information needed to pursue or enforce such actions, may be limited. Investments in emerging market securities may be subject to additional transaction costs, delays in settlement procedures, unexpected market closures, and lack of timely information.

**Equity Securities Risk:** Investments in equity securities are subject to fluctuations in the stock market, which has periods of increasing and decreasing values. The values of equity securities may be more volatile and underperform other asset classes and the general securities markets. The value of equity is based on the success of the company's business and the value of its assets, as well as general market conditions, including changes in economic conditions, growth rates, profits, interest rates, and the market's perception of the company's securities.

**ESG Investment Risk:** Securities following an ESG or sustainable investment strategy includes and excludes issuers and assigns weights to issuers by applying nonfinancial factors, which may underperform the broader equity market or other investment strategies that do or do not use ESG investment criteria. An ESG or sustainable investment strategy will affect the exposure to certain companies and sectors and may adversely affect performance depending on whether such companies and sectors are in or out of favor. Although ESG and sustainable investment strategies are designed to measure a portfolio of companies with certain ESG or sustainable characteristics, as applicable, there is no assurance that the client account will be comprised of such securities or that companies that have historically exhibited such characteristics will continue to exhibit such characteristics. There is also the risk that the client account may have indirect exposure to companies that have been initially excluded through its use of certain derivative instruments.

Currently, there is a lack of common industry standards relating to the development and application of ESG criteria, which may make it difficult to compare NTI's ESG principal investment strategies with the investment strategies of other investment advisers that integrate certain ESG criteria. The subjective value that investors may assign to certain types of ESG or sustainable characteristics may differ substantially from that of the assessment by NTI or a data provider. Investors can differ in their views of what constitutes positive or negative ESG or sustainable characteristics. As a result, an investment strategy may invest in companies that do not reflect the beliefs and values of any particular investor. A company included in an ESG or sustainable investment strategy may not exhibit positive or favorable ESG or sustainable characteristics. The companies selected by the investment strategy as demonstrating certain ESG or sustainable characteristics may not be the same companies selected by other investment managers as exhibiting those characteristics.

NTI relies on various sources of information regarding an issuer, including information that may be based on assumptions and estimates. ESG information from third-party data providers may be incomplete, inaccurate or unavailable. NTI cannot offer assurances that an ESG methodology or sources of information will provide an accurate assessment of the issuers of the securities included in the investment strategy. NTI uses third-party data that it believes to be reliable, but it does not guarantee the accuracy of such third-party data. Data can vary across providers or within industries. ESG standards differ by region and industry, and a company's ESG practices or NTI's

or data providers' assessment of a company's ESG practices may change over time. Regulatory changes or interpretations regarding the definitions and/or use of ESG criteria could have a material adverse effect on the ability to invest in accordance with ESG investment policies and/or achieve ESG investment objectives.

**Exchange-Traded Fund (ETF) Risk:** Investments in ETFs are subject to the following additional risks: (1) an ETF's shares may trade above or below its net asset value; (2) an active trading market for the ETF's shares may not develop or be maintained; and (3) trading an ETF's shares may be halted by the listing exchange. An ETF faces market trading risk because its shares are listed on a securities exchange, including the potential lack of an active market for the ETF's shares, losses from trading in secondary markets, periods of high volatility and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the ETF's shares trading at a premium or discount to NAV. Trading in an ETF's shares may be halted due to market conditions or for reasons that, in the view of its listing exchange, make trading in the shares inadvisable. The market prices of an ETF's shares will generally fluctuate in accordance with changes in its NAV, changes in the relative supply of, and demand for, fund shares, and changes in the liquidity, or the perceived liquidity, of the ETF's holdings. The market for certain securities in which an ETF invests may become illiquid under adverse market conditions or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. In adverse market conditions, the ETF's market price may begin to reflect illiquidity or pricing uncertainty of the ETF's portfolio securities, which could lead to the ETF's shares trading at a price that is higher or lower than the ETF's NAV. At times such differences may be significant.

An indexed ETF may not be able to replicate exactly the performance of the underlying index it tracks because the total return generated by the securities will be reduced by transaction costs incurred in adjusting the actual balance of the securities. In addition, an indexed ETF may incur expenses not incurred by its underlying index. Certain securities comprising the underlying index may, from time to time, temporarily be unavailable, which may further impede the ETF's ability to track its index or match its performance. An indexed ETF may invest in securities included in, or representative of, its underlying index regardless of their investment merit or market conditions.

**Financial Sector Risk:** Companies in the U.S. and non-U.S. financials sector of the economy, including those in the banking industry, are often subject to extensive governmental regulation and intervention, which may adversely affect the scope of their activities, the prices they can charge and the amount of capital they must maintain. Governmental regulation may change frequently and may have significant adverse consequences for companies in the financial sector, including effects not intended by such regulation. The impact of recent or future regulation on any individual financial company, the banking industry or on the sector as a whole cannot be predicted. Certain risks may impact the value of investments in the financial sector more severely than those of investments outside this sector, including the risks associated with companies that operate with substantial financial leverage. Companies in the financial sector may also be adversely affected by increases in interest rates and loan losses, decreases in the availability of money or asset valuations, credit rating downgrades and adverse conditions in other related markets. Insurance companies, in particular, may be subject to severe price competition and/or rate regulation, which may have an adverse impact on their profitability.

In the recent past, deterioration of the credit markets impacted a broad range of mortgage, asset backed, auction rate, sovereign debt and other markets, including U.S. and non-U.S. credit and interbank money markets, thereby affecting a wide range of financial institutions and markets. A number of large financial institutions have failed, have merged with stronger institutions or have had significant government infusions of capital. Instability in the financial markets has caused

certain financial companies to incur large losses. Some financial companies experienced declines in the valuations of their assets, took actions to raise capital (such as the issuance of debt or equity securities), or even ceased operations. Some financial companies borrowed significant amounts of capital from government sources and may face future government-imposed restrictions on their businesses or increased government intervention. Those actions caused the securities of many financial companies to decline in value. The financial sector is particularly sensitive to fluctuations in interest rates.

**Foreign Securities Risk:** Investing in foreign (non-U.S.) securities may result in the investment experiencing more rapid and extreme changes in value than an investment exclusively in securities of U.S. companies. This may be due to less liquid markets and adverse economic, political, diplomatic, currency exchange rate, financial and regulatory factors. Foreign governments may impose limitations on foreigners' ownership of interests in local issuers, restrictions on the ability to repatriate assets, and may also impose taxes. Any of these events could cause the value of the investment to decline. Foreign banks, agents and securities depositories that hold foreign assets may be subject to little or no regulatory oversight over, or independent evaluation, of their operations. Additional costs associated with investments in foreign securities may include higher custodial fees than those applicable to domestic custodial arrangements and transaction costs of foreign currency conversions. Unless a client account has hedged its foreign currency exposure, foreign securities risk also involves the risk of negative foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency (or other instruments through which an investment has exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. Currency hedging strategies, if used, are not always successful. For instance, forward foreign currency exchange contracts, if used could reduce performance if there are unanticipated changes in currency exchange rates. To the extent that the investment assets are concentrated in a single country or geographic region, the investments will be subject to the risks associated with that particular country or region.

**Forward Foreign Currency Contracts Risk:** is the risk that, if forward prices increase, a loss will occur to the extent that the agreed upon purchase price of the currency exceeds the price of the currency that was agreed to be sold.

**Forward Trading Risk:** Certain investment strategies may directly or indirectly engage in forward trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated, there is no limitation on daily price movements and position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have been unable to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell.

**Futures Contracts Risk:** The risk that there will be imperfect correlation between the change in market value of an investment portfolio's securities and the price of futures contracts, which may result in the strategy not working as intended; the possible inability to sell or close out a futures contract at the desired time or price; losses due to unanticipated market movements, which potentially are unlimited; and the possible inability of the investment adviser to correctly predict the direction of securities' prices, interest rates, currency exchange rates and other economic

factors, which may make the performance of the investment strategy more volatile or increase the risk of loss.

**Global Natural Resources Risk:** Investing in companies engaged in natural resources activities and may be subject to greater risks and market fluctuations. The value of such securities will fluctuate in response to market conditions generally, and will be particularly sensitive to the markets for those natural resources in which a particular issuer is involved. The values of natural resources may also fluctuate directly with respect to real and perceived inflationary trends and various economic and political developments. Natural resource industries throughout the world may be subject to greater political, environmental and other governmental regulation than many other industries. Changes in governmental policies and the need for regulatory approvals may have an adverse effect on the products and services of natural resources companies. For example, the exploration, development and distribution of coal, oil and gas in the U.S. are subject to significant federal and state regulation, which may affect rates of return on such investments and the kinds of services that may be offered to companies in those industries. In addition, many natural resource companies have been subject to significant costs associated with compliance with environmental and other safety regulations. The direction, type or effect of any future regulations affecting natural resource industries are virtually impossible to predict.

Commodity prices fluctuate for several reasons, including changes in market and economic conditions, the impact of weather on demand, the impact of interest rates and inflation on production and demand, levels of domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation and taxation and the availability of local, intrastate and interstate transportation systems. Volatility of commodity prices, which may lead to a reduction in production or supply, may also negatively impact the performance of companies in natural resources industries that are involved in the transportation processing, storing, distribution or marketing of commodities. Volatility of commodity prices may also make it more difficult for companies in natural resources industries to raise capital to the extent the market perceives that their performance may be directly or indirectly tied to commodity prices.

**Growth Style Investing Risk:** Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. Due to growth stocks' relatively high valuations, they are typically more volatile than value stocks, particularly over the short term. Further, growth stocks may not pay dividends or may pay lower dividends than value stocks. This means they depend more on price changes for returns and may be more adversely affected in a down market compared to value stocks that pay higher dividends.

**Hedging Risk:** The risk is the risk that the derivative instruments and other investments to hedge its risks will not be precisely correlated with the risks attendant in the investments being hedged. Hedges are sometimes subject to imperfect matching between the derivative and the underlying security, and there can be no assurance that hedging transactions will be effective. The use of hedging may result in certain adverse tax consequences.

**High Portfolio Turnover Risk:** The portfolio manager may actively and frequently trade securities in an account to carry out its principal strategies. A high portfolio turnover rate may result in increased transition costs and expenses, including brokerage commissions, dealer mark-ups and other transactions costs, which could reduce investment returns. High account turnover may also result in higher short-term capital gains taxable to investors.

**High Yield Securities Risk:** High yield securities will be subject to greater credit risk, price volatility and risk of loss than if it invested primarily in investment grade securities, which can

adversely impact investment return. High yield securities are considered highly speculative and are subject to increased risk of an issuer's inability to make principal and interest payments. Issuers of lower-rated or high-yield debt securities (including loans) and unrated securities of similar credit quality ("high-yield debt instruments" or "junk bonds") are not as strong financially as those issuing higher credit quality debt securities. These issuers are more likely to encounter financial difficulties because they may be more highly leveraged, or because of other considerations. In addition, high yield debt securities generally are more vulnerable to changes in the relevant economy, such as a recession or a sustained period of rising interest rates, that could affect their ability to make interest and principal payments when due. The prices of high-yield debt instruments generally fluctuate more than higher-quality securities. High-yield debt instruments are generally more illiquid (harder to sell) and harder to value. Less public information and independent credit analysis are typically available about high-yield debt securities, and therefore they may be subject to greater risk of default.

**Index Risk:** Passive or indexing strategies do not try to surpass the index returns they track and do not seek temporary defensive positions when markets decline or appear overvalued. Securities are bought and sold in response to changes in the index as well as in response to subscriptions and redemptions. The strategies seek to generally invest in substantially all of the securities in an index in approximately the same proportion as the index. In certain circumstances, however, the strategy may not hold every security in the index or in the same proportion as the index, such as to improve tax efficiency, reduce tracking error, or when it may not be practicable to fully implement a replication strategy.

**Inflation-Protected Securities Risk:** The value of inflation-indexed debt securities is subject to the effects of changes in real interest rates that may change as a result of different factors. In general, the value of an inflation-indexed security, including TIPS, tends to decrease when real interest rates increase and increase when real interest rates decrease. Interest payments on inflation-indexed securities will vary along with changes in the Consumer Price Index for All Urban Consumers (CPI-U) before seasonal adjustment (calculated by the Bureau of Labor Statistics). Thus generally, during periods of rising inflation, the value of inflation-indexed securities will tend to increase and during periods of deflation, their value will tend to decrease. There can be no assurance that the inflation index used (i.e., CPI-U) will accurately measure the price increase of a certain good or service. Increases in the principal value of TIPS due to inflation are considered taxable ordinary income for the amount of the increase in a calendar year.

**Inflation Risk:** Inflation may increase or decrease in response to expected, real or perceived economic, political or financial events in the U.S. or global markets. The market price of debt securities generally falls as inflation increases because the purchasing power of the future income and repaid principal is expected to be worth less when received. Debt securities that pay a fixed rather than variable interest rate are especially vulnerable to inflation risk because variable-rate debt securities may be able to participate, over the long term, in rising interest rates which have historically corresponded with long-term inflationary trends.

**Information Technology Sector Risk:** Investments in technology securities present special risk considerations. Technology companies may produce or use products or services that prove commercially unsuccessful, become obsolete or become adversely impacted by government regulation. Competitive pressures in the technology industry, both domestically and internationally, may affect negatively the financial condition of technology companies, and a substantial investment in technology securities may be subject to more volatile price movements than a more diversified securities portfolio. In certain instances, technology securities may experience significant price movements caused by disproportionate investor optimism or

pessimism with little or no basis in fundamental economic conditions. Technology companies may have limited product lines, markets, financial resources or personnel. The products of technology companies may face obsolescence due to rapid technological developments, frequent and new product introduction, unpredictable changes in growth rates and competition for the services of qualified personnel. In addition to the foregoing risks, technology companies operating in the health sciences and healthcare sector may be subject to product liability litigation. As a result of these and other reasons, investments in the technology industry can experience sudden and rapid appreciation and depreciation.

In addition, an investment strategy may make substantial investments in companies that develop or sell computer hardware or software and peripheral products, including computer components, which present additional risks. These companies are often dependent on the existence and health of other products or industries and face highly competitive pressures, product licensing, trademark and patent uncertainties and rapid technological changes, which may have a significant effect on their financial condition. For example, an increasing number of companies and new product offerings can lead to price cuts and slower selling cycles, and many of these companies may be dependent on the success of a principal product, may rely on sole source providers and third-party manufacturers, and may experience difficulties in managing growth.

**Infrastructure-Related Companies Risk:** Investments in infrastructure-related companies have greater exposure to the potential adverse economic, regulatory, political and other changes affecting such entities. Infrastructure-related companies are subject to a variety of factors that may adversely affect their business or operations including high interest costs in connection with capital construction programs, costs associated with compliance with and changes in environmental and other regulations, difficulty in raising capital in adequate amounts on reasonable terms in periods of high inflation and unsettled capital markets, the effects of surplus capacity, increased competition from other providers of services in a developing deregulatory environment, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors. Additionally, infrastructure-related companies may be subject to regulation by various governmental authorities and may also be affected by governmental regulation of rates charged to customers, government budgetary constraints, service interruption due to environmental, operational or other mishaps and the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards.

Other factors that may affect the operations of infrastructure-related companies include innovations in technology that could render the way in which a company delivers a product or service obsolete, significant changes to the number of ultimate end-users of a company's products, increased susceptibility to terrorist acts or political actions, risks of environmental damage due to a company's operations or an accident, and general changes in market sentiment towards infrastructure and utilities assets.

**Interest Rate/Maturity Risk:** Value of fixed income assets will decline because of rising interest rates. In general, securities with longer maturities or durations are more sensitive to interest rate changes. Changing interest rates, including rates that fall below zero, may have unpredictable effects on the markets and investments, may result in heightened market volatility, may impact the liquidity of fixed-income securities, and may detract from investment performance. A low or negative interest rate environment will impact investment performance and may result in a negative yield. An increase in interest rates may cause investors to move out of fixed income securities on a large scale, which could adversely affect the price of fixed income securities, lead to heightened volatility in the fixed-income markets and may adversely affect the liquidity of certain fixed-income investments.

**Investing in Funds Risk:** Certain client accounts may invest in shares of funds as part of their core investment strategy or to gain exposure to certain asset classes. Funds are actively or passively managed portfolios that invest in a particular strategy, index, asset class or other objective defined by each fund for a management fee. Investing in funds generally carry the same risks as investing directly in the underlying assets, but carry additional expenses in the form of management fees, distribution fees, brokerage expenses, shareholder service fees and/or other fees and expenses imposed or incurred by the funds, with a proportionate share borne by investors. Performance will be reduced by these costs and other expenses, which clients typically pay in addition to NTI's advisory fees. Additionally, investments in ETFs may trade at a premium or discount to the ETF's net asset value or an ETF may not replicate exactly the performance of the benchmark index it seeks to track.

**Investment Pool Risk:** Redemptions of investments in certain investments pools may be restricted since there is no liquid market. Additionally, investors may only redeem all or part of their investment in accordance with the governing documents of the investment pool. The performance of an account will also be impacted by the performance of an investment pool.

**Investment Style Risk:** The risk that different investment styles (e.g., "growth", "value" or "quantitative") tend to shift in and out of favor, depending on market and economic conditions as well as investor sentiment. An investment strategy may outperform or underperform other investment strategies that invest in similar asset classes but employ a different investment style. An investment strategy may also employ a combination of styles that impacts its risk characteristics.

**Issuer Risk:** The value of a security may decline for a number of reasons, which directly relates to the issuer, such as management performance, financial advantage and reduced demand for the issuer's products or services.

**LIBOR Transition Risk:** Certain client accounts may invest in financial instruments that may have floating or variable rate calculations for payment obligations or financing terms based on the London Interbank Offered Rate ("LIBOR"), which is the benchmark interest rate at which major global banks lend to one another in the international interbank market for short-term loans. It was originally anticipated that LIBOR would be discontinued by the end of 2021 and will cease to be published after that time. Although many LIBOR rates were phased out at the end of 2021 as originally intended, a selection of widely used USD LIBOR rates will continue to be published until June 2023 in order to assist with the transition to an alternative rate. The impact of the discontinuation of LIBOR and the transition to an alternative rate on an Account's portfolio remains uncertain. Although Federal Reserve Bank of New York has identified the Secured Overnight Financing Rate ("SOFR") as the intended replacement to USD LIBOR, foreign regulators have proposed other interbank offered rates, such as the Sterling Overnight Index Average ("SONIA") and other replacement rates, which could also be adopted. There can be no guarantee that financial instruments that transition to an alternative reference rate will retain the same value or liquidity as they would otherwise have had.

**Liquidity Risk:** Liquidity risk is the risk that certain portfolio securities may be less liquid than others, which may make them difficult or impossible to sell at the time and the price that NTI would like, adversely affecting the value of the investments and performance returns. Illiquid investments may be harder to value, especially in changing markets, and if NTI is forced to sell these investments to meet redemption requests or for other cash needs, client accounts may suffer a loss. Liquidity risk may result from the lack of an active market, reduced number and capacity of traditional market participants to make a market in fixed income securities, or a

redemption request by a large shareholder (e.g., a seed investor), and may be magnified in a rising interest rate environment or other circumstances where investor redemptions from fixed income funds may be higher than normal, causing increased supply in the market due to selling activity. The market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer.

**Management Risk:** A strategy used by the investment advisory team may fail to produce the intended results.

**Market Risk:** The risk that the value of investments may increase or decrease in response to expected, real or perceived economic, political, public health or financial events in the U.S. or global markets. The frequency and magnitude of such changes in value cannot be predicted. Certain securities and other investments may experience increased volatility, illiquidity, or other potentially adverse effects in response to changing market conditions, inflation, changes in interest rates, lack of liquidity in the bond or equity markets, or volatility in the equity markets. Market disruptions caused by local or regional events such as war, acts of terrorism, the spread of infectious illness (including epidemics and pandemics) or other public health issues, recessions or other events or adverse investor sentiment could have a significant impact on investments.

**Master Limited Partnership (“MLP”) Risk:** MLPs are limited partnerships whose ownership interests are publicly traded. Investments held by an MLP may be relatively illiquid, limiting the MLP’s ability to vary its portfolio promptly in response to changes in economic or other conditions. is the risk that accompanies an investment in MLP units. The risks of investing in an MLP are similar to those of investing in a partnership, including more flexible governance structures, which could result in less protection for investors, than investments in a corporation. MLPs are also subject to risks related to potential conflicts of interest between the MLP and the MLP’s general partner and cash flow risks. MLPs that concentrate in a particular industry or a particular geographic region are subject to risks associated with such industry or region. MLPs may also be sensitive to changes in interest rates and during periods of interest rate volatility, limited capital markets access and/or low commodities pricing and may not provide attractive returns.

**Mid and Small Cap Stock Risk:** Stocks of mid-sized and smaller companies may be more volatile than stocks of larger, more established companies, and may lack sufficient market liquidity. Mid-sized and small companies may have limited product lines or financial resources, may be dependent upon a particular niche of the market, or may be dependent upon a small or inexperienced management group. Smaller companies may also include micro-capitalization companies. Securities of smaller companies may trade less frequently and in lower volume than the securities of larger companies, which could lead to higher transaction costs. Generally, the smaller the company size, the greater the risk.

**Model Risk:** Various strategies may include the use of proprietary and vended quantitative or investment models. Investments selected using such models may perform differently than expected and there is no guarantee that any model will achieve its objective due to underlying factors such as not performing in line with historical trends or data. The effectiveness of models may be reduced over time as a result of changing market conditions as models are often based on historical data. There is no guarantee that the use of models will result in successful results. Model Risk is the risk that a model does not perform as it was designed, either due to error or failure in the model specification or inappropriate use. Models utilized are subject to change without notice. The performance of the model in meeting the investment objectives is dependent upon, but not limited to a number of considerations including the definition of the individual factors,

the accuracy of the data used in building and implementing the factors, the interrelationships of factors and changing behavior when multi factor strategies are employed and accurate coding in the initial construction of the model and subsequent changes. Different market conditions, volatilities and correlations among the securities than what existed during the construction and back testing of the model may lead to performance not consistent with expectations.

**Multi-Manager Risk:** NTI may employ a multi-manager strategy where NTI monitors each underlying manager (sub-adviser) in the arrangement as well as the overall management of the client account. In such arrangements, each underlying manager makes investment decisions for the client account independently from one another. It is possible that the investment styles used by an underlying manager will not always be complementary to those used by other underlying managers, which could adversely affect the performance of the client account. There can be no assurance that the use of a multi-manager approach will not result in losses by certain underlying managers offsetting any profits achieved by others. In addition, underlying managers may, from time to time, compete with the others for the same positions. Conversely, one underlying manager may buy the same securities that another underlying manager sells. Therefore, the client would bear the cost of these trades without accomplishing any investment purpose.

**Municipal Investments Risk:** The risk of a municipal security generally depends on the financial and credit status of the issuer. Constitutional amendments, legislative enactments, executive orders, administrative regulations, voter initiatives, and the issuer's regional economic conditions may affect the municipal security's value, interest payments, repayment of principal and the ability to sell the security. An investment strategy may be more sensitive to adverse economic, business, political or public health developments if it focuses its assets in municipal bonds that are issued to finance similar projects (such as those relating to education, health care, housing, transportation, and utilities), industrial development bonds, in particular types of municipal securities (such as general obligation bonds, private activity bonds and moral obligation bonds), or in municipal securities of a particular state or territory. While income earned on municipal securities is generally not subject to federal tax, the failure of a municipal security issuer to comply with applicable tax requirements may make income paid thereon taxable, resulting in a decline in the security's value. In addition, there could be changes in applicable tax laws or tax treatments that reduce or eliminate the current federal income tax exemption on municipal securities or otherwise adversely affect the current federal or state tax status of municipal securities.

The secondary market for municipal obligations also tends to be less well-developed and less liquid than many other securities markets, which may limit the ability to sell its municipal obligations at attractive prices. Further, inventories of municipal securities held by brokers and dealers have decreased in recent years, lessening their ability to make a market in these securities, which has resulted in increased municipal security price volatility and trading costs, particularly during periods of economic or market stress.

**Non-Diversification Risk:** A client account that is non-diversified may invest a larger percentage of its assets in the securities of fewer issuers than a more diversified client account. A non-diversified client account's performance will be more vulnerable to changes in the market value of a single issuer or group of issuers, and more susceptible to risks associated with a single economic, political or regulatory occurrence.

**Operational Risk:** Client accounts are subject to operational risks. As a result, operational events may occasionally occur in connection with NTI's management of client accounts. NTI relies on various affiliated and unaffiliated service providers. NTI and service providers may experience disruptions or operating errors that could negatively impact the client account. Moreover,

disruptions (for example, pandemics and health crises) that cause prolonged periods of remote work or significant employee absences at the service providers could impact the ability to conduct certain client account operations. While service providers are required to have appropriate operational risk management policies and procedures, their methods of operational risk management may differ from NTI's in the setting of priorities, personnel and resources available or the effectiveness of relevant controls. NTI, through its monitoring and oversight of service providers, seeks to ensure that service providers take appropriate precautions to avoid and mitigate risks that could lead to disruptions and operating errors. It is not possible for NTI or the service providers to identify all of the operational risks that may affect an investment pool and client accounts or to develop processes and controls to completely eliminate or mitigate their occurrence or effects.

**Options Contracts Risk:** Options contracts give the holder of the option the right to buy (or to sell) a position in a security or in a contract to the writer of the option, at a certain price. They are subject to correlation risk because there may be an imperfect correlation between the options and the securities markets that cause a given transaction to fail to achieve its objectives. The successful use of options depends on NTI's ability to predict correctly future price fluctuations and the degree of correlation between the options and securities markets. Exchanges can limit the number of positions that can be held or controlled by a client account or NTI, thus limiting the ability to implement an investment strategy.

**OTC Transactions Risk:** Certain client accounts may directly or indirectly trade in derivative instruments that are not traded on organized exchanges and, as such, are not standardized. These transactions are known as over-the-counter ("OTC") transactions. In general, there is less governmental regulation and supervision in the OTC markets than there is with respect to transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, are not available in connection with OTC transactions. Moreover, while some OTC markets are often highly liquid, transactions in OTC derivatives may involve greater risk than investing in exchange traded instruments because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

**Prepayment (or Call) Risk:** The issuer of a security (such as a mortgage-related or other asset-backed security) may under certain circumstances make principal payments on such security sooner than expected. This may occur, for example, when interest rates decline. Such sooner-than-expected principal payments may reduce the returns of a client account because it is forced to forego expected future interest payments on the principal amount paid back early and the client account may be forced to reinvest the money it receives from such early payments at the lower prevailing interest rates.

**Proprietary Investments and Initial Funding Risk:** NTI or its affiliates may provide initial funding for establishing proprietary investment pools, including exchange traded funds, mutual funds and private funds (i.e., partnerships and limited liability companies). Such initial funding by NTI or its affiliates is subject to internal governance and applicable regulations. When establishing proprietary investment pools, NTI, its affiliates and/or their client accounts may hold all or a majority (up to a 100%) of the securities of the proprietary investment pool.

NTI or its affiliates may sell their initial funding securities at any time without notice, subject to applicable governing documents and regulations. NTI or its affiliates have an incentive to sell their initial funding securities and it may have a negative impact on the investment pool and remaining investors. A large redemption by NTI or an affiliate could among other things significantly reduce the assets of the investment pool potentially affecting expense ratios, market prices, liquidity and viability.

NTI may exercise its discretionary investment authority to invest client assets to establish proprietary investment pools or to invest client assets in newly established proprietary investment pools where NTI or its affiliates have provided initial funding. NTI and its affiliates may have an incentive to allocate client assets to establish proprietary investment pools. As a result, NTI or an affiliate may have investment discretion over a significant percentage of assets in a proprietary investment pool. A large redemption by NTI or an affiliate of client assets could among other things significantly reduce the assets of the investment pool potentially affecting expense ratios, market prices, liquidity and viability.

**Quantitative Investing Risk:** The risk that the value of securities or other investments selected using quantitative analysis can perform differently from the market as a whole or from their expected performance, and a client account may realize losses. This may be as a result of the factors used in building the multifactor quantitative model, the weights placed on each factor, the accuracy of historical data utilized, changing sources of market returns.

**REIT Risk:** Investments may be affected by factors affecting REITs and the real estate sector generally. Investing in REITs involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs whose underlying properties are concentrated in a particular industry or geographic region are also subject to risks affecting such industries and regions. REITs may have limited financial resources, may trade less frequently and in lower volume, engage in dilutive offerings or become more volatile than other securities. By investing in REITs, a client account will bear expenses of the REITs in addition to investment adviser expenses. In addition, REITs could possibly fail to (i) qualify for favorable tax treatment under applicable tax law, or (ii) maintain their exemption from registration under the Investment Company Act of 1940.

**Repurchase Agreements Risk:** An investment strategy may involve entering into repurchase agreements with financial institutions such as banks and broker-dealers that are deemed to be creditworthy by NTI. Repurchase agreements involve the purchase of securities subject to the seller's agreement to repurchase them at a mutually agreed upon date and price. In the event of a default, the client account will suffer a loss to the extent that the proceeds from the sale of the underlying securities and other collateral are less than the repurchase price and the costs associated with delay and enforcement of the repurchase agreement. In addition, in the event of bankruptcy, the client account could suffer additional losses if a court determines that the interest in the collateral is unenforceable.

NTI intends to enter into transactions with counterparties that are creditworthy at the time of the transactions. There is always the risk that NTI's analysis of creditworthiness is incorrect or may change due to market conditions. To the extent that NTI focuses transactions with a limited number of counterparties, it will be more susceptible to the risks associated with one or more counterparties. With respect to collateral received in repurchase transactions or other investments, a client account may have significant exposure to the financial services and mortgage markets. Such exposure, depending on market conditions, could have a negative impact, including minimizing the value of any collateral.

**Risk of Loss:** All investments involve the risk of the loss of capital. No guarantee or representation is made that any client account will achieve its investment objective or avoid losses. The value of a security can go up or down more than the market as a whole and can perform differently from the value of the market as a whole, often due to disappointing earnings reports by an issuer, unsuccessful products or services, loss of major customers, major litigation against the issuer, changes in government regulations affecting the issuer or the competitive environment, or investor sentiment. While each client account has its own investment objectives and strategies, there are risks associated with investing in general.

**Restricted/Sanctioned Securities Risk:** Limitations on the resale of restricted and/or sanctioned securities may have an adverse effect on their marketability and may prevent the adviser from disposing of them promptly at reasonable prices. There can be no assurance that a trading market will exist at any time for any particular restricted security. Transaction costs may be higher for restricted securities and such securities may be difficult to value and may have significant volatility.

From time to time, an investment strategy may invest in certain companies that operate in, or have dealings with, countries subject to sanctions or embargoes imposed by the U.S. government and the United Nations and/or countries identified by the U.S. government as state sponsors of terrorism. A company may suffer damage to its reputation if it is identified as a company which operates in, or has dealings with, countries subject to sanctions or embargoes imposed by the U.S. government and the United Nations and/or countries identified by the U.S. government as state sponsors of terrorism. As an investor in such companies, such investor will be indirectly subject to those risks.

**Short Selling Risk:** A short sale is where a client account borrows securities from a lender and sells them in the open market. The client account must repurchase the securities at a later date in order to return them to the lender. In the interim, the proceeds from the short sale are deposited with the lender and the client account pays interest to the lender on the borrowed securities. If the value of the securities declines between the time of the initial short sale and the time it repurchases and returns the securities, the client account makes a profit for the difference (less any interest paid to the lender). If the price of the borrowed securities rises, however, a loss results. There are risks associated with short selling, namely, that the borrowed securities will rise in value or not decline enough to cover the borrowing costs. Any loss on short positions may or may not be offset by investing short sale proceeds in other investments. In addition, the client account may experience difficulties in repurchasing the borrowed securities if a liquid market for the securities does not exist. The lender from whom the securities have been borrowed may also become bankrupt, causing the borrowing account to lose the collateral it deposited with the lender.

**Sustainability Risk:** The risk that an investment strategy may be exposed to certain sustainability risks, either directly or indirectly, including (i) environmental risks, including both physical risks and transition risks, such as extreme weather events, global warming, rising sea levels, changes in environmental regulation, a shift to low carbon technologies or changing consumer preferences, (ii) social risks, for example human rights breaches or labor rights breaches, and (iii) governance risks, including poor governance practices, illegal or poor tax practices or bribery and corruption and, as a consequence, reputational risks. The examples provided are not intended to be an exhaustive list of all possible risks and are provided as an indication of the types of sustainability risks that may arise. Such risks may impact the performance of investments.

**Underlying Fund Risk:** An investment strategy that primarily utilizes underlying funds has the risk that the investment performance largely depends on the investment performance of the

underlying funds in which it primarily invests. The investment performance will change with changes in the value of the underlying funds based on their market valuations. Investments in underlying funds are subject to the risks associated with the underlying funds. There can be no assurance that the underlying funds will achieve their respective investment objectives. There is the risk that NTI's evaluations and assumptions regarding the asset classes represented by the underlying funds at any given time may be incorrect based on actual market conditions. A client account will indirectly pay a proportional share of the expenses of the underlying funds in which it invests (including operating expenses and management fees).

**Valuation Risk:** The sale price the portfolio could receive for a security may differ from the adviser's valuation of the security, particularly for securities that trade in low volume or volatile markets or that are valued using a fair value methodology.

**Value Style Investing Risk:** A value stock may not increase in price as anticipated by NTI, and may even decline in value, if other investors fail to recognize the company's value and do not become buyers (or they become sellers), the markets favor faster-growing companies, or the factors that NTI believes will increase the price of the security do not occur. Investments in value stocks are subject to the risk that the intrinsic values of investments in value stocks may never be realized by the market. A stock judged to be undervalued may actually be appropriately valued, or its price may decline, even though in theory the security is already undervalued. Value stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks such as growth stocks.

### **Additional Market Events**

Periods of unusually high financial market volatility and restrictive credit conditions, at times limited to a particular sector or geographic area, have occurred in the past and may be expected to recur in the future. In addition, geopolitical and other risks, including environmental and public health risks, may add to instability in the world economy and markets generally. As a result of increasingly interconnected global economies and financial markets, the value and liquidity of investments may be negatively affected by events impacting a country or region, regardless of whether investments are made in issuers located in or with significant exposure to such country or region.

Russia's military invasion of Ukraine on February 24, 2022 has led to various countries, including the US, imposing economic sanctions on Russia as well as certain Russian individuals and corporate and banking entities. The US and other countries have also imposed economic sanctions on Belarus and may impose sanctions on other countries that support Russia's military invasion. These sanctions include banning Russia from global payments systems that facilitate cross-border payments. In response, the government of Russia has imposed capital controls to restrict movements of capital entering and exiting the country. As a result, the value and liquidity of Russian securities and the Russian currency have experienced significant declines. Furthermore, there is no guarantee that US persons are able to engage in trading, convert Rubles to US Dollars or repatriate income from investments in Russian securities in the Russian securities markets. The extent and duration of military action, sanctions and resulting market disruptions are impossible to predict, but could be substantial and prolonged.

Russia's military invasion and the resulting sanctions could have a severe adverse effect on the region's economies and more globally, including significant negative impacts on the financial markets for certain securities and commodities, such as oil and natural gas, and thus could affect the value of investments. Eastern European markets are particularly sensitive to social, political,

economic, and currency events in Russia and may suffer heavy losses as a result of their trading and investment links to the Russian economy and currency. Changes in regulations on trade, decreasing imports or exports, changes in the exchange rate of the euro, a significant influx of refugees, and recessions among European countries may have a significant adverse effect on the economies of other European countries including those of Eastern Europe.

Also, for investment strategies that track an underlying index, if a Russian security is included in the underlying index, the investment strategy may, where practicable, seek to eliminate its holdings of the affected security by employing or augmenting its representative sampling strategy to seek to track the investment results of its underlying index. The use of (or increased use of) a representative sampling strategy may increase the investment tracking error risk. If the affected securities constitute a significant percentage of the underlying index, the investment strategy may not be able to effectively implement a representative sampling strategy, which may result in significant tracking error between performance of the investment strategy and the performance of its underlying index.

These sanctions have also recently led to changes in certain underlying indexes, as index providers have removed Russian securities from underlying indexes or have implemented caps on Russian securities. In such an event, it is expected that an investment strategy will, where practicable, rebalance its portfolio to bring it in line with the underlying index as a result of any such changes, which may result in transaction costs and increased tracking error. The risk of tracking difference may further increase if index providers remove Russian securities from underlying indexes, but the Russian securities remain in an investment portfolio due to an inability to transact in those securities. These sanctions, the volatility that may result in the trading markets for Russian securities and Russia's imposition of investment or currency controls on non-Russian investors may cause an investment strategy to invest in, or increase investments in, depositary receipts that represent the securities of its underlying index, where available. These investments may result in increased transaction costs and increased tracking error.

## Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or potential client's evaluation of NTI or the integrity of NTI's management.

From time to time, NTI may be involved in regulatory examinations or litigation that arises in the ordinary course of business. We are not aware of any regulatory matters or litigation that we believe would be material to an evaluation of the advisory business or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations

### Broker-Dealer Registration Status

NTI is not registered as a broker or dealer nor does it have an application pending to register as a broker or dealer. Certain NTI employees are registered representatives of its affiliated broker-dealer, NTSI.

### Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor and Non-U.S. Registrations

NTI is registered with the U.S. Commodities and Futures Trading Commission ("CFTC") as a Commodity Pool Operator ("CPO") and Commodity Trading Advisor ("CTA") and designated a Swap Firm. NTI is also a member of the National Futures Association. Certain NTI employees are principals or associated persons of the CPO/CTA.

NTI is currently relying on the Exempt International Advisor, the Non-Resident Investment Fund Manager exemption, and the Commodities Trading Manager exemption within certain Canadian provinces.

### Material Relationships

NTI is a wholly owned subsidiary of TNTC, an Illinois state banking corporation, which in turn is a wholly owned subsidiary of Northern Trust Corporation ("NTC"), a financial holding company and publicly traded company. NTC is a global financial organization that provides a comprehensive array of financial services through its affiliates, including, but not limited to, investment advisory, trust, custody, administration, transition management, brokerage, banking and securities lending. As a result, NTI may have relationships or arrangements with its affiliates that are material to its business or clients. Such related persons and affiliates, and the nature of potential conflicts, include the following:

**Broker-Dealer:** NTSI, a broker-dealer registered under the Securities Exchange Act of 1934, and NTI are under common control. Certain employees of NTI are registered representatives of NTSI. NTSI may receive compensation for effecting securities transactions on an agency basis for NTI clients, including investment pools and accounts. Clients may also direct NTI to use NTSI or its affiliated global broker-dealer NTS. NTSI serves as the placement agent for proprietary investment pools managed by NTI and advisory affiliates.

**Investment Pools:** NTI serves as the investment adviser or sub-adviser to various types of proprietary and non-affiliated investment pools including investment companies and exchange-traded funds registered under the Investment Company Act of 1940, bank common and collective funds and unregistered investment companies. NTI serves as the investment adviser to the following proprietary registered investment companies: Northern Funds, Northern Institutional Funds and FlexShares Trust (exchange-traded funds). NTI also serves as investment adviser and trustee to various proprietary bank common and collective funds and the proprietary Multi-Advisor Funds. At least annually, members of the boards of trustees of the respective registered

investment pools and exchange-traded funds review the nature, quality and extent of the services provided to the investment pools by their service providers, including affiliates of NTI. In addition, NTI reviews the quality and services provided to non-registered investment pools, including services provided by affiliates of NTI.

**Affiliated Investment Advisers:** Northern Trust Global Investments Limited (“NTGIL”), NTSI, 50 South Capital Advisors, LLC (“50 South”), NT Global Advisors, Inc. (“NTGAI”), The Northern Trust Company of Hong Kong Limited (“Northern Trust Hong Kong”), Northern Trust Global Investments Japan, K.K. (“NTKK”) and Northern Trust Asset Management Australia Pty Ltd (“NTAM Australia”) are affiliated investment advisers of NTI. NTGIL, NTSI, and 50 South are registered under the Investment Advisers Act of 1940. NTSI and 50 South are direct subsidiaries of NTC. NTKK is a wholly owned subsidiary of NTI. 50 South is registered with the CFTC and is a member of the NFA as a CPO and CTA and designated as a Swap Firm. NTSI is registered with the CFTC and is a member of the NFA as a CTA, NTKK is registered as an investment adviser in Japan and NTAM Australia is registered as an investment adviser in Australia. NTGAI, a Canadian investment adviser, and NTAM Australia are indirect subsidiaries of NTC and direct subsidiaries of The Northern Trust International Banking Corporation (“NTIBC”). NTI may provide to or obtain from these affiliates’ investment advisory services. The investment advice given to one or more clients may differ from and may conflict with investment advice provided by these investment adviser affiliates. NTI is required to act at all times in the best interests of its clients and generally without knowledge of trading positions or other operations of its affiliated investment advisers.

NTI has engaged Northern Trust Hong Kong and NTAM Australia, affiliates that are not registered with the SEC, to assist NTI in providing services to its U.S. clients (each a “participating affiliate arrangement”). In the participating affiliate arrangements, Northern Trust Hong Kong and NTAM Australia, unregistered non-U.S. advisers, are staffed with personnel who assist NTI in providing investment advisory services to NTI’s U.S. clients. NTI, Northern Trust Hong Kong, and NTAM Australia act in accordance with a series of no-action letters requiring Northern Trust Hong Kong and NTAM Australia to remain subject to the regulatory supervision of both NTI and the SEC.

Northern Trust Fund Managers (Ireland) Limited, is an investment management company in Ireland and is an indirect subsidiary of NTC and direct subsidiary of NTIBC.

**Banking Institution:** TNTC is the parent company of NTI and as such controls NTI. NTI provides investment advisory services directly to certain TNTC clients or acts as investment adviser to registered or unregistered investment pools in which TNTC clients can invest. TNTC also provides various services to certain NTI clients, including services such as banking, custody, transfer agency, administration, intermediary and other operational services. TNTC maintains internal informational barriers to mitigate potential conflicts and preserve confidentiality of information.

### Other Material Affiliated Relationships

As noted above, NTI provides investment advice to its affiliates and provides investment advisory services to affiliates’ clients or acts as an investment adviser to the registered or unregistered investment pools in which these clients may invest. TNTC and NTI share an Equity trading desk and have shared arrangements with some investment research vendors. Also, these affiliates may provide marketing services to NTI, including the referral of certain clients.

NTI has common management and officers with some of its affiliates. NTI shares facilities with affiliates and relies on TNTC and other affiliates for various administrative support, including

cybersecurity, information technology, human resources, business continuity, legal, compliance, finance, enterprise risk management, internal audit and general administrative support.

NTI's affiliations create potential conflicts of interest. NTI seeks to mitigate the potential conflicts of interest to ensure accounts are managed at all times in a client's best interests and in accordance with client investment objectives and guidelines through regular account reviews attended by investment advisory, compliance, and senior management staff. NTI also seeks to mitigate potential conflicts of interest through a governance structure and by maintaining policies and procedures that include, but are not limited to, personal trading, allocation, custody and trading.

Various non-affiliated investment advisers that manage NTI client accounts, or are recommended to NTI clients, may use an NTI affiliate for banking, trust, custody, administration, brokerage and related services for which NTI's affiliates receive fees. NTI does not recommend or utilize non-affiliated investment advisers based upon their use of NTI affiliates.

Given the interrelationships among NTI and its affiliates, there may be other or different potential conflicts of interest that arise in the future that are not included in this section. As NTI becomes aware of additional potential or actual conflicts of interest, they will be reviewed on a case-by-case basis.

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

### **Code of Ethics**

NTI maintains a Code of Ethics (the "Code") designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 and Rule 17j-1 of the Investment Company Act of 1940. NTI has adopted a Code that provides its employees with the framework and sets the expectations for business conduct. The Code is designed to reinforce our reputation for integrity by placing the interests of clients first, while avoiding even the appearance of impropriety and to confirm compliance with federal securities laws. The Code sets forth procedures and limitations that govern the personal securities transactions in accounts beneficially owned by our employees. We, and our related persons and employees, may, under certain circumstances and consistent with the Code, purchase or sell for our own accounts securities that we also recommend to clients.

All NTI employees are subject to the Code. Compliance with the Code is a condition of employment and requires quarterly affirmation by all employees. The Code contains various reporting, disclosure and approval requirements regarding an employee's personal securities transactions. The Code also imposes certain limitations and restrictions on the timing of transactions for all employees. NTI employees are allowed to trade for their personal accounts but are subject to certain pre-clearance procedures and a minimum 60-day holding period for any Covered Security, as defined in the Code. Employees must obtain approval prior to participating in initial public offerings and must also obtain approval before transacting in any privately offered securities.

Furthermore, electronic trade confirmations and holdings information for employee accounts are received from certain brokers on a daily basis. Transactions not previously reported through

electronic feeds are reviewed for timeliness and information when reported during the reporting period for conflicts with firm trades and violation(s) of policy requirements. A record of trades is kept and reviewed in line with the Code. Any breaches are discussed and formally recorded at our Ethics Committee meetings.

NTI employees may, under certain circumstances and consistent with the Code of Ethics, invest for their own account in securities or investment pools in which NTI or its affiliates may also invest on behalf of client accounts. NTI and its affiliates, and their respective employees, may buy, sell or hold securities while making investment decisions for client accounts in the same securities, including proprietary funds. NTI's employees may also participate directly or indirectly in unregistered investment pools.

NTI employees are also subject to corporate policies, programs and guidelines that contain important information pertaining to the use of confidential information and the protection thereof. Employees may receive material non-public information ("MNPI") as part of their day-to-day responsibilities at NTI. Employees are trained to identify the sensitivity of such information received and adhere to the Northern Trust Corporation Disclosure Policy. The Northern Trust Corporation Standards of Conduct Policy, The Northern Trust Corporation Code of Business Conduct and Ethics, and The Northern Trust Corporation Securities Transaction Policy and Procedures, all of which are informed by federal securities laws. Any instances of receipt of MNPI must be escalated to the Compliance and Legal departments for review, assessment, and guidance on course of action.

NTI has adopted a gifts and entertainment policy that provides its employees with the framework and sets the expectations for business conduct related to the provision or receipt of gifts and entertainment, including limitations and reporting requirements. The policy is designed to safeguard against conflicts of interest, bribery and corruption. Generally, NTI employees are prohibited from providing or receiving gifts or entertainment that could be considered excessive or inappropriate, or intended to influence a recipient. Further, NTI has implemented policies regarding outside business activities. NTI has also established policies and procedures relating to political contributions that are designed to comply with applicable federal, state, and local laws.

The intent of these policies is to minimize the opportunity for conflicts to arise.

Clients may obtain a copy of the Code of Ethics by contacting NTI at the address noted in this brochure.

### Participation or Interest in Client Transactions

While the transactions discussed below may present conflicts of interest, NTI manages its client accounts consistent with applicable laws and follows its own policies and procedures that are reasonably designed to treat clients fairly and to prevent any client or group of clients from being systematically favored or disadvantaged.

NTI, or its affiliates' employees, may from time to time invest client assets in, or recommend that clients invest in, investment pools for which NTI and its affiliates provide investment advisory, custodial, administrative, shareholder support and other services and receive fees. NTI may also recommend that clients invest in unregistered investment pools in which an affiliate serves as general partner, managing member, or investment adviser and receives fees or other direct or indirect benefits. Such investments may present a conflict of interest because NTI, an affiliate or

a related person has a financial interest in the transaction. NTI maintains policies and procedures which it believes are reasonably designed to address such conflicts.

NTI provides advice and makes investment decisions for client accounts that it believes are consistent with each client's stated investment objectives and guidelines. Advice given to clients or investment decisions made for clients may differ from, or may conflict with, advice given or investment decisions made for its clients or the clients of an affiliate. NTI may also invest in the same securities that it or its affiliates recommend to clients. NTI is generally not aware of investment decisions made by NTI's affiliates. When NTI or an affiliate holds for its own benefit the same securities as a client, it could be viewed as having a potential conflict of interest.

Generally, NTI will not, as principal for its own account, buy securities from or sell securities to any client. It is possible that an affiliate will, as principal, purchase securities from or sell securities to its clients.

From time to time, NTI may determine in good faith that securities to be sold on behalf of a client may be suitable for purchase by another client. Cross-trades present conflicts of interest, as there may be an incentive for NTI to favor one client to the disadvantage of another. Cross-trades are only affected as permitted under applicable law and regulation and consistent with the client's guidelines. NTI does not receive fees or commissions for these transactions though there are circumstances where an NTI affiliate may receive a commission.

NTI has established certain policies and procedures designed to address conflicts of interest that may arise between its employees and clients as well as between clients and NTI or its affiliates. NTI employees must act in the best interests of its clients and generally do not have knowledge of proprietary trading positions or certain other operations of affiliates.

### Other Conflicts of Interest

NTI maintains policies, procedures and controls, that it believes are reasonably designed to ensure conflicts of interest are addressed. NTI provides advice and makes investment decisions for client accounts that it believes are consistent with each client's stated investment objectives.

Clients may use third party consultants to make recommendations such as when to invest in or redeem out of an NTI product. While NTI does not pay these consultants for such recommendations, NTI may pay to participate in consultant-sponsored conferences to obtain information about industry trends, and other relevant topics.

NTI may recommend that clients invest in the NTI products in which NTI serves as investment manager or trustee and receives fees or other direct or indirect benefits. Such investments may present a conflict of interest because NTI or a related person has a financial interest in the transaction.

Transition management activities may create potential conflicts of interest if transition management client trades are executed through an affiliate.

NTI develops, owns and operates indices that are based on investment and trading strategies developed by NTI or assist unaffiliated entities by creating bespoke indices that are utilized by NTI for client-specific investment accounts. In addition, NTI may manage accounts that are based on the same, or substantially similar, strategies that are used in the operation of the indices or the

affiliated exchange traded funds (“ETF”). The administration of the indices and the portfolio management of affiliated ETFs and client accounts in this manner may give rise to potential conflicts of interest. These conflicts of interest may include, but are not limited to, the ETFs engaging in the purchase or sale of securities relating to changes being implemented as part of an index reconstitution, while at the same time the client accounts engage in similar trading activity due to ongoing portfolio rebalancing. These differences may result in client account strategies outperforming vis-à-vis the index, the ETF, or vice versa. Other potential conflicts include the potential for unauthorized access to index information, allowing index changes that benefit NTI or other client accounts and not the investors in the ETFs.

Accounts utilizing proprietary products/investment pools present a conflict of interest because NTI and its affiliates will receive more overall compensation when NTI-managed products/investment pools are used. Certain portfolios will be allocated up to 100% of NTI proprietary mutual funds and exchange traded funds for which NTI receives an investment management fee for such service. Where investing in proprietary mutual funds, affiliates may receive administrative, custodial and transfer agency fees for such services.

NTI or its affiliates may provide initial funding for establishing proprietary investment pools, including exchange traded funds, mutual funds and private funds (i.e., partnerships and limited liability companies). Such initial funding by NTI or its affiliates is subject to internal governance and applicable regulations. When establishing proprietary investment pools, NTI, its affiliates and/or its client accounts may hold all or a majority of the securities of the proprietary investment pool.

NTI or its affiliates may sell their initial funding securities at any time without notice, subject to applicable governing documents and regulations. NTI or its affiliates have an incentive to sell their initial funding securities and it may have a negative impact on the investment pool and remaining investors. A large redemption by NTI or an affiliate could, among other things, significantly reduce the assets of the investment pool potentially affecting expense ratios, market prices, liquidity and viability.

NTI may exercise its discretionary investment authority to invest client assets to establish proprietary investment pools or to invest client assets in newly established proprietary investment pools where NTI or its affiliates have provided initial funding. NTI and its affiliates may have an incentive to allocate client assets to establish proprietary investment pools. As a result, NTI or an affiliate may have investment discretion over a significant percentage of assets in a proprietary investment pool. A large redemption by NTI or an affiliate of client assets could, among other things, significantly reduce the assets of the investment pool potentially affecting expense ratios, market prices, liquidity and viability.

To the extent permitted by applicable law, NTI may make payments to financial intermediaries that distribute NTI’s products, investment strategies, and/or investment models.

## Item 12: Brokerage Practices

### Broker Dealer Approval and Selection

NTI seeks to maintain a variety of execution venues to provide alternative trading options and mitigate concentration risk. NTI follows the Broker Dealer Selection Policy for purposes of defining those broker dealers that are approved for use when executing equity and fixed income security transactions. For client accounts managed on a fully discretionary basis, NTI has the discretion to select the broker-dealer for executing transactions. When executing client orders, NTI will consider a range of execution factors. These factors are considered in the initial selection and the ongoing review of those approved broker-dealers and execution venues. The application of these factors and their relative importance will be determined using the experience of our trading and investment professionals on a case-by-case basis. The trader (investment professional responsible for executing transactions on the account) must consider these factors to obtain the best qualitative execution for client transactions. Execution factors the trader shall consider in determining the best available price and best qualitative execution include, but are not limited to:

- price at which the transaction is executed;
- costs and compensation paid to the broker-dealer;
- speed and likelihood of execution;
- speed and likelihood of settlement;
- size and nature of the order;
- block trading capabilities;
- market conditions;
- willingness of a broker/dealer to commit capital to a particular transaction;
- willingness and ability of broker-dealer to make a market in particular securities;
- ability and willingness of a broker-dealer to effect difficult transactions in less liquid, smaller capitalized, closely held issues, or a particular sector;
- ability of broker-dealer to act on a confidential basis;
- operational efficiency and coordination of a broker-dealer with NTI and the custodian of our clients, including the ability to communicate, to settle trades reliably and to quickly and effectively resolve differences;
- broker-dealer responsiveness;
- ability and willingness to correct errors;
- past execution history;
- financial strength; and
- any other consideration relating to the execution of the order.

Ordinarily, price will merit a higher relative importance in achieving the best qualitative execution result; however, there may be circumstances when other factors are weighted with greater

importance than price. In addition, it is equally clear that the lowest possible commission, while very important, is not the determinative factor. When determining the relative importance of each of the above execution factors the following will be taken into consideration:

- the client's unique requirements and characteristics;
- the characteristics and nature of the order placed on the client's behalf;
- the characteristics of the financial instruments; and
- the execution venues to which the order can be directed.

In order to achieve the best qualitative execution result, NTI or the counterparties with whom NTI places the order, may use one or more trading methods or execution venues to satisfy the order. In selecting a broker-dealer, NTI utilizes its best judgment in a manner deemed equitable and reasonable to clients. As a consequence, there may be occasions where client orders will be executed outside of a regulated market or a multilateral trading facility, including trading orders over-the-counter.

NTI has established a committee to oversee the selection of broker-dealers to an approved list and the allocation of brokerage commissions and to monitor best qualitative execution.

### **Research and Other Soft Dollar Benefits**

Research and soft dollars benefits refer to client commission practices or arrangements where Northern Trust receives research related services, in addition to client account transaction execution, in exchange for the brokerage commissions paid by client accounts. Soft dollars are generated by Northern Trust client accounts through commission sharing agreements. Subject to the duty of best execution, NTI places transactions with broker-dealers who also provide NTI or TNTC with brokerage and research services in accordance with the safe harbor of Section 28(e) of the Securities Exchange Act of 1934. These research services assist NTI or TNTC in its investment decision-making process and may include industry and company reports, economic forecasts, databases, data services, analytical services, and publications. These research services and soft dollar benefits are taken into account in the broker-dealer selection and, as a result, clients may pay higher commissions than would otherwise be charged. NTI or TNTC determines in good faith that the amount of such commission is reasonable in relation to the value of the brokerage and research services the broker-dealer provides.

Receipt of research from brokers who execute client transactions involves conflicts of interest. To the extent that NTI uses client commissions to obtain research services for NTI or TNTC, NTI or TNTC will receive a benefit, as it will not have to pay for the research, products, or services itself. Therefore, NTI may have an incentive to select or recommend a broker-dealer based on its interest in receiving research rather than in obtaining the lowest commission rate on the client transaction. NTI or TNTC may also obtain research services from brokerage commissions incurred by client accounts that may not directly benefit such client accounts. Similarly, clients may benefit from research even if trades placed on their behalf did not contribute to the compensation of the broker-dealer providing such research. NTI and TNTC do not seek to allocate research services to client accounts proportionately to the commissions that the client accounts generate. NTI and TNTC seek to mitigate potential conflicts of interest through committee oversight of best execution and the approval of broker-dealers with which NTI and TNTC may trade .

Also, NTI and TNTC may receive products and services that are mixed use. In these cases, NTI or TNTC will use client commissions to pay only for the eligible portion of the product or service that assists NTI or TNTC in the investment decision-making process. Any ineligible portion of the product will be paid directly by NTI or TNTC. NTI or TNTC make a good faith effort to reasonably allocate such items between eligible and ineligible products and services and keep records of such allocations although clients should be aware of the potential conflicts of interest in such eligible and ineligible allocations of mixed products and services.

NTI and TNTC utilize a number of commission sharing agreements with broker-dealers to unbundle research services from broker-dealer execution. The commission sharing agreements allow for a portion of the client commission to pay for execution trading services and a portion of the client commission is allocated to research. NTI and TNTC regularly monitor and evaluate the benefits of commission sharing arrangements.

### **Brokerage for Client Referrals**

NTI does not receive client referrals from broker-dealers for brokerage services.

### **Wrap Fee Programs**

NTI does not negotiate brokerage commissions and places trades through the Wrap Program Sponsor because brokerage commissions are charged to the client in the wrap fee. NTI generally will not trade away from the Sponsor as this would cause clients to incur additional costs.

### **Directed Brokerage**

NTI may accept instructions from a client to direct trades, or a predetermined percentage of trades, in their advisory account to a particular broker-dealer. When so instructed, NTI may have limited capability to negotiate commissions, aggregate orders to receive volume discounts, select brokers or dealers to obtain best price or best execution. In addition, NTI may not be able to aggregate orders for these transactions with orders NTI is entering for other client accounts NTI manages. In some circumstances, the non-aggregated portion of a trade for a directed brokerage account may take place after other accounts that do not require a trade to be directed to a particular broker. As a result, in some cases directed brokerage clients may pay higher brokerage commissions to, or may otherwise receive less favorable execution from, their selected broker-dealer than clients with non-directed accounts. NTI does not negotiate or monitor commission rates with such directed broker-dealers or evaluate the nature, quality or value of any services or benefits a client may receive from such directed brokerage arrangement.

As mentioned in Other Financial Industry Activities and Affiliations section, NTI may direct clients to NTSI, its affiliated broker-dealer, for transition management services. Additionally, NTSI may execute trades for the investment pools that NTI advises or sub-advises. NTSI may receive economic benefit from these transactions. In addition to using NTSI, NTI has the ability to use its affiliated global broker-dealer Northern Trust Securities, LLP.

### **Aggregation of Orders and Trade Allocation**

As described in Item 10 – Other Material Relationships, TNTC and NTI share portfolio management as trading professionals that execute orders involving equity and fixed income securities, foreign exchange, futures and options. As a result, there are frequently instances

where NTI clients may be seeking to buy or sell securities that TNTC clients are also seeking to buy and sell. Pursuant to NTI's order aggregation and trade allocation policies and procedures, NTI will determine the appropriate facts and circumstances under which it will aggregate orders received involving the same investment opportunity consistent with NTI's obligation to seek best execution for its clients.

Equitable treatment of client accounts is the principle underlying NTI's allocation procedures. Generally, if a batch order is filled in its entirety, it is allocated in accordance with pre-trade allocation. If an aggregated order is partially filled, the securities or other instruments purchased, or the proceeds of any sale are generally allocated pro-rata among the accounts and funds as determined by the pre-trade allocation. There may be circumstances in which other allocation methodologies are used provided they are consistent with the allocation policies.

### **Directed Brokerage**

As mentioned in the Broker Dealer Approval and Selection section above, when NTI is instructed by a client to direct orders to a particular broker-dealer, NTI may have limited capability to aggregate orders for these transactions. In some circumstances, the non-aggregated portion of a trade for a directed brokerage account may take place after other accounts that do not require a trade to be directed to a particular broker. As a result, in some cases directed brokerage clients may pay higher brokerage commissions to or may otherwise receive less favorable execution from their selected broker-dealer than clients with non-directed accounts. Transactions for wrap fee program accounts are generally not included in the aggregation process because those transactions are typically executed through a broker-dealer selected by or affiliated with the wrap fee program sponsor.

## **Item 13: Review of Accounts**

NTI reviews the client's investment objectives, guidelines and any restrictions before acceptance of a client account. Client accounts are monitored daily for compliance with the account's investment guidelines and any restrictions. Exceptions are reviewed with the client's portfolio manager and presented to senior management. Registered investment pool exceptions are generally reported quarterly to the respective registered investment pools' board of trustees.

NTI conducts formal reviews of client accounts at onboarding and at least annually in relation to client's investment objectives, guidelines, limitations and/or restrictions, if any, as well as any internal requirements. NTI also performs reviews as it deems appropriate or otherwise required to account for regulatory changes, compliance monitoring, as well industry or market developments.

Decisions regarding the client investment asset allocations to non-affiliated investment advisers are reviewed by NTI oversight committees. In making these decisions, NTI generally considers whether each selected investment adviser is appropriate for a client based on criteria germane to the investment objective, which includes, but is not limited to, legal, tax, regulatory and other considerations, such as a client or investment program's investment objective, available capital, investment strategy, current investment account or portfolio and any diversification requirements.

Clients who enter into an investment advisory or investment management agreement with NTI, also receive, at minimum, quarterly reports that include, but are not limited to, information regarding account performance during the immediately preceding quarter. Account holdings and

transactions are available upon request. Clients may elect to receive these reports via email or online via a secure client website.

NTI periodically meets with clients to review investment objectives, performance and administrative matters.

With respect to wrap fee program clients, the wrap fee program sponsor has primary responsibility for client communications and reporting.

## Item 14: Client Referrals and Other Compensation

NTI does not receive economic benefits, including sales awards or prizes from persons who are not clients. As discussed in Item 11.C. Other Conflicts of Interest, subject to the Northern Trust Asset Management Code of Ethics, exceptions may be made for nominal non-cash gifts, meals and refreshments and entertainment provided to NTI in relation to business clients.

NTI does not enter into referral agreements with non-affiliated persons for client referrals.

## Item 15: Custody

Generally, NTI does not maintain physical custody of client assets. However, in certain circumstances, NTI will be deemed to have custody of client assets when its affiliate, TNTC, serves as the client's qualified custodian. NTI could also be deemed to have custody of certain private funds for which it serves as managing member or general partner.

Where NTI is deemed to have custody because its affiliate acts as the client's qualified custodian, clients will receive account statements, at least quarterly, directly from the qualified custodian. Clients may also receive an account statement from NTI. Clients should compare the information contained in the account statements that they receive from their qualified custodian with those that they receive from NTI.

NTI may also be deemed to have custody of client assets when it acts in any capacity that gives NTI legal ownership of or access to client assets, for example, when NTI serves as trustee, general partner or managing member for certain investment pools. Clients in such investment pools will receive the annual audited financial statements of the pool. Clients should review these statements carefully. If clients do not receive audited financial statements or they do not receive them in a timely manner, they should contact NTI immediately.

NTI may be deemed to have custody of assets of accounts of clients that have authorized NTI to instruct the custodian of the account to disburse advisory fees to NTI. Additionally, under certain circumstances, NTI may also be deemed to have custody of client assets held by an unaffiliated custodian due to contractual provisions permitting NTI to instruct the disbursement or transfer of a client's funds or securities. Such clients generally will receive account statements directly from their third-party custodians for the accounts.

Clients are responsible for selecting the qualified custodian where their assets will be maintained and are under no obligation to use TNTC or any other NTI affiliate as the qualified custodian of their assets.

## Item 16: Investment Discretion

Generally, NTI receives discretionary investment authority from its clients to select the securities to be bought and sold, as well as the quantities of such securities, at the outset of the investment advisory relationship pursuant to written investment advisory agreements and guidelines. A client's investment guidelines and restrictions thereto may limit NTI's investment discretion.

For investment pools, NTI's discretionary investment authority may be limited or restricted by applicable law, regulation and governing documents.

## Item 17: Voting Client Securities

NTI has adopted the proxy voting policies and procedures applicable to Northern Trust Corporation and its affiliates (the "Northern Proxy Voting Policy") which allow for the voting of proxies on behalf of client accounts for which NTI has voting discretion, utilizing either the Northern Trust Corporation's proxy voting guidelines or a third-party's or custom proxy voting guidelines. Under the Northern Proxy Voting Policy, shares are to be voted in the best interests of clients.

A proxy committee comprised of senior investment and compliance officers of NTC, including officers of NTI, has adopted certain guidelines (the "Proxy Guidelines") concerning various corporate governance issues. The proxy committee is responsible for the content, interpretation and application of the Proxy Guidelines and may apply these Proxy Guidelines with a measure of flexibility. NTI has retained an independent third party proxy voting service ("Proxy Service Firm") to review proxy proposals and to make voting recommendations to the Proxy Committee in a manner consistent with the Proxy Guidelines.

The proxy committee will apply the Proxy Guidelines as discussed below to any such recommendation. The Proxy Guidelines provide that the proxy committee will generally vote for or against various proxy proposals, usually based upon certain specified criteria. As an example, the Proxy Guidelines provide that the proxy committee will generally vote in favor of:

- Shareholder proposals in support of the appointment of a lead independent director;
- Shareholder proposals requesting that the board of a company be comprised of a majority of independent directors;
- Proposals to repeal classified boards and elect directors annually;
- Shareholder proposals calling for directors in uncontested elections to be elected by an affirmative majority of votes cast where companies have not adopted a written majority voting (or majority withhold) policy;
- Shareholder proposals that ask a company to submit its poison pill for shareholder ratification;
- Shareholder proposals to lower supermajority shareholder vote requirements for charter and bylaw amendments;

- Shareholder proposals to lower supermajority shareholder vote requirements for mergers and other significant business combinations, while taking into account ownership structure, quorum requirements, and vote requirements;
- Management proposals to reduce the par value of common stock, while taking into account accompanying corporate governance concerns;
- Management proposals to implement a reverse stock split, provided that the reverse split does not result in an increase of authorized but unissued shares of more than 100% after giving effect to the shares needed for the reverse split;
- Proposals to approve an ESOP (employee stock ownership plan) or other broad based employee stock purchase or ownership plan, or to increase authorized shares for such existing plans, except in cases when the number of shares allocated to such plans is “excessive” (i.e., generally greater than ten percent (10%) of outstanding shares); and
- Proposals requesting that a company take reasonable steps to ensure that women and minority candidates are in the pool from which board nominees are chosen or that request that women and minority candidates are routinely sought as part of every board search the company undertakes.

The Proxy Guidelines also provide that the proxy committee will generally vote against:

- Shareholder proposals requesting that the board of a company be comprised of a supermajority of independent directors;
- Proposals to elect director nominees if it is a CEO who sits on more than two public boards or a non-CEO who sits on more than four public company boards;
- Proposals to classify the board of directors;
- Shareholder proposals requiring directors to own a minimum amount of a company stock in order to qualify as a director or to remain on the board;
- Shareholder proposals to impose age and term limits unless the company is found to have poor board refreshment and director succession practices;
- Proposals for multi-class exchange offers and multi-class recapitalizations;
- Management proposals to require a supermajority shareholder vote to approve mergers and other significant business combinations, while taking into account ownership structure, quorum requirements, and vote requirements;
- Management proposals to require a supermajority shareholder vote to approve charter and bylaw amendments; and
- Shareholder proposals to eliminate, direct, or otherwise restrict charitable contributions.

For proxy proposals that under the Proxy Guidelines are to be voted on a case by case basis the Proxy Committee provides supplementary instructions to the Proxy Service Firm to guide it in making voting recommendations.

Except as otherwise provided in the Northern Proxy Voting Policy, the Proxy Committee may vote proxies contrary to the recommendations of the Proxy Service Firm if it determines that such action is in the best interests of NTI's clients. In exercising its discretion, the Proxy Committee may take into account a wide array of factors relating to the matter under consideration, the nature

of the proposal and the company involved. As a result, the Proxy Committee may vote in one manner in the case of one company and in a different manner in the case of another where, for example, past history of the company, the character and integrity of its management, the role of outside directors, and the company's record of producing performance for investors justifies a high degree of confidence in the company and the effect of the proposal on the value of the investment. Similarly, poor past performance, uncertainties about management and future directions, and other factors may lead the proxy committee to conclude that particular proposals present unacceptable investment risks and should not be supported. In addition, the Proxy Committee also evaluates proposals in context. For example, a particular proposal may be acceptable standing alone, but objectionable when part of an existing or proposed package. Special circumstances may also justify casting different votes for different clients with respect to the same proxy vote.

NTI or its affiliates may occasionally be subject to conflicts of interest in the voting of proxies due to business or personal relationships it maintains with persons having an interest in the outcome of certain votes. For example, NTI or its affiliates may provide trust, custody, investment advisory, brokerage, underwriting, banking and related services to accounts owned or controlled by companies whose management is soliciting proxies. Occasionally, NTI or its affiliates may also have business or personal relationships with other proponents of proxy proposals, participants in proxy contests, corporate directors or candidates for directorships. NTI may also be required to vote proxies for securities issued by NTC or its affiliates or on matters in which NTI or its affiliates have a direct financial interest, such as shareholder approval of a change in the advisory fees paid by a mutual fund advised by NTI.

NTI seeks to address such conflicts of interest through various measures, including the establishment, composition and authority of the Proxy Committee and the retention of the Proxy Service Firm to perform proxy review and vote recommendation functions. The Proxy Committee has the responsibility to determine whether a proxy vote involves a conflict of interest and how the conflict should be addressed in conformance with the Northern Proxy Voting Policy. The Proxy Committee may resolve such conflicts in any of a variety of ways, including without limitation the following:

- Voting in accordance with the Proxy Guidelines based on recommendations of the Proxy Service Firm;
- Voting in accordance with the recommendation of an independent fiduciary appointed for that purpose;
- Voting pursuant to client direction by seeking instructions; or
- Voting pursuant to a "mirror voting" arrangement under which shares are voted in the same manner and proportion as shares over which NTI does not have voting discretion.

The method selected by the proxy committee may vary depending on the facts and circumstances of each situation.

NTI may choose not to vote proxies in certain situations. This may occur, for example, in situations where the exercise of voting rights could restrict the ability to freely trade the security in question (as is the case, for example, in certain foreign jurisdictions known as blocking markets). In circumstances in which the Proxy Service Firm does not provide recommendations for a particular proxy, the Proxy Committee may obtain recommendations from analysts at NTI who review the

issuer in question or the industry in general. The Proxy Committee will apply the Proxy Guidelines as discussed above to any such recommendation.

Various accounts over which NTI has proxy voting discretion participate in securities lending programs administered by Northern Trust or a third party contracted by Northern Trust. Because title to loaned securities passes to the borrower, NTI will be unable to vote any security that is out on loan to a borrower on a proxy record date. If NTI has investment discretion, however, it reserves the right of the portfolio manager to instruct the lending agent to terminate a loan in situations where NTI believes the benefits of voting the security outweigh the costs of terminating the loan, consistent with the terms and conditions of NTI's procedures for recall of securities out on loan. In such instances, NTI shall recall the shares on loan on a best efforts basis.

For separately managed accounts where the client has engaged a third party securities lending agent outside the relationship the client has with NTI, the client is responsible for establishing its own policy and procedures with the securities lending agent to define the circumstances under which the securities lending agent shall terminate the loan and recall the shares in order for the client to vote those shares. The Northern Proxy Voting Policy and Proxy Guidelines are available upon request by contacting your investment relationship manager or NTI Compliance at:

Northern Trust Investments, Inc.  
Attn: Compliance Department - Chief Compliance Officer  
181 W. Madison Street  
Chicago, Illinois 60603

Also, a client may obtain information on how NTI voted proxies on securities in the client's account by contacting their investment relationship manager.

### **Class Action Claims and Litigation**

Unless otherwise agreed with the client, NTI is not responsible for pursuing class action claims, litigation, and/or bankruptcy claims.

Additionally, NTI will generally not serve as a lead plaintiff in direct or class action litigation on behalf of clients.

## **Item 18: Financial Information**

NTI has no financial commitment that impairs its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy proceeding.

# FACTS

## WHAT DOES NORTHERN TRUST DO WITH YOUR PERSONAL INFORMATION?



NORTHERN TRUST

Revised October 2022

### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.

### What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and income
- Account balances, transaction history and payment history
- Loan and mortgage information
- Credit history, credit scores and account transactions

### How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Northern Trust chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Northern Trust share?	Can you limit this sharing?
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you, including carrying out statistical analysis and marketing research	Yes	No
For joint marketing with other financial companies	Yes	No
For our affiliates' everyday business purposes – information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes – information about your creditworthiness	No	We don't share
For our affiliates to market to you	Yes	Yes
For nonaffiliates to market to you	No	We don't share

### To limit our sharing

- You may limit our use or sharing of information about you for marketing purposes by calling 877-265-3729, Monday through Friday, 7:00 AM to 9:00 PM Central Time and Saturday and Sunday, 7:00 AM to 3:30 PM Central Time; or by stopping in at one of our locations.

Please note: If you are a new customer, we can begin sharing your information 30 days from the date we sent this notice. When you are no longer our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.

### Questions?

Contact us at 877-265-3729.

Who we are	
Who is providing this notice?	Northern Trust Company and its commonly owned affiliates and Northern Funds' and 50 South Capital's family of funds
What we do	
How does Northern Trust protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. For more information and helpful resources, visit <a href="#">Information and Data Security</a> .
How does Northern Trust collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>• Seek financial or tax advice</li> <li>• Make deposits or withdrawals from your account</li> <li>• Open an account, apply for a loan or direct us to buy securities</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit sharing only for</p> <ul style="list-style-type: none"> <li>• Affiliates' everyday business purposes – information about your creditworthiness</li> <li>• Affiliates using your information to market to you</li> <li>• Nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply only to you – unless you tell us otherwise.
Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>• Our affiliates include companies with a Northern Trust name; financial companies such as The Northern Trust Company, and Northern Trust Securities, Inc.</li> </ul>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>• Northern Trust does not share your personal information with nonaffiliates so they can market to you.</li> </ul>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>• Our joint marketing partners are limited to the Northern Funds.</li> </ul>

\*Member FDIC



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