Guide to Brokerage Services

at Northwestern Mutual Investment Services, LLC

Brokerage disclosure information required by
SEC Regulation Best Interest

October 16, 2023

This Guide provides our clients with important information about Northwestern Mutual Investment Services, LLC (NMIS) and the brokerage services we offer. You should consider this information before becoming a brokerage client.

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The Northwestern Mutual Life Insurance Company, Milwaukee, WI, is neither a registered investment advisor nor a registered broker-dealer.

All securities are offered through Northwestern Mutual Investment Services, LLC (NMIS), 720 E. Wisconsin Avenue, Milwaukee, WI 53202, 866-950-4644. Member FINRA and SIPC. NMIS is wholly owned by Northwestern Mutual.

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company and its subsidiaries. Life and disability insurance, annuities, and life insurance with long-term care benefits are issued by The Northwestern Mutual Life Insurance Company, Milwaukee, WI (NM). Long-term care insurance is issued by Northwestern Long Term Care Insurance Company, Milwaukee, WI (NLTC), a subsidiary of NM. Securities are offered through **Northwestern Mutual Investment Services, LLC** (NMIS), a subsidiary of NM, broker-dealer, registered investment adviser, member **FINRA** and **SIPC**. Investment advisory services are offered by Northwestern Mutual Wealth Management Company® (NMWMC), Milwaukee, WI, a subsidiary of NM and a federal savings bank.

Products and services referenced are offered and sold only by appropriately appointed and licensed entities and financial advisors. Not all products and services are available in all states. **Not all Northwestern Mutual representatives are advisors. Only those representatives with "Advisor" in their title or who otherwise disclose their status as an advisor of NMWMC are credentialed as NMWMC representatives to provide advisory services.**

Northwestern Mutual®

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About us

Northwestern Mutual Investment Services, LLC (NMIS, we, or us) is an SEC-registered broker-dealer and member of FINRA and SIPC. Our principal business activity is as a securities broker-dealer providing investment products and services to our clients (you). We are a wholly owned subsidiary of The Northwestern Mutual Life Insurance Company (Northwestern Mutual or NM).

Your Northwestern Mutual financial representative is a registered representative and associated person of NMIS that offers brokerage services. NMIS is also the distributor for NM variable annuity and variable life contracts and is an insurance agency. Through us, your financial representative may offer variable life insurance, variable annuity and group variable annuity products issued by NM and unaffiliated insurance companies.

We are also an SEC-registered investment adviser, but we do not offer advisory services to retail clients. Your financial representative may offer you advisory services through our affiliate, Northwestern Mutual Wealth Management Company (NMWMC), a limited purpose federal savings bank regulated by the Office of the Comptroller of the Currency (OCC).

Your brokerage relationship information

Your financial representative's† goal is to help you select investments in your best interest based on your particular investment objectives, financial circumstances, risk tolerance and tax status. This Guide is designed to help you understand the brokerage services we offer, including the costs and conflicts of interest associated with purchasing mutual funds, variable life insurance, variable annuities, exchange-traded funds (ETFs) and other securities and brokerage services through us. It is also intended to help you understand the factors that may influence which products your financial representative recommends. This Guide is not intended, however, to take the place of a product prospectus, offering document or your NMIS client account agreement. You should read those documents carefully before investing.

Through our brokerage services, we typically recommend clients invest in mutual funds and variable insurance products, such as variable annuities and variable life insurance, to meet their financial goals and investment needs. We believe these products help you properly diversify and use an asset allocation approach consistent with your risk tolerance, time horizon and goals. In some instances, depending on your situation or preferences, we may recommend you invest in ETFs and individual securities, such as stocks, bonds, options, U.S. Treasurys, CDs or specialty

† "Financial representative" refers to registered representatives of NMIS qualified to offer brokerage services, including variable life insurance and variable annuities. If your financial representative is also qualified to offer investment advisory services through NMWMC, an affiliated federal savings bank, then they use "Advisor" in their title or otherwise disclose their status as an advisor of NMWMC. Financial representatives commonly employ staff who assist them in operating their businesses. Such staff who are registered representatives of NMIS and qualified to offer brokerage services, including variable insurance and variable annuities, also constitute "financial representatives" in this Guide, with the exception of when the Guide describes how financial representatives are paid (staff compensation is described separately in the Guide) or as expressly stated otherwise.

products (such as alternative investments). For cash alternative positions, we provide a cash sweep program and recommend investing in our FDIC-insured bank deposit program. In some situations, we might recommend, or you may opt to invest in, a money market mutual fund available in our cash sweep program.

We will recommend an account type that is in your best interest, given your circumstances, from among the various account types we offer, including but not limited to individual and joint accounts, non-tax-qualified accounts, tax-qualified accounts such as traditional IRAs and Roth IRAs, education saving accounts such as 529 plan accounts, business/entity accounts, retirement plan accounts, and Uniform Gift to Minors Accounts/Uniform Transfer to Minors Accounts (UGMA/UTMAs).

This Guide provides information about our brokerage services for a retail customer, which includes a natural person (or their legal representative) who uses our recommendation primarily for personal, family, or household purposes. Our brokerage services offered to non-retail customers (such as institutional customers, non-profit entities, or other parties using our recommendations for business or commercial purposes) can differ from what is described in this Guide.

Key information you should know about our brokerage services:
(i) We do not require investment minimums to open or maintain a brokerage account, but some individual products may require investment minimums. (ii) We do not provide account monitoring services for our brokerage accounts and related investments. (iii) We do not act with investment discretion when providing brokerage services – you make the ultimate decision to purchase, hold or sell brokerage investments. (iv) We offer proprietary products, including variable annuity and variable life insurance products issued by our parent, The Northwestern Mutual Life Insurance Company (NM), and limit other insurance carrier products. (v) We primarily offer mutual funds and limit the fund families and share classes our financial representatives can recommend as described below.

If you are seeking to use your securities as collateral for a loan, we offer margin accounts and other third-party lending solutions to use for your non-purpose (i.e., other than buying securities) borrowing needs.

A financial representative may recommend that you establish standing instructions for a periodic buy strategy or a periodic sell strategy, such as investing $500 each month into a particular mutual fund. These instructions are sometimes referred to as “automatic investment plans.” With respect to such periodic buy or periodic sell strategies, **we do not conduct ongoing monitoring of the ongoing periodic buy or sell activity.** Buys or sells of securities that occur subsequent to establishing the initial periodic buy or sell are not a recommendation by us in each instance and are at your own risk. For example, if the particular mutual fund you periodically invest in every month (as an ongoing periodic buy strategy) is removed from our Brokerage Mutual Fund Research List, your financial representative has **no obligation to notify you** and **has no obligation to recommend that you change the mutual fund you periodically buy.**

Any periodic buy strategy or periodic sell strategy will continue as you established according to your standing instructions until you instruct us otherwise.

If your financial representative has limitations on the scope of services s/he provides (such as a Series 6 registration with FINRA), you will be informed in writing of that limitation.

With respect to recommendations related to NMIS brokerage services, your financial representative is acting in a brokerage capacity as an associated person of a broker-dealer. See the **Advisory services offered through NMWMC** section below for information on NMWMC advisory services.

All recommendations made in connection with our brokerage services or your brokerage account will be made in a brokerage capacity, and all recommendations regarding any NMWMC advisory program account will be made in an advisory capacity as an agent of NMWMC. When we make a recommendation to you, we will expressly tell you orally or in writing which account we are discussing.

Client responsibilities

To provide appropriate account and product recommendations, we rely on you for accurate information to determine your risk tolerance, asset allocation and investment objective. You must notify us if your risk tolerance, investment objective, time horizon, financial situation, or philosophy and strategy toward investing change after opening an account or after you implement a recommendation.

We do not give legal, accounting or tax advice in connection with our brokerage services. Please consult with a tax advisor for your account as needed.

Limitations on products we may recommend through our brokerage services

We limit the universe of brokerage products your financial representative may recommend to you, as discussed in the later sections of this Guide.

For example, your financial representative may provide mutual fund recommendations only from our Brokerage Mutual Fund Research List. Mutual funds on our Brokerage Mutual Fund Research List are limited to Class A and Class C shares of funds from our Strategic Mutual Fund Partners program (Partners program) that have met our qualitative and quantitative criteria, including fund returns, manager tenure, expenses and risks. All fund families that participate in the Partners program provide us marketing, distribution and/or meetings-related payments (often referred to as revenue sharing). Partner funds are screened on a quarterly basis, and only those funds that meet all criteria are eligible for recommendation from your financial representative. For more information on our Partners program and conflicts related to it, refer to the **Compensation, revenue and related conflicts of interest** section later in this Guide.

We do not offer any other share classes of funds other than Class A or Class C for recommendation to retail customers in brokerage accounts.

For variable annuities and variable life insurance offered through our brokerage services, our financial representatives are limited to primarily recommending Northwestern Mutual products as described in the **Variable Annuities (VAs) and Variable Life Insurance (VL)** section below. In addition, except for our affiliated proprietary mutual fund (Series Fund), all third-party funds offered in NM VA and VL products are limited to funds that provide NM or us distribution, shareholder services and/or administrative services payments.

In addition to mutual funds, VAs and VL products, our brokerage product menu also includes exchange-traded funds (ETFs) and certain general securities in brokerage accounts, including stocks, investment-grade fixed income securities, options, new-issue Certificates of Deposit (CDs) that have met NMIS's quantitative measurement criteria, U.S. Treasury securities, specialty products and products offered in our cash sweep program for cash alternative positions.

As discussed below, we offer 529 Plan Accounts and ABLE Plans designed to be offered and serviced through financial representatives. We do not offer on our brokerage menu directly offered, no-load 529 Plan Accounts and ABLE Plans. Such directly offered accounts are lower cost but are not designed to be offered by, or to compensate, a financial representative for brokerage service and advice.

We do not provide brokerage recommendations of no-load mutual funds, passively managed mutual funds, actively managed ETFs, inverse or leveraged funds or notes, low-priced stocks (i.e., penny stocks), over-the-counter (OTC) stocks, cryptocurrencies, below-investment-grade bonds, and master limited partnerships (MLPs).

Many of our financial representatives have limitations on the types of brokerage products that they can recommend as a result of their securities licensing. NMIS financial representatives who have only a Series 6 securities license (i.e., investment company and variable contracts products representative qualification) can recommend mutual funds, variable annuities, variable life insurance, and 529 education savings plans, in the brokerage setting. These financial representatives are not licensed to recommend other brokerage products/accounts NMIS offers, such as individual stocks, bonds, exchange-traded products, closed-end funds, certificates of deposit, real estate investment trusts and margin accounts, which require a Series 7 securities license (i.e., general securities representative qualification). At the commencement of a brokerage client relationship with you, and no later than the time of any initial brokerage recommendation to you, a NMIS financial representative who holds only a Series 6 securities license will inform you in writing of that limitation. Should you desire investment products in brokerage for which your financial representative is not licensed, or if your financial representative should determine that brokerage products that they are unable to recommend because of licensing would best meet your needs and financial objectives, your financial representative will involve a NMIS general securities licensed representative to make such recommendations. To review the securities licensing of any NMIS financial representative, visit brokercheck.finra.org/.

Advisory services offered through NMWMC

Our affiliate, NMWMC, offers investment advisory programs and services and fee-based financial planning to retail investors through our financial representatives who are qualified agents of NMWMC and use "Advisor" in their title or otherwise disclose their status as an advisor of NMWMC. Based on your financial needs and objectives, through your financial representative, NMWMC may offer and advise you on the management of your investments.

Other important information you should know about NMWMC's services:

- The company provides ongoing monitoring of your account, but we do not provide monitoring services for fee-based planning. This is in contrast to NMIS brokerage services, which does not provide ongoing account monitoring.
- It acts with full investment management discretion (i.e., it can buy and sell investments consistent with your investment objectives without asking you in advance).
- It has account minimums that range from $5,000 to $2,000,000.
- It advises only on VAs issued by our parent, NM.
- It acts as the IRA custodian for all NMIS Traditional, Roth, SEP, SIMPLE and SARSEP IRAs as well as Coverdell Education Savings Accounts.

Not all of our financial representatives offer advisory services — some offer only brokerage services. Only financial representatives who disclose their status as an advisor of NMWMC or use "Advisor" in their title may offer advisory services.

Clearing Firm

For the brokerage accounts we offer, we have a fully disclosed clearing arrangement with Pershing, LLC (Pershing or Clearing Firm) through which Pershing performs certain services for us. These services include the carrying of cash, margin, options and securities positions; the execution of securities transactions; the preparation of client trade confirmations and client statements, the settlement of securities transactions, and the performance of designated cashiering functions; and the preparation of certain books and records related to reported securities transactions. Additional information about Pershing is included in the Client General Account Agreement, which you receive and sign using the delivery method you have selected (such as in writing or electronically) before opening an account.

Risks of investing

No investment strategy can guarantee a profit or protect against loss. All investments carry some level of risk, including the potential loss of principal invested. There can be no assurance that any particular investment strategy will be successful in achieving your investment goals.

Investment risks for securities you may purchase through us include but are not limited to:

Market risk: The risk that the overall market will decline, bringing down the value of investments held directly or held by a fund and, in turn, the fund's value. This may result from increasing/decreasing interest rates, a recession or changes in the rate of inflation, each of which can impact the financial markets.

Interest rate risk: The risk that changes in interest rates may reduce (or increase) the market value of bonds or other fixed income investments held directly or by a fund. If interest rates increase, the market value of a bond will typically decrease; and if interest rates decrease, the market value will typically increase. Generally, the longer the maturity of bonds, the more sensitive the bond's market value becomes to interest rate changes. Investments with longer maturities will be affected more by interest rate changes than those with shorter maturities. This is also referred to as duration risk.

Management risk: The risk associated with underperforming management of the mutual fund. It refers to the risk of the mutual fund manager performing poorly in relation to other mutual fund managers for comparable funds.

ESG management risk: The risk that a fund with an Environment, Social, and Governance (ESG) objective will underperform relative to comparable non-ESG funds or to comparable ESG funds that apply their ESG management approach differently. NMIS and its affiliate NMWMC offer individual mutual funds categorized as ESG in the marketplace. The funds may be managed differently than traditional mutual funds by seeking to enhance or contribute to a higher-stated purpose, which may be difficult to measure or define. Fund managers selecting the underlying investments in ESG funds may be more selective and use more qualitative criteria rather than traditional fundamental analysis. This may result in the funds themselves not performing as well as other mutual funds and may incur higher operational expenses for the added qualitative analysis. A hypothetical example of an ESG fund would be a fund that seeks to protect the environment through its efforts to reduce carbon emissions into the atmosphere by seeking to invest only in companies that are taking steps to limit or mitigate their carbon emissions. In addition to individual ESG funds, NMWMC may offer an ESG-focused account allocation in its managed accounts through the Signature Portfolio or PCS platforms at no additional advisory fee.

Allocation risk: The risk that results from the fund management's asset allocation choices. The selection of the underlying investments and the allocation of those investments could cause the fund to lose value or underperform other funds with a similar investment objective.

Portfolio turnover risk: The risk that a fund will engage in frequent trading of securities held in the portfolio. Active and frequent trading may lead to the realization and distribution to shareholders of higher short-term capital gains, which would increase their tax liability. Frequent trading increases transaction costs, which could detract from a fund's performance.

Credit/default risk: The risk that the issuer will be unable to pay the interest or principal on its debt obligation or otherwise become insolvent.

Downgrade risk: The risk that the independent rating agencies will lower their ratings on a particular security. An issuer's credit rating, for example, could be downgraded from A to BBB if the rating agency believes the issuer has become less able to meet its debt obligations. A downgrade is normally accompanied by a decline in the prices of the security. When the marketplace anticipates a downgrade, the price often declines before the actual downgrade. Often, the rating agencies will place an issue on "credit watch" status before a downgrade; this also normally brings a price decline.

Liquidity risk: The risk that investors may not be able to sell their investment at the time and/or price they choose due to an increase in illiquidity from regulatory or market developments, other conditions or adverse investor perception. Generally, the less liquid the market at the time of sale of an investment, the greater the risk of loss.

Call/redemption risk: The risk that an issuer may exercise its right to redeem a fixed income security. Issuers may call outstanding securities prior to their maturity for a number of reasons (e.g., declining interest rates, changes in credit spreads and improvements in the issuer's credit quality). If an issuer calls a security, the investor may not recoup the full amount of initial investment and may be forced to reinvest in lower-yielding securities, securities with greater credit risks or securities with other less favorable features.

Reinvestment rate risk: The risk that interest rates may be lower at the time of a fixed income security's maturity than interest rates at the time of the original purchase. As a result, fixed income securities available to the investor at the time of maturity may not yield a rate of return similar to the yield at the time of the original purchase.

Price tracking risk: The risk that the performance of an ETF may diverge from that of its underlying index. Price tracking errors can occur for many reasons, including but not limited to imperfect correlation between the ETF's holdings of portfolio securities and those in the underlying index, pricing differences, the ETF's holding of cash, differences in timing of the accrual of dividends or changes to the underlying index, or the need to meet various regulatory requirements.

For a particular mutual fund, variable life insurance product or variable annuity that you purchase, additional product-level information (including information about investment risks) appears in the product prospectus. For mutual funds, the prospectus will be delivered after the buy transaction with the trade confirmation using the delivery method you have selected, such as by mail or electronically. For variable life insurance or variable annuity products, the prospectus will be delivered to you in hard copy by hand or by mail before you purchase.

Investing in mutual funds

Mutual funds are professionally managed investment products that pool money from many investors and invest in securities like stocks, bonds or other assets in order to increase the value of the overall portfolio. When you purchase shares of a mutual fund, you are purchasing a portion of the overall portfolio. Many mutual funds pay the investor capital gains as investments within the mutual fund are sold or may generate income that is paid in the form of a dividend. A mutual fund portfolio is managed according to its prospectus' stated investment objective.

We have agreements to sell the funds of many mutual fund families representing hundreds of mutual funds. Talk to your financial representative to make sure you understand a mutual fund's multiple share classes available and corresponding mutual fund costs (including sales charges and expenses) on each class of shares, as well as conversion terms and volume discounts associated with the various classes of fund shares. Please see the fund prospectus for further information on specific share classes available and rules and taxability regarding exchanges between share classes.

Key points to consider when investing in mutual funds

- Mutual funds are not guaranteed or insured by the FDIC or any other government agency – even if you buy through a bank and the fund carries the bank's name. You can lose money investing in mutual funds.
- Past performance is not a reliable indicator of future performance. However, past performance can help you assess a fund's volatility over time.
- All mutual funds have costs that lower your investment returns. Use the U.S. Securities and Exchange Commission (SEC) Mutual Fund Cost Calculator at sec.gov/investor/tools/mfcc/mfcc-intsec.htm or the Financial Industry Regulatory Authority (FINRA) Fund Analyzer at tools.finra.org/fund_analyzer/ to compare many of the costs of owning different funds before you buy. (From the SEC's website at sec.gov and FINRA's website at finra.org.)
- The ability to transfer a specific mutual fund holding from one broker-dealer or investment advisor to another may depend on the mutual fund company having entered into an agreement (often called a "selling agreement" or "distribution agreement") with the broker-dealer or investment advisor to which you might choose to transfer your mutual fund holding. It is within the discretion of the mutual fund company and the broker-dealer or investment advisor to enter into a selling or distribution agreement.

General mutual fund costs: It is important to understand the costs associated with mutual funds before you invest. The two primary costs associated with mutual funds are sales charges and operating expenses.

Sales charges (also known as loads) are the commissions you pay when you invest in a mutual fund. Sales charges are primarily designed to compensate your financial representative for helping you select and trade appropriate mutual funds.

Sales charges fall into one of the following types:

- Front-load: Sales charges are deducted from your initial investment in a mutual fund.
- Level-load: Sales charges are deducted on an ongoing basis while your money is invested in the fund.

Operating expenses are the product-level costs associated with operating a mutual fund and are deducted from the value of the fund's shares on an ongoing basis. Distribution and shareholder services (12b-1) fees are used for sales-related expenses, such as the ongoing service provided by your financial representative and NMIS. Investment management fees are paid to the fund's manager for researching and selecting the investments within the mutual fund. Other operating expenses include fees for recordkeeping, accounting, regulatory reporting, fund audits and legal services.

Prior to investing in a mutual fund, you should review the fund's fee table, which can be found near the front of the prospectus. Generally, the fee table breaks fees into two categories:

- Sales load and transaction fees (paid when you buy, sell or exchange your shares)
- Ongoing expenses (paid while you remain in the fund)

Mutual fund share classes: A mutual fund is typically available in more than one share class. The most common share classes are A, C and No-Load shares. Different mutual funds, however, can offer different share classes. Each class of shares represents a similar ownership interest in the same portfolio of securities. The classes, however, have different fee structures that permit shareholders to choose the class that best meets their investment needs. As such, factors such as anticipated investment amount, time horizon and trading activity can significantly impact an investor's costs and returns. Additionally, not all share classes offered by a mutual fund may be available for your type of account. For retail customer brokerage accounts, we recommend purchases of only Class A and Class C shares of mutual funds. It is important to understand share classes available and select the most appropriate one based on the amount of your investment, the amount of time your money will remain in the fund and other important factors.

Purchases of front-load (Class A) shares: Class A shares impose a sales charge at the time of purchase (referred to as a front-load sales charge). The charge varies depending on the respective mutual fund family and type of fund (e.g., equity fund or fixed income fund). Through us, Class A mutual fund sales charges typically range from 2.00% to 5.75%. Because the charge is deducted at the time of investment, the amount the shareholder invests in the fund is reduced by the sales charge. Ongoing expenses of Class A mutual funds we offer range from 0.43% to 1.31%. Consult with your financial representative to determine the amount of the transaction charge and ongoing expenses applicable to your transaction.

In addition to the front-end sales charge, Class A shares usually have a distribution or 12b-1 fee. This fee is usually lower than the 12b-1 fee charged for Class C shares. Class A shares are most suitable for investors who anticipate holding their shares for seven or more years or investors who qualify for breakpoints, waivers or discounts (see the Breakpoints and Waivers and discounts subsections in this section for additional information).

Purchases of level-load (Class C) shares: Class C shares do not impose a front-load sales charge and may impose no or a small contingent deferred sales charge (CDSC). A CDSC is a sales charge that is applied when you sell your shares. The amount of a CDSC depends on how long you hold the shares subject to such a charge and decreases to zero if the investor holds his/her shares long enough. However, Class C shares typically impose a higher distribution or 12b-1 fee than a Class A share. 12b-1 fees for Class C shares are disclosed within the fund family prospectus and are usually 1% a year for the life of the investment. Class C shares may be the most economical way to pay the sales charge for investors who have a shorter investment horizon and who do not qualify for significant Class A breakpoints. The cumulative effect of the higher annual expenses, including the 12b-1 charge, can make Class C shares a more expensive pricing option for long-term investors. Through us, Class C mutual fund sales charges are 0% upfront with ongoing expenses ranging from 1.05% to 2.06%. All Class C shares we offer convert to lower-expense Class A shares after no longer than 10 years. Consult with your financial representative to determine the amount of the ongoing expenses and any CDSC applicable to your transaction. We generally limit the aggregate purchase amount of Class C shares to $250,000 per household.

No-load shares: No-load funds do not impose sales charges and can also be referred to as "Investor" or "Institutional" share classes. While no-load funds do not impose a sales charge, some may still charge 12b-1 fees (up to 0.25%), transaction fees, redemption fees, exchange fees and account fees in addition to other operating fees that all funds charge. No-load funds that do not charge 12b-1 fees are sometimes called "true" no-load funds.

We do not offer recommendations of no-load funds to brokerage account clients because such funds are not designed to provide full-service firms, such as NMIS, compensation for the time and expertise we provide through our brokerage services. We will process unsolicited no-load fund purchases at the direction of a client. For no-load mutual fund trades, we impose a transaction fee of $75 in brokerage (non-advisory) accounts. This per-transaction fee appears as a service charge on trade confirmation statement(s) and is reflected in the net trade amount in the transaction section on the account statement. This unsolicited no-load policy currently excludes exchanges, dividend reinvestments, systematic reinvestments and funds participating in FundVest®, Pershing's no-transaction-fee program. For more information regarding Pershing's no-transaction-fee program, please refer to the FundVest subsection in the **Compensation, revenue and related conflicts of interest** section within this Guide.

Money market mutual funds: Money market mutual funds (Money Market Funds) available through us do not impose a front-load sales charge and impose no CDSC. Investments in certain non-government retail money market funds, including Money Market Funds that you may select for your account's cash sweep product, may implement a liquidity fee in the event that the Money Market Fund's Board of Directors (or its delegate) determines that a fee is in the best interest of the fund. Liquidity fees may cause you to incur costs to redeem your investment in a Money Market Fund. Money Market Funds that you may invest in may also implement certain policies should they experience a negative interest rate environment. Please refer to the Money Market Fund's prospectus or Statement of Additional Information for more information. Balances held in a Money Market Fund are covered by the Securities Investor Protection Corporation (SIPC) but are not insured against market loss. An investment in any money market fund is not insured or guaranteed by the FDIC or any government agency. Although a money market fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in a money market fund.

Breakpoints: Investors who purchase Class A mutual fund shares may be entitled to a discount on their sales charge. The dollar investment levels at which these discounts become available are called "breakpoints." Most mutual funds offer breakpoints on larger investments and may allow purchases in Class A shares in different funds from the same mutual fund families to be aggregated for breakpoints. The dollar level at which a breakpoint can be achieved is set by the individual mutual fund and is disclosed in the fund's prospectus. Investors can reach available breakpoints in several different ways:

- *Single mutual fund transaction:* You may be entitled to a discount on the sales charge based on a single mutual fund transaction if the dollar size of the transaction exceeds a breakpoint level for that fund.
- *Linking family member accounts (householding):* A fund may allow you to achieve a breakpoint by combining the holdings of certain family members, even for holdings maintained at different broker-dealers. Accounts that may be linked vary by fund family.
- *Rights of Accumulation (ROA):* An ROA typically allows you to receive a discount on current mutual fund purchases by combining your current purchase with your previous fund holdings to reach a breakpoint. You may be able to aggregate the value of mutual fund holdings in related accounts, such as educational savings accounts, retirement accounts, accounts held by family members, accounts at other brokerage firms or held directly with the fund company, to achieve a breakpoint. The value of these accounts is typically the current market value of your existing holdings; however, some mutual fund families use the higher of the market value of your shares or the amount you paid for the shares to determine breakpoint eligibility.
- *Letter of Intent (LOI):* An LOI is a statement signed by an investor committing the investor to invest at least the amount of the breakpoint within a specific time period (as required by the fund). However, if you fail to invest the amount specified in the LOI, the fund can redeem shares to collect the higher sales charge applicable to the dollar amount invested.

Waivers & discounts: Certain investors, such as employees of investment dealers and registered representatives, may qualify to purchase shares without a sales charge (i.e., at Net Asset Value). ERISA plans, IRA rollovers from the same mutual fund family, investments of $1 million or more within the same fund family, rollovers or transfers into certain states' 529 plans from other states' plans, and other situations may also qualify. Consult the fund's prospectus and statement of additional information (SAI) or the 529 plan program offering document for more information.

What you can do to make sure that you receive ALL available breakpoints and discounts:

- Review your fund's prospectus, in particular the breakpoint schedule and load waiver provisions.
- Keep your financial representative apprised of all your mutual fund holdings, including related NMIS accounts as well as holdings directly at a fund company (direct-held) and holdings at other brokerage firms. We include direct-held holdings and holdings held at other brokerage firms for breakpoints only if you inform us of the holdings.
- Keep your financial representative informed regarding your plans for future purchases and the holdings of your family members to determine whether their holdings may be aggregated with your holdings to reach a breakpoint. Providing this information to your financial representative will enable us to assist you in taking advantage of all available breakpoints.
- In some cases, fund families offer waivers of sales charges for certain investments, such as ERISA plans and IRA rollovers from the same fund family. Keep your financial representative informed about the source of funds and the fund family you were invested with previously so that you receive all available discounts.

For a particular mutual fund that you purchase, additional specific information, including investment strategy, risks, costs and fees, appears in the product prospectus. The prospectus will be delivered after the purchase transaction with the trade confirmation using the delivery method you have selected, such as by mail or electronically.

Factors that may influence which mutual funds your financial representative recommends:
As mentioned, your financial representative's goal is to help you select investments in your best interest based on your particular investment objectives, financial circumstances, risk tolerance and tax status. An important factor that could influence which mutual funds your representative recommends is the increased access, such as to meetings or educational events, some mutual funds have to our representatives as described in the **Compensation, revenue and related conflicts of interest** section below.

Cash Sweep Program

We provide a Cash Sweep Program for uninvested cash in a brokerage account and charge you a Cash Sweep Access Fee (described in the **Account-level fee** section below) for these services. Each business day, the Cash Sweep Program automatically transfers uninvested cash, including deposits, dividends, interest and proceeds from investment transactions, into the sweep product you have selected for your account.

When you open a brokerage account, you agree to select the Northwestern Mutual FDIC Insured Deposit Program (NMIDP) as the cash sweep product for your account. You can elect to opt out of using the NMIDP and select from the other available cash sweep products (as described below) by instructing your financial representative. Cash alternative products and money market funds other than the products made available as part of NMIS Cash Sweep Program are not available.

You can elect to opt out of the Cash Sweep Program for your account by notifying us of your election, at account opening or afterward, in which case your free credit balances will be held in cash in your account. You will not receive interest on free credit balances held in cash in your account.

Additional information about our Cash Sweep Program is included in the Client General Account Agreement, which you receive and sign before opening an account. Also, you will receive an NM FDIC Insured Deposit Program Disclosure Statement or prospectus (in the event you are selecting one of the available money market fund options), which contains more detailed information for the particular sweep product you have selected, including investment strategy, risks, costs and fees. This will be delivered to you after you open your account using the delivery method you have selected, such as by mail or electronically. The NM FDIC Insured Deposit Program Disclosure Statement is also available at NorthwesternMutual.com.

Refer to the **Compensation, revenue and related conflicts of interest** section of this Guide for information on conflicts related to our Cash Sweep Program.

Money market funds are subject to SIPC coverage limits in the event NMIS or Pershing fails, but money market funds are not insured against market loss. An investment in any money market fund is not insured or guaranteed by the FDIC or any government agency. Although a money market fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in a money market fund. Yields fluctuate. If you are invested in a money market fund with a prime or municipal portfolio, your fund is subject to liquidity gates and redemption fees in the event that the Board of Directors of the fund(s) deem it necessary to implement to protect existing shareholders of the fund.

Variable Annuities (VAs) and Variable Life Insurance (VL)

We recommend, sell and service Northwestern Mutual (NM) variable annuity (VA) and variable life insurance (VL) products that can help protect you, your family and your business from the adverse financial impact of dying prematurely or outliving your income during retirement. Northwestern Mutual makes its VA and VL products available only through our Northwestern Mutual licensed financial representatives. Pursuant to contract, your financial representative's primary insurance product affiliation is with Northwestern Mutual, and your financial representative primarily recommends, sells and services Northwestern Mutual insurance products.

We allow our financial representatives to service other companies' VA products; however, when a VA is in your best interest, they may only recommend new sales of Northwestern Mutual VA products (except for allowing new sales of other companies' 403(b) plan individual VAs, for which NM does not offer new VA sales). Your financial representative's contract does not otherwise limit his or her ability to recommend, sell and service other companies' VL products to any particular client so long as your financial representative meets the obligation to primarily recommend, sell and service Northwestern Mutual VL products in appropriate circumstances. In acting in your best interest, your financial representative would recommend, sell and service other companies'

VL insurance products (when such products are available from among those they are authorized to sell by other companies) in the following situations:

- When the offer of a Northwestern Mutual insurance product is not acceptable to you;
- When Northwestern Mutual is unable to offer coverage;
- When Northwestern Mutual's underwriting criteria are materially unfavorable;
- When Northwestern Mutual does not offer an insurance product or type of insurance product that meets your (or your business's) needs or objectives; or
- When a Northwestern Mutual insurance product that otherwise meets your (or your business's) needs or objectives does not offer a unique product feature appropriate for your specific situation.

Sales charges on front-load NM VAs range from 1.0% to 4.5%. Surrender charges on back-load NM VAs begin at 6% and decline over eight years. Contract fees are $0 to $30. Depending on the investment subaccounts selected, ongoing expenses range from 0.69% to 1.62% for front-load NM VAs and 1.44% to 2.37% for back-load NM VAs.

Sales charges on other companies' variable annuities range from 3.0% to 7.0% for front-load VAs. Surrender charges on other companies' back-load VAs are up to 10%, and contract fees range from $0 to $120. Ongoing expenses range from 0.64% to 2.45% for other companies' front-load VAs and 0.35% to 5.60% for other companies' back-load VAs.

Sales charges on NM VL policies range from 2.55% to 9.5%. Surrender charges on NM VL policies range from 0% to 50% of target premium. Contract fees range between $6 and $33 + 1.375% (monthly) of target premium + $0.026 (monthly) per $1,000 of Initial Specified Amount. Ongoing expenses of NM VL policies range from 0.81% to 1.88%, depending on the investment subaccounts selected. For NM VL policies, sales charges apply on premium payments you pay in the first policy year and in any policy year thereafter. For example, if you pay premiums in years 2-10 of a policy, a sales charge applies. Also, a sales charge of 0.07% of your policy's invested assets is paid at the end of policy years 2 and later.

Sales charges on other companies' VL policies range from 0% to 25%, surrender charges range from $0 to $59.24 per $1,000 of specified amount, and contract fees range from $9 to $50 + $11.39 per $1,000 of specified amount monthly. Ongoing expenses of other companies' VL policies range from 0.28% to 2.65%.

Subsequent purchase payments to an NM VA, or to another company's VA contract, are subject to sales charges and/or withdrawal charges as set forth in the product prospectus. For front-load NM VAs, a sales charge of up to 4.5% of the purchase payment applies. For back-load NM VAs, a withdrawal charge schedule applicable to the purchase payment begins at 6% and declines over eight years.

For certain older series NM VAs (first purchased prior to April 1, 2000) a front-load sales charge of up to 8% of the purchase payment applies or for back-load NM VAs a withdrawal charge schedule applicable to the purchase payment begins at 8% and declines over 8 years.

The amount of the sales charge or length/amount of the withdrawal charge schedule applicable to your subsequent purchase payments will vary based on the VA contract and the total cumulative contributions made during the life of the VA contract.

Consult with your financial representative to determine the amount of the transaction charge, any surrender charge, ongoing expenses and any contract fees applicable to your initial or subsequent VA or VL transaction. For a particular NM VA or NM VL, or for another company's VL product recommended to you or that you purchase, additional product-level information, including information about sales charges, withdrawal charges, investment strategy, risks, costs, fees and conflicts, appears in the product prospectus. The prospectus will be delivered to you in hard copy by hand or by mail before you purchase. NM VA prospectuses are also available at NorthwesternMutual.com. Also, after you purchase a VA or VL, you will receive your contract or policy, which will include important information, terms and conditions.

In determining whether another company's variable product is appropriate to sell to and/or service for our clients, we consider the features, benefits, costs and risks of the variable product; the need for the variable product in our distribution system; and whether any additional supervision or training is required.

Financial representatives (but not their staffs) are required to meet annual minimum insurance production requirements established by Northwestern Mutual from time to time. These annual minimum insurance production requirements are intended to be modest and generally commensurate with the amount of production that would be expected of any financial representative in the business on a full-time basis.

Whenever a client acquires a VA or VL product through us, the financial representative receives compensation. The compensation and benefits that your financial representative receives from us, which are further discussed below, are conflicts of interest because they create an incentive for your financial representative to recommend insurance products and securities products we offer instead of insurance products and securities products issued or offered by other companies.

However, when your financial representative helps you acquire a VL product from another insurance company, they are compensated with commissions paid through us by that insurance company. At times, insurance brokered with other insurance companies generates larger upfront commissions, as well as ongoing commissions over the life of the product. Insurance products sold through Northwestern Mutual result in upfront commissions, ongoing commissions over the life of the product and other benefits to our financial representatives. NM prohibits its licensed representatives from recommending, selling or servicing any fixed index annuity/equity index annuity products. In general, the total compensation your representative receives for VL products sold to solve a long-term insurance need is comparable regardless of the issuing company.

If you ever have any questions or concerns about why your financial representative is recommending one insurance product or service over another, please do not hesitate to ask your financial representative or contact the corporate office at 866-950-4644.

Exchange-Traded Products (ETPs)

Exchange-Traded Funds (ETFs)

We offer passive ETFs on our brokerage product menu. ETFs are a type of security that tracks an index (e.g., the S&P 500), commodities, bonds or a group of assets. ETFs trade similarly to a stock on an exchange, where its share price can increase or decrease in value throughout the day as shares are bought and sold. There are many types of ETFs available, from traditional asset types (i.e., large, mid and small cap) to alternative asset types like commodities. When you buy or sell ETFs, we charge you a commission according to the Exchange-Traded Products Commission Schedule described below.

Key points to know about investing in ETFs

- A major difference between ETFs and mutual funds is that ETFs trade in the secondary market just like a stock.
- Unlike mutual funds, which are priced at the close of trading, the price of an ETF changes as investors buy and sell shares of an ETF throughout the day.
- Unlike some mutual funds, an ETF doesn't have a sales charge or load. Rather, you are charged a commission, just like when you trade a stock for both buy and sell transactions.
- Like mutual funds, ETFs have ongoing expenses to operate the fund, which include management fees and other expenses.
- ETFs are generally less actively managed than mutual funds, resulting in less portfolio turnover and lower management fees.
- We make brokerage recommendations only of passively managed ETFs; we do not make recommendations of actively managed ETFs.

Stocks

We offer stocks on our brokerage product menu. Stocks (equities) are a way to invest in a publicly traded company by purchasing shares that are issued by that firm. Investing in stocks benefits you if your shares increase in price as the company performs well or if the shares of the company pay dividends. As a stockholder, you will have partial ownership in that company, giving you the ability to vote on certain key company decisions. Stocks are subject to the Exchange-Traded Products Commission Schedule described below.

Preferred securities

We offer preferred securities on our brokerage product menu. Preferred securities (or preferred stocks) are investments that share characteristics of both stocks and bonds and are sometimes called hybrid securities. They can offer higher yields than many traditional fixed income investments, but they come with different risks, including interest rate risk, credit risk, call risk and dividend/interest payment risk. Preferred securities are subject to the Exchange-Traded Products Commission Schedule described below.

Closed-end funds

We offer closed-end funds on our brokerage product menu. A closed-end fund (CEF) is an investment company that raises money through an initial public offering (IPO) and then trades the funds' shares in the public market like a stock. Unlike mutual funds, CEFs do not issue additional shares after the IPO and are run by an investment advisor and managed by a team that trades the underlying securities that make it up. Like a mutual fund, CEFs charge an annual expense ratio and can pay capital gains or income distributions to its shareholders.

Since CEFs trade on stock exchanges, their shares trade just like stocks, with share price movements occurring throughout the trading day. This contrasts with open-end mutual funds, which price shares only once at the end of each trading day. While an open-end fund's share price is based on the net asset value (NAV) of the portfolio, the stock price of a closed-end fund fluctuates according to market forces. These forces include supply and demand, as well as the changing values of the securities in the fund's holdings.

CEFs trade on organized exchanges, and they are subject to the Exchange-Traded Products Commission Schedule described below. For additional information on CEFs, please contact your financial representative.

Exchange-Traded Real Estate Investment Trusts (REITs)

We offer real estate investment trusts (REITs) on our brokerage menu. A REIT is a company that owns, operates or finances income-producing real estate. REITs allow anyone to invest in portfolios of real estate assets and real estate-related loans or securities in the same way they invest in other industries – through the purchase of individual company stock or through a mutual fund or exchange-traded fund (ETF). The stockholders of a REIT earn a share of the income produced through real estate investment – without actually having to buy, manage or finance property or invest in individual real estate-related securities.

When you buy or sell exchange-traded products, you are charged a commission. The following Exchange-Traded Products Commission Schedule applies to ETFs, stocks, preferred securities, closed-end funds and exchange-traded REITs. Commission rates are negotiable. The commission for a particular transaction will be disclosed in the trade confirmation you receive after the transaction, which will be delivered to you using the delivery method you have selected, such as by mail or electronically.

Exchange-Traded Products Commission Schedule	
Amount of Transaction	Fee Plus Percentage of Transaction
$0 to $1,500	5% with $25 minimum
$1,501 to $5,000	$50 + 1.3%
$5,001 to $10,000	$50 + 1.2%
$10,001 to $25,000	$50 + 1.1%
$25,001 to $50,000	$50 + 0.95%
$50,001 to $100,000	$50 + 0.85%
$100,001 and up	$50 + 0.75%

Options

We offer options on our brokerage product menu. Options are financial products that derive their value from an underlying security like stocks. An options contract offers the buyer the opportunity to buy or sell — depending on the type of contract they hold — the underlying asset (i.e., stock).

Options may be bought and sold like other securities, such as stocks or bonds. For equity options, the underlying security may be a stock, ETF or similar product. There are two types of options contracts: calls and puts.

- **Call** options allow the holder to buy the stock at a stated price within a specific time frame.
- **Put** options allow the holder to sell the stock at a stated price within a specific time frame.

	Buy/Long/Own	Sell/Short/Write
Calls	Right to buy underlying stock at the strike price on or before the expiration date	Obligation to sell underlying stock at the strike price if the contract is exercised
Puts	Right to sell underlying stock at the strike price on or before the expiration date	Obligation to buy underlying security at the strike price if the contract is exercised

In either case, the option holder (the purchaser of the option) has the right (but not the obligation) to sell the option to close the position, exercise the option or let it expire.

Options contracts have specific expiration dates by which the holder must exercise. The stated price on an option is known as the strike price.

By contrast, the option writer (the seller of the option) is obligated to fulfill the writer's side of the contract if the buyer wishes to exercise his or her right under the contract. When a client sells a call as an opening transaction, the client is obligated to sell the underlying interest at the strike price, if assigned. When a client sells a put as an opening transaction, the client is obligated to buy the underlying interest, if assigned. As a writer, a client has no control over whether or not a contract is exercised. Exercise is possible at any time until the expiration date. Because the buyer may sell an option back into the market rather than exercising it, the writer may purchase an offsetting contract (provided the client has not been assigned) and end the obligation to meet the terms of the contract. When offsetting a short option position in this way, a buy to close transaction is entered.

Options commission schedule

$50 + 1.5% of principal. Options commissions are not negotiable.

Prior to establishing an account approved to trade options, you will be required to enter into an Option Agreement and Approval Form. Upon account approval we will provide you an options disclosure statement, including information about the characteristics and risks of options transactions. This information will be delivered to you using the delivery method you have selected, such as by mail or electronically.

For an options account with us, you must have a minimum gross income of $75,000 for an individual account or $150,000 for a joint account, and your investment objective must be Income/Growth, Growth or Aggressive Growth. Also, depending on the options strategy, we apply a net worth minimum starting at $35,000. For more aggressive options strategies, we apply a higher net worth minimum; we require the account risk tolerance to be Aggressive or Very Aggressive, and we require one to two years' minimum options experience. Certain account types are ineligible for options, including but not limited to UGMA/UTMA accounts.

Bonds

We offer various types of bonds on our brokerage product menu, as described below.

Corporate bonds

Corporate bondholders are creditors of the company and expect the company issuing the bond to make regular interest payments and to repay the principal amount when the bond matures. Compared to a company's stockholders, its bondholders have a priority claim (creditor) over the assets of the corporation. The terms "secured" and "unsecured" refer to whether or not the corporation pledges assets as collateral for its bonds. Secured bonds are backed by collateral and typically provide lower yields to reflect the lower risk of loss in the event of a default. The value of corporate bond securities may be impacted by changes in market interest rates (as interest rates rise, the value of the bonds will likely go down). The degree of price volatility depends on many factors, including the bond coupon, rating and duration.

Interest income from corporate bonds is taxable at both the federal and state levels. The minimum denomination for most U.S. corporate bonds is $1,000.

Transaction charges on corporate bonds range from $0.625 to $15 per bond and are subject to a $50 minimum transaction charge. Consult with your financial representative to determine the amount of the transaction charge applicable to your transaction. A mark-up or mark-down is a form of transaction charge that may apply. The cost of mark-ups and mark-downs can decrease the yield generated from a bond investment. The higher the transaction charge, the lower the yield you will receive.

Zero coupon bonds

There are three primary types of zero coupon bonds: U.S. Treasury zero coupon bonds (commonly referred to as STRIPS, the most popular, which are also described below), corporate zero coupon bonds and municipal zero coupon bonds. Zero coupon bonds don't pay interest but are traded at a discount to the face amount of the bonds. At maturity, the client receives a lump sum equal to the face amount of the bonds. Because zero coupon bonds pay no interest until maturity, their prices can fluctuate more than other types of bonds. In addition, although no payments are made on zero coupon bonds until they mature, investors may have to pay federal, state and local income tax on the phantom interest that accrues each year, which is the imputed interest (though no coupon payments have been made). The value of zero coupon bond securities may be impacted by changes in market interest rates (as interest rates rise, the value of the bonds will likely go down). The degree of price volatility depends on many factors, including the bond rating and duration.

Transaction charges on corporate bonds (including zero coupon bonds) range from 0.5% to 3.0% and are subject to a $50 minimum. Consult with your financial representative to determine the amount of the transaction charge applicable to your transaction. A mark-up or mark-down on the price of bond may apply in lieu of a transaction charge. The cost of mark-ups and mark-downs can decrease the yield you generate from a bond investment. The higher the transaction charge or mark-up, the lower the yield you will receive.

The commission for a particular transaction will be disclosed in the trade confirmation you receive after the transaction, which will be delivered to you using the delivery method you have selected, such as by mail or electronically.

Municipal bonds

Municipal bonds are debt securities that are issued by a state, municipality or county to finance its capital expenditures — the construction of highways, bridges or schools. Municipal bonds are exempt from federal taxes and from most state and local taxes, making them attractive to investors in higher income tax brackets.

In addition to having credit risk, the value of municipal bond securities may be impacted by changes in market interest rates (as interest rates rise, the value of the bonds will likely go down). The degree of price volatility depends on many factors, including the bond coupon, rating, relative value to taxable bonds and duration.

Municipal bonds are transacted with minimum denominations of $5,000 and in increments of $5,000. Transaction charges (applied as a mark-up or mark-down) on municipal bonds range from $0.625 to $15 per bond depending upon the bond's maturity and are subject to a $50 minimum.

The mark-up or mark-down for a particular municipal bond transaction will be disclosed in the trade confirmation you receive after the transaction, which will be delivered to you using the delivery method you have selected, such as by mail or electronically.

U.S. Treasurys

Treasury securities are a liquid, fixed rate, income-producing investment backed by the full faith and credit of the U.S. government. They are used as a benchmark for U.S. and global interest rates. Despite having little credit risk, the value of Treasury securities fluctuates with changes in market interest rates. The degree of volatility depends on many factors, including bond duration and coupon.

All U.S. Treasurys are transacted in denominations of $1,000 face value with a minimum purchase amount of $1,000 face value.

The following three types of U.S. Treasury products are sold in securities markets and can be purchased through us:

- Treasury bills (T-bills), which have various maturities up to one year, are sold at a discount and mature at face value.
- Treasury notes (T-notes), which have 1- to 10-year maturities, pay interest semiannually.
- Treasury bonds (T-bonds), which have 11- to 30-year maturities, pay interest semiannually.

Auction orders

You may place a non-competitive order for Treasurys at auction through us. The price (or net amount) of the Treasury is not determined until after the auction. All auction orders are charged a $50 flat fee. A complete schedule of auctions may be found at treasurydirect.gov.

TIPS and STRIPS

Treasury Inflation Protected Securities (TIPS) are a form of notes and bonds whose principal is tied to the rate of inflation. TIPS adjust the principal paid to the investor to keep pace with the rate of inflation. While these securities pay a fixed rate of interest, the value of the principal amount of the bond is adjusted for inflation. TIPS are currently issued with maturities of 5, 10 and 30 years and may be purchased in the primary and secondary markets. Like all Treasury notes and bonds, TIPS are exempt from state and local income taxes. At the federal level, investors are taxed both on the coupon payments and the inflation adjustments to the principal value in the year that the principal increase occurs.

Separate Trading of Registered Interest and Principal of Securities (STRIPS) is a U.S. Treasury program whereby the coupon and principal payments of standard Treasurys may be split and traded separately as zero coupon securities. For example, a five-year Treasury note would be stripped into 11 separate securities — 10 representing the note's semiannual coupon payments and one representing its final principal payment. The new securities are called coupon strips and principal strips. Together, they are called Treasury STRIPS.

The commission for a particular transaction will be disclosed in the trade confirmation you receive after the transaction, which will be delivered to you using the delivery method you have selected, such as by mail or electronically.

Specialty products

For appropriate clients, we may also offer certain specialty products (also referred to as alternative investments) that have more unique structures and investment characteristics. These specialty products are generally available for purchase only by certain qualified and higher-net-worth clients. Specialty products are typically much less liquid and more complex in their structure and are often designed to provide lower correlation to the investment performance of traditional equity and fixed income markets. Specialty products may offer higher return potential, but they also have higher loss potential. Fees and costs associated with these products are often higher or are assessed less predictably. Given the speculative nature of such products, they are generally appropriate for an investor with a long investment time horizon, less liquidity needs, and a higher risk tolerance.

In addition to a variety of specialty products offered by third-party providers, NMIS offers NM's proprietary specialty products, where NMIS's affiliates receive investment management fees and other compensation. Such compensation creates a conflict of interest. To mitigate this conflict, we do not provide any additional financial incentive to financial representatives to offer NM's proprietary specialty products instead of third-party specialty products.

If your financial representative recommends a specialty product described in this **Specialty products** section, you will receive additional information on the features, investment strategy, risks and costs associated with the specialty product prior to or at the time of recommendation. This information will be delivered to you using the delivery method you have selected, such as by mail or electronically.

When you buy a private equity fund, hedge fund, private credit, private real estate or other private investment in a brokerage account, you are charged a commission. Commission rates on private funds are typically a 3.00% front-end placement charge on the client's commitment amount, which is in addition to the ongoing expenses of the private fund. Commission rates on private funds are negotiable.

Private equity

A private equity investment seeks to invest in and participate in the growth of private companies. Individuals may directly own a portion of a company that is not publicly owned, quoted or traded on a stock exchange or may invest in a fund that invests in private companies. Private equity investment strategies include executing leveraged buyouts, contributing venture capital and investing growth capital. Private equity investments are illiquid assets that seek long-term appreciation away from public markets.

Because of their long-term investment horizon, an investment in a private equity fund is often illiquid, and it may be necessary to hold it for several years before any potential return is realized. Private equity funds typically impose limitations on investors' ability to withdraw their investment, making them highly illiquid investments. And private equity investments usually have high minimum investment requirements.

Hedge funds

A hedge fund is a private investment fund that offers investment management in a pooled investment fund structure, usually a limited partnership of investors. A hedge fund typically provides its investment manager (usually the general partner) broad flexibility to pursue the hedge fund's investment mandate. Hedge fund investment strategies vary widely but commonly include leverage (borrowing), short selling, long/short, merger/risk arbitrage, distressed securities, tactical trading, market neutral, convertible and fixed income arbitrage and emerging markets and may use a combination of these investment strategies. Hedge funds commonly invest in a wide variety of financial instruments.

An investment in a hedge fund is often illiquid, and it may be necessary to hold it for several years before any potential return is realized. Hedge funds may impose limitations on investors' ability to withdraw their investment, making them highly illiquid investments. And hedge funds usually have high minimum investment requirements and high ongoing expenses.

Interval funds and tender offer funds

An interval fund is a type of investment company that periodically offers to repurchase its shares from shareholders (i.e., the fund offers to buy back a portion of its shares at certain pre-defined intervals according to the fund's policy).

Interval funds are typically closed-end funds, but they are very different from traditional closed-end funds in that:

- Interval fund shares typically do not trade on the secondary market. Instead, their shares are subject to periodic repurchase offers by the fund at a price based on net asset value.
- They are permitted to (and many interval funds do) continuously offer their shares at a price based on the fund's net asset value.

As compared to mutual funds, interval funds may invest a larger portion of their portfolios in less liquid and illiquid assets, such as the securities of private companies. An investment in an interval fund is much less liquid than a traditional mutual fund, and you may not be able to withdraw some or all of your investment upon your request because of the interval repurchase feature. Interval funds generally have higher minimum investment requirements and higher ongoing expenses than traditional mutual funds.

Similar to an interval fund, tender offer funds are a type of closed-end investment company offering shares to investors that may periodically offer to repurchase shares from shareholders. However, there are key differences of tender offer funds relative to interval funds:

- The tender offer fund has full discretion (via its board) for whether and when to offer to repurchase shares as well as discretion to determine the size of the repurchase offer amount (i.e., percentage of shares). This differs from interval funds in that interval funds have policies regarding the planned intervals for repurchase offers and must offer 5% to 25% of shares outstanding for repurchase.

- The repurchase offering timeframe is typically shorter for tender offer funds than for interval funds and the repurchase price for tender offer funds uses the "best-price-rule" vs. net asset value for interval funds.

Like interval funds, tender offer funds typically invest a large portion of their portfolios in less liquid and illiquid assets, making them high risk investments. Tender offer funds can be highly illiquid because the funds can impose limitations on repurchase offers, or forgo repurchase offers, therefore you may not be able to withdraw some or all of your investment, making them riskier than interval funds. Tender offer funds have high minimum investment requirements and high ongoing expenses as compared to traditional mutual funds. Both interval funds and tender offer funds may include repurchase fees, may redeem shares pro rata for oversubscription, invest in less liquid assets, and use leverage.

Exchange funds

An exchange fund is a privately offered special-purpose, long-term investment for investors seeking to diversify large stock positions. Investments are made by contributing stock to the exchange fund in a swap (i.e., exchange) for units in the exchange fund, which is a pool of investors' large stock positions and real estate assets. Selling to diversify would typically incur capital gains. However, through the exchange fund contribution, investors seek to diversify their large stock positions in many cases highly appreciated stock, and potentially defer taxes via a non-taxable transaction to an exchange fund. Exchange funds are typically limited to high-net-worth clients (i.e., Qualified Purchasers), are illiquid (with at least 20% of its portfolio in illiquid investments such as real estate investments) as well as have multi-year illiquidity time-periods (lock-up periods) to satisfy tax deferral requirements. Exchange funds are high risk, high fee products that include fees to manage the fund and may impose penalties should you want to redeem your investment before the lock-up period has ended. Exchange funds also usually have high minimum investment requirements.

Private credit

Private credit is a type of alternative investment where investment funds, often organized as limited partnerships, invest in directly originated loans to companies that cannot or do not want to access public markets for their capital needs. Private credit has the potential to generate higher yields than traditional fixed income investments. This higher yield potential can be attributed to the inability or unwillingness of the borrower to access the public markets and the illiquidity premium associated with Private credit. Several reasons exist for borrowers' willingness to access the Private credit market, including flexibility of lending structures, confidentiality and speed of access to capital.

Private credit investment strategies include direct lending, distressed credit, structured credit and specialty finance.

Private credit funds are high risk due to their illiquidity and higher risk investment strategies and typically are not suitable for investors who need certainty about their ability to access their invested capital in the short or mid-term. Ownership interests in Private credit funds are considered

illiquid, and there is no secondary trading market for them. Private credit funds typically limit opportunities to redeem (quarterly or annually) and often impose a significant "lock-up" period of one year or more during which investors cannot redeem their interest. And Private credit funds usually have high minimum investment requirements and high ongoing expenses.

Private real estate

Private real estate often involves either investing directly in an asset (buying a property) or a claim on an asset (providing a mortgage to a purchaser). A Private real estate investment can also be made indirectly through different investment vehicles, such as a limited partnership. In addition, a Private real estate investment may be structured as equity (ownership interest) or debt (lender).

Private real estate requires property management expertise on the part of the owner (or of the General Partner in an LP structure). Private real estate equity investors expect a higher rate of return than Private real estate debt investors, as they take on more risk. Private real estate debt investors (lenders) expect to receive their returns from underlying cash flows and do not usually participate in the price appreciation of the underlying real estate. Private real estate investors may prefer the direct ownership in real estate (or indirectly through an LP structure), while other Private real estate investors may prefer private mortgages because it involves less risk than an equity investment.

Private real estate funds may invest in industrial, retail, multi-family, office and other types of real estate. Private real estate investments are typically illiquid, as there is not an active secondary trading market for them. Investors in private real estate should have a longer time horizon given the investment's multiple-year lock-up provisions.

In addition, the Tax Cuts and Jobs Act of 2017 established tax incentives (which expired at the end of 2021) for investors to invest in under-developed real estate markets called "Opportunity Zones." The Opportunity Zone Program allows an investor to sell an asset (stock, for example) and defer the capital gains on that asset into a real estate asset located in one of the 9,000 distressed and low-income areas across the U.S. Generally, when an investor sells an appreciated asset, they are taxed on their capital gains. However, when they roll the capital gains into a Real Estate Opportunity Zone Fund, investors become eligible to defer taxes on capital gains and to possibly receive future capital gains tax incentives, the level of which depends on how long the investment is held.

Like other Private real estate investments, Opportunity Zone Funds are structured as limited partnerships and thus are illiquid, and investors who need to access their capital in the short term should not participate in these investments. Given the recent nature of these funds, NMWMC Research evaluates the ability of the Opportunity Zone Fund's General Partner to source deals and navigate the rules pertaining to Opportunity Zones. There is no guarantee any tax incentives will be realized.

An investment in a Private real estate fund (which includes Opportunity Zone Funds) is often illiquid, and it may be necessary to hold it for several years before any potential return is realized. Private real estate funds typically impose limitations on investors' ability to withdraw their investment, making them highly illiquid investments. And Private real estate funds usually have high minimum investment requirements and high ongoing expenses.

529 plan accounts and ABLE plan accounts

We offer 529 qualified tuition plans (529 plans) and Achieving a Better Life Experience (ABLE) plans designed to be offered and serviced through financial representatives (as opposed to directly offered no-load plans). A 529 plan is a tax-advantaged savings product designed to encourage saving for future education costs. An ABLE plan is a tax-advantaged savings program for individuals with disabilities. Both 529 plans and ABLE plans are municipal fund securities sponsored by states, state agencies or educational institutions and allow for federally tax-deferred earnings and federally tax-exempt withdrawals when used for qualified education or disability expenses, depending on the plan type. You may also receive state benefits, such as state tax deductions or tax credits for investing in your home state's 529 plan or ABLE plan.

We offer Class A shares of one state's ABLE plan, which is currently the only ABLE program available that is designed to be offered and serviced through financial representatives. We offer 529 plans of approximately 25 states that have qualified tuition plans designed to be sold by financial representatives. Similar to mutual funds, in most cases we offer 529 plans in Class A and Class C share classes. Such share classes are described in the previous **Investing in mutual funds** section. In addition, for the following states' 529 plans, for eligible investors we offer the share classes as listed below.

State	529 Plan Name	Share Class
CT	Connecticut Higher Education Trust (CHET)	A, C, P
IL	Bright Directions Advisor-Guided 529	A, C, E
NH	Fidelity Advisor 529 Plan	A, C, P
OK	Oklahoma Dream	A, C, P
RI	CollegeBound 529	A, C, RA, RZ
SC	Future Scholar	A, C, AG, E
SD	CollegeAccess 529 Plan	A, C, SD-A, SD-C
VA	CollegeAmerica	A, C, E
WV	The Hartford SMART 529 Plan	A, C, E

Refer to the respective state's 529 plan program offering document for more information on a particular share class. When you purchase a 529 plan or ABLE plan, additional product-level information, including information about investment options, risks, costs, fees and conflicts, appears in the program description offering document. The 529 plan or ABLE program description will be delivered to you prior to or at the time of recommendation using the delivery method you have selected, such as by mail or electronically.

NMIS is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board (MSRB). The Municipal Securities Rulemaking Board website address is msrb.org. For a copy of an investor brochure that includes important information concerning the protections that may be provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority, visit the MSRB website.

Lending programs

We make available several securities-backed lines of credit (SBLOC) solutions for clients with credit needs. Through SBLOC programs, you may borrow money against the assets in your investment portfolio without liquidating securities. The loan is backed by pledging the securities held in your brokerage account with us. You can typically borrow up to 60% of the value of your account assets. The proceeds of a SBLOC loan cannot be used to purchase or trade securities. We do not make recommendations of SBLOCs.

We do not extend credit. All lines of credit for SBLOCs are offered by third-party lenders. In addition, certain lenders pay us compensation for marketing and/or meeting-related expenses and sponsorships. Our receipt of these payments is a firm-level conflict of interest because we receive an economic benefit from making SBLOC loans available to clients. Depending on the lender selected, we may receive a fee or portion of the revenue generated by the loan, which creates an incentive for us to make SBLOC loans available to you.

Prior to establishing a SBLOC loan, you will receive disclosures about the risks of SBLOCs and loan documents with information about the terms, costs and risks of your loan. This information will be delivered to you using the delivery method you have selected, such as by mail or electronically.

Margin accounts

We offer margin accounts for clients who seek to borrow as part of their brokerage investment strategy. A margin is a loan using currently owned marginable securities as collateral to borrow money or securities from our clearing firm. You may pay the margin loan interest monthly or allow the interest to be added to the loaned amount, as long as the value of your pledged securities is sufficient to meet the minimum margin requirements. Principal may be paid at any time by selling securities or depositing money.

Margin interest rates are calculated using a base rate (i.e., Broker Call Rate) plus a spread that varies with the size of the outstanding margin (i.e., loan) balance. The higher the loan balance, the lower the interest rate. The Broker Call Rate is set by the Federal Reserve Board and is publicly available. Certain securities may have non-standard margin requirements.

Here is an example Margin Interest Rate Schedule:

Net Loan Balance	NMIS Margin Interest Rate
$0 to $9,999	Broker Call plus 2.75%
$10,000 to $29,999	Broker Call plus 2.00%
$30,000 to $49,999	Broker Call plus 1.50%
$50,000 and above	Broker Call plus 0.75%

Prior to establishing a margin account, you will be required to enter into a margin agreement and will receive a margin disclosure statement, including information about the facts, risks and costs of purchasing securities on margin. Information regarding the margin interest rate applicable to your margin account is provided to you on your regular account statement. This information will be delivered to you using the delivery method you have selected, such as by mail or electronically.

For a margin account with us, you must have a minimum gross income of $75,000 for an individual account or $150,000 for a joint account; your risk tolerance for your account must be Aggressive or Very Aggressive; and your investment objective must be Income/Growth, Growth or Aggressive Growth. Certain account types are ineligible for margin, including UGMA/UTMA accounts, 529 Plans, conservator accounts, guardian accounts, employee benefit plans and IRAs. Trusts, partnerships, corporations, organizations and limited liability companies (LLCs) must provide a written certification that they have ability to borrow against assets. Pershing, as the party extending credit to you, must also approve an account for margin.

Important information about certificates of deposit (CDs)

We make available a number of types of certificates of deposit (CDs). Each CD is a deposit obligation of an issuing institution (issuer) for money that is deposited for a set amount of time. The CDs are insured by the Federal Deposit Insurance Corporation (FDIC) within the limits described below and generally offer a competitive rate of return relative to bank savings accounts. CD maturities may range from 30 days to several years. Each CD constitutes a direct obligation of the issuer and is not, either indirectly or directly, our obligation. Your financial representative can inform you of the issuers whose CDs are available.

CDs of all types are most suitable for purchasing and holding to maturity, and you should be prepared to hold your CDs to maturity. If your CD is callable by the issuer, you should nevertheless be prepared to hold it for its full term, since the issuer may choose not to call the CD. Furthermore, depending on the individual terms of your CD, early withdrawal may not be permitted or may result in substantial penalties.

NMIS does not make a secondary market in CDs and makes no representations about the availability of a secondary market for any CD. If you are able to sell your CD in the secondary market, the price you receive will reflect prevailing market conditions, and your sales proceeds

may be less than the amount you paid for your CD. Any CD prices on your account statement are estimates and are not based on actual market prices.

You should carefully review your trade confirmation for additional information, such as the maturity date, of a particular CD.

Types and general descriptions of CDs we make available
Interest-bearing CDs: Interest-bearing CDs are offered in a wide range of maturities and bear interest at a fixed rate or at a variable rate. Interest-bearing CDs are typically made available in minimum denominations and increments of $1,000.

Interest payments on interest-bearing CDs are automatically credited to your account. Interest will accrue up to but not including the interest payment date, the maturity date or any call date. If an interest payment falls on a day that is not a business day, interest will be paid on the first business day following the interest payment date. Interest on CDs is not compounded. Interest on CDs purchased in the primary market is calculated on the basis of the actual number of days elapsed over a 365-day year. However, the amount of interest on CDs that are purchased in the secondary market may be based on other interest rate calculations.

Fixed rate CDs: A fixed rate CD will pay the same interest rate throughout the life of the CD. Typically, interest earned on fixed rate CDs with maturities of one year or less will be payable at the maturity of your CD, while maturities of more than one year will pay interest monthly, quarterly, semiannually, annually or at maturity as specified on the trade confirmation.

Variable rate CDs: Variable rate CDs present different investment considerations than fixed rate CDs and may not be appropriate for every investor. Depending upon the type of variable rate (step or floating) and the interest rate environment, the CD may pay substantially more or substantially less interest over the term of the CD than would be paid on a fixed rate CD of the same maturity.

Further, if the variable rate CD is subject to call by the issuer, (i) you may not receive the benefits of any anticipated increase in rates paid on the variable rate CD if the CD is called, or (ii) you may be required to hold the CD at a lower rate than prevailing market interest rates if the CD is not called.

At your request, your financial representative can provide you additional information about the step rate or the basis for resetting a floating rate, whether the CD is subject to call by the issuer or the time periods when the issuer may call the CD.

The interest rate on a variable rate CD may increase or decrease from the initial rate at predetermined time periods (step rates) or may be reset at specified times based upon the change in a specific index or indices (floating rate). Interest will be paid monthly, quarterly, semiannually, annually or at maturity as specified on the confirmation. The dates on which the rates on step rate CDs will change or the rates on floating rate CDs will reset, as well as a description of the basis on which the rate will be reset, will be set forth on the trade confirmation and/or a supplement to this Guide.

Zero coupon CDs: Zero coupon CDs do not bear interest but rather are issued at a substantial discount from the face or par amount, the minimum amount of which is $1,000. Interest on the CD will accrete at an established rate, and the owner will be paid the par amount at maturity.

Zero coupon CDs have unique tax implications that may affect you. You should consult your tax advisor prior to purchase of zero coupon CDs.

Inflation-linked CDs: Inflation-linked CDs are new issues offered at par with maturities ranging from 3 to 10 years. Unlike traditional CDs that pay a fixed interest rate over the life of the investment, the interest rate on inflation-linked CDs is linked to changes in the Consumer Price Index (CPI), which measures changes in the price level of a market basket of consumer goods and services purchased by households. CPI can be used to index (i.e., adjust for the effect of inflation) the real value of wages, salaries and pensions; for regulating prices; and for deflating monetary magnitudes to show changes in real values. This provides a real rate of return above the rate of inflation to help protect investors from the adverse effects of inflation. The interest rate on inflation-linked CDs is typically made up of two components: a fixed spread amount, stated at issuance, plus an inflation-adjustment amount, calculated monthly based on the change in CPI. This structure helps minimize the inflation risk, preserving the inflation-linked CD's real purchasing power. At maturity, the principal payment is par. Inflation-linked CDs typically contain an estate feature, which may afford heirs the opportunity to redeem at par prior to maturity.

Features of CDs

Step rates: Variable rate CDs may contain variable or predetermined stepped rates. Step rates on CDs may be at or below the prevailing market rates. The rate of interest paid by the issuer on step rate CDs will vary upward (step-ups) or downward (step-downs) from the initial stated rate of interest on the CD. Step-down CDs typically pay an interest rate *above* the prevailing market rate for a set period and may subsequently step down to a lower, predetermined rate that is paid until maturity after the initial period elapses. Similarly, a step-up CD routinely pays an interest rate below the prevailing market interest rate for a defined period. After the expiration of the defined period, a step-up CD will step up to higher, preset rates that are paid until maturity.

Typically, step rate CDs are callable at the issuer's discretion at one or more dates prior to maturity and, therefore, are subject to the call risks and secondary market risks described within this Guide. The schedule of step interest rates and calls affect the secondary market value of the CD.

With step-up CDs you should not expect to earn the last and highest scheduled rate of interest income because step-up CDs are likely to be called prior to maturity unless general interest rates rise significantly. With step-down CDs you expect to earn the step-down rate of interest income after the first scheduled step-down date. Typically, the rate of interest paid at the first step-down rate is lower than non-step-rate callable CDs with an equivalent time to maturity or call. Step-down CDs are not likely to be called prior to maturity unless general interest rates fall significantly. When determining whether to invest in a step rate CD, you should not focus on the highest stated interest rate, which usually is the initial or final stepped rate of interest. You should instead focus on the overall annual percentage rate of interest to maturity and call as compared to other equivalent investment alternatives.

Callable CDs: Callable CDs are typically callable (redeemable) **at the sole discretion of the issuer** prior to maturity. If the CD is called, you will be paid the outstanding principal amount and interest accrued up to but not including the call date. The dates on which the CD may be called will be specified in the trade confirmation.

Callable CDs present different investment considerations than CDs not subject to call by issuer and may not be appropriate for every investor. At your request, your financial representative can provide you additional information about the terms of your CD, including the time periods when the issuer may call your CD. The issuer decides in its sole discretion whether to call a CD before maturity in accordance with the CD terms. The issuer is not obligated to call the CDs. We do not control or influence whether or when an issuer decides to exercise a call.

You should be aware that if the issuer decides to call the CD, it will do so when it is most advantageous for the issuer, without consideration to your investment needs. The issuer is most likely to call the CDs when interest rates on comparable deposit obligations are lower than the interest rate paid on the CDs. Depending upon the terms of the CD, you may face the risk that (i) your return would be less than the yield that the CD would have earned had it been held to maturity; (ii) you may be unable to reinvest your funds at the same rate as the original CD; or (iii) the CD may not be called and you may be required to hold the CD until maturity. We are not responsible for any losses you may incur as a result of an issuer's decision to exercise or not exercise the call. You do not have the right to redeem the CD except for limited early withdrawal rights described below.

Risks associated with CDs

Credit risk: CDs are subject to the risk that the issuing depository institution may fail or otherwise become insolvent. In that event, federal depository insurance is available but only up to certain limits, and there may be delays in receiving the covered amounts. CDs and depository institutions issuing them often carry a credit rating. Some CDs may be lower or non-investment-grade quality or may not be rated at all, in which case the risk of insolvency of the issuing depository institutions is heightened.

Interest rate risk: CDs are subject to the risk that the interest rate received may be lower than prevailing interest rates, causing the market value of the CDs to decline. You may also have difficulty withdrawing your funds prior to maturity, thus preventing you from taking advantage of the higher interest rate environment. Callable CDs that are paying an interest rate that is above prevailing rates may be called by the issuer, and you may not be able to reinvest the proceeds at the rate you had been earning on your CD. CDs that pay a variable rate of interest are subject to the risk that the benchmark on which the interest is determined may be lower at times and for prolonged periods of time than prevailing interest rates or the rates that you could have earned with a fixed rate CD.

Liquidity risk: CDs have a fixed maturity date, and the issuing depository institutions generally will not permit withdrawals prior to maturity. In addition, there are limitations on the transferability of CDs, and no assurance can be given that a secondary market will exist or be maintained for the resale of CDs. Thus, if you buy a CD, you should be prepared to hold it to maturity. If you choose to sell the CD prior to the maturity date, the pre-maturity sales price of the CD may be less than the original price and subject to loss of principal.

Secondary market risk: You should not rely on the possible existence of a secondary market for any benefits, including achieving trading profits, limiting trading or other losses, realizing income prior to maturity or avoiding early withdrawal penalties. NMIS cannot provide any assurance that you will be able to sell your CDs prior to their maturity. In the event you are able to sell your CD in the secondary market, the prices you receive will reflect prevailing market conditions, and your sales proceeds may be less than the amount you paid for your CD.

Call risk: An issuer is likely to call its CD at a time when interest rates available on alternative investments are lower than the rate you are being paid on such CD. If called, the CD will be redeemed at the call price, and you may not realize the same return that you would have had if the CD had not been called. If you choose to reinvest the proceeds of the call, you might be required to invest in lower-yielding investments and subject to reinvestment risk based on the current market rates at that time. Conversely, a call by the issuing depository institution is least likely to occur at a time when interest rates available on alternative investments are higher than the rate you are being paid on a CD. Callable CDs may also be called at a price that is less than the price you paid for the CD if you purchased the CD in the secondary market at a premium over the par amount (or accreted value in the case of zero coupon CDs). The call price of a callable CD may limit the appreciation of the secondary market price for the CD above par value.

Reinvestment rate risk: Reinvestment rate risk is the risk that interest rates may be lower at the time of maturity or call than interest rates at the time of purchase. As a result, alternative investments at the time of maturity or call may not yield a rate of return similar to the time of the original CD purchase. Reinvestment rate risk may expose a callable CD owner to a lower-yielding investment due to the market rates that follow a call.

CPI expectations: Should actual changes in CPI fall short of expectations, the inflation-linked CD may underperform traditional CDs. A decrease in the CPI due to deflation will reduce the total amount of interest paid during the holding period.

Miscellaneous CD information

Change of agent: If you choose to remove us as your agent with respect to your CD, you may (i) transfer your CD to another agent (provided that the agent is a member of the Depository Trust and Clearing Corporation (DTCC); most major brokerage firms are members, but many banks and savings institutions are not); or (ii) request that your ownership of the CD be evidenced directly on the books of the issuer, subject to applicable laws and the depository institution's terms and conditions, including those related to the manner of evidencing CD ownership. If you choose to remove us as your agent, we will have no further responsibility with respect to your CD. If you establish your CD on the books of the issuer, you will have the ability to enforce your rights in the CD directly against the issuer.

Additions, withdrawals and renewals: No additions are permitted to be made to any CD. When you purchase a CD, you agree with the issuing depository institution to keep your funds on deposit for the term of the CD. Accordingly, except as set forth below, no early withdrawal will be available. The early withdrawal provisions, if any, applicable to your CD may be more or less advantageous than the provisions applicable to other deposits available from the issuer. In the event of death or the adjudication of incompetence of the sole beneficial owner of a CD, early withdrawal may be permitted without penalty. Withdrawal of a portion of the owner's interest will not be permitted. Written verification acceptable to the issuer will be required to permit early withdrawal under these circumstances. CDs held in an IRA are not eligible for early withdrawal simply because the beneficiary must begin making mandatory withdrawals from the IRA. IRA beneficiaries should consider purchasing CDs with maturities that correspond to the mandatory withdrawal requirements or look to the secondary market for liquidity. In the event that you wish to make an early withdrawal, and such withdrawal is permitted, we will endeavor to obtain funds for you as soon as possible. However, we will not advance funds in connection with early withdrawals and can give no assurances that payment pursuant to early withdrawals will be made by a specified date.

The CD will mature on the date indicated on the trade confirmation. Your CD will not be automatically renewed or rolled over, and interest on a CD will not continue to accrue. The original offering price plus the accrued interest (called accreted value in the case of zero coupon CDs) accrete after maturity. At maturity the CD balances will be remitted by the issuer to us and credited to your account. If the maturity date is not a business day, the CD balances will be paid on the next succeeding business day.

CD fees: Through Pershing, we receive sales compensation from the CD issuers that ranges from 0.01% to 3% for CD transactions. For example, we receive $1 to $300 of compensation per $10,000 of CDs purchased.

Applicable FDIC insurance limits: Your CDs are insured by the FDIC and backed by the full faith and credit of the U.S. government to a maximum amount of $250,000 in the event of default by the issuer offering the CD. This amount includes principal and interest and covers all deposits held in the same capacity per depository institution, as in the case of CDs purchased directly from a depository institution. In addition, deposits for self-directed individual retirement accounts are insured up to the aggregate amount allowed, separately from other non-retirement deposits held at the same institution. Depending on the ownership title, other accounts or deposits you may maintain directly with a particular depository institution or through another brokerage firm in the same depository institution may be aggregated with the CDs purchased through us for the purposes of the current applicable FDIC limit. **Therefore, it is your responsibility to monitor the total amount of deposits held with any one issuer to determine the extent of FDIC deposit insurance available on your deposits.**

For additional information related to FDIC insurance, please visit the website fdic.gov/resources/deposit-insurance/understanding-deposit-insurance/, or contact the FDIC, Office of Consumer Affairs by letter (1100 Walnut St., Box #11 Kansas City, MO 64106), by phone (877-275-3342), facsimile (703-812-1020) or 800-925-4618 (TDD), or by email (dcainternet@fdic.gov). Interest-bearing CDs are insured for principal and interest, accrued to the date of the issuing depository institution's closure, while zero coupon CDs are insured to the extent of the original offering price plus the amount of accrued earnings calculated by compounding interest annually at the rate necessary to increase the original purchase price to the maturity value over the life of the certificate. Interest is determined for insurance purposes in accordance with federal law and regulations. Purchasers of CDs who paid a premium (which would generally be the case only with regard to CDs purchased in the secondary market) in excess of (i) the original principal amount plus accrued but unpaid interest to the date of purchase in the case of interest-bearing CDs or (ii) the original principal amount plus earned discount to the date of purchase in the case of discount CDs should be aware that such premium is not covered by deposit insurance.

In the event that FDIC insurance payments become necessary for your CDs, the FDIC is required to pay the principal plus accrued interest (or the accreted value in the case of zero coupon CDs) to the date of the closing of the relevant depository, as prescribed by law, and is subject to the current applicable FDIC payment limitation without penalty or reduction of earnings.

The Securities Investor Protection Corporation (SIPC) and Pershing's Excess SIPC insurance do not cover deposits made at the bank in connection with our investment in CDs in the event the depository institution would default.

As discussed above, the insurance coverage provided by the FDIC is based upon the ownership rights and capacities in which deposit accounts are maintained at insured depository institutions. All deposits in an insured institution that are maintained in the same right and capacity (by or for the benefit of a particular depositor or depositors) shall be added together for purposes of determining insurance except for individual retirement accounts or other retirement plan assets, which are aggregated and issued separately. Deposits maintained in different rights and capacities will be insured separately from each other.

Account-level fees

Below are fees that are charged at the account level for some of the services associated with a brokerage account. Account-level fees are in addition to product-level fees. Account-level fees detailed below are generally not negotiable, but we may choose to waive any fee at our discretion. Please see the NMIS Account Fee Schedule at NorthwesternMutual.com for the most current information about fees. We may modify account-level fees at our discretion after notice to you as set forth in the account agreement.

In addition to account-level fees, when you own mutual funds, ETFs, variable insurance and variable annuity products (investment company products), you are subject to product-level fees. Although you are not "billed" for product-level fees, you pay them as an embedded expense. Investment company products subtract the product-level fee from the product's assets before determining the share or unit value.

Account Fees Non-IRA Accounts & IRA Accounts with Northwestern Mutual Wealth Management Company as IRA Custodian	
Customer Name Safekeeping	$48.00/position/year
Foreign Securities Safekeeping	$48.00/position/year
Employee Stock Option Exercise	$100.00
Margin Extensions / Late Payment[1]	$10.00
Closing / Transfer Out Fee[2]	$125.00
No- and Low-Load Mutual Fund Transaction Fee (Service Charge)[3]	$75.00
Signature Advisory Programs Transaction Fee[4]	$15.00
Options Regulatory Fee	Fee imposed by applicable Regulatory Agencies/Exchanges
Exchange/Self-Regulatory Organization Transaction Fee[5]	Fee imposed by applicable Regulatory Agencies/Exchanges/SROs
Account Maintenance Fee[6,7]	$50 + 0.0079%
Coverdell ESA Annual Fee[6,7]	$25 + 0.0079%
Account Setup fee	$0.00

Limited Partnerships / Alternative Investments	
Registered Alternative Investments Fee[8]	$35.00/position/year
Unregistered Alternative Investments Fee[8]	$35.00/position/year
Eligibility Review[9]	$300.00
Subscription / Redemption / Re-Registration[8]	$25.00 + Fee imposed by Transfer Agent
Private Placements Safekeeping	$4.00/position/month
Unrelated Business Taxable Income (UBTI)	$200.00/tax return filed

Physical Security Deposits and Transfers	
Legal Deposit Fee[10]	$60.00 per CUSIP
Reorganization[11]	$10.00
Foreign Fixed Income Clearance	$50.00
Foreign Securities Deposits and Transfers[12]	$50.00/$75.00
Foreign Financial Tax[13]	Tax charged for certain foreign securities transactions in a foreign market
Incoming and/or Outgoing Account Transfer	Fee imposed by the Transfer Agent
Foreign Stock Dividend	Fee imposed by the Depository
Treasurys and GNMA Transfers / Deposits	$50.00 per Certificate
Asset Delivery to Transfer Agent	$10.00
Restricted Stock Processing Fee[14]	$40.00/$90.00

Cash Management Services Fees	
Wire Transfer	$25.00
Check Overnight Disbursement (Monday — Friday)	$12.00
Check Overnight Foreign Disbursement	$25.00
Returned Check / ACH	$25.00
Overdraft / Prepayment Fee	$40.00
Cash Sweep Access Fee[15]	$10.00/account/month

IRA Resource Checking[16]	
Annual Fee	$0.00
Check Stop Payment (No additional charge is incurred if a series of checks are stopped)	$10.00
Historical Check Copy	$2.50
Returned Check / Electronic Payment	$25.00
Check Reorders	$0.00
Expedited Delivery Fee	$20.00
Overdraft Fee	$40.00

Northwestern Mutual Cash Management Silver (available for non-IRA accounts only)	
Annual Fee	$0.00
Check Stop Payment (No additional charge is incurred if a series of checks are stopped)	$10.00
Historical Check Copy	$2.50
Returned Check / Electronic Payment	$25.00
Wallet Style Check Reorders	$10.00
Expedited / Alternative Address Delivery Fee	$20.00
Overdraft Fee	$40.00
Bill Suite	$0.00

Northwestern Mutual Cash Management Platinum (not available for IRA or Signature Advisory Accounts)	
Annual Fee[17]	$100.00
Check Stop Payment (No additional charge is incurred if a series of checks are stopped)	$10.00
Historical Check Copy	$2.50
Returned Check / Electronic Payment	$25.00
Wallet Style Check Reorders	$10.00
Expedited / Alternative Address Delivery Fee	$20.00
Overdraft Fee	$40.00
Bill Suite	$0.00

Effective December 1, 2022. All fees are subject to change.

[1] NMIS reserves the right to assess a late payment fee, with a minimum of $10.00, for any trade paid after the date due. The charge will be calculated at the current margin interest rate beginning on settlement date. Late payment fees will be subject to a $10.00 minimum such that any fee calculated to equal $1.00–10.00 may be charged a flat $10.00. Amounts less than $1.00 may be waived. The interest period for late payments is the 16th of the month through the 15th of the following month. Charges are posted to the client's cash account on the same day margin interest is posted (second last business day of the month). IRA accounts, DVP accounts and accounts with a margin balance are not subject to the late payment fee. Other accounts that accrue small interest amounts and/or that have no prior history of late payment, etc., may be waived by NMIS at NMIS's discretion.

[2] If not previously paid for the current year, the annual Account Maintenance Fee for Advisory IRA, Brokerage IRA and Coverdell ESA accounts will be charged at the time the account closes in addition to the closing/transfer out fee.

[3] Clients will be assessed a Service Charge for the purchase of certain no- and low-load funds. A complete list of impacted fund families can be obtained by contacting your NMIS registered representative. The fee may not be applicable for certain ERISA accounts.

[4] A limited group of mutual funds and all general securities are subject to transaction fees for both buys and sells for clients in the Signature Choice, Signature Choice Plus, Signature Retirement and Signature Advisor Programs. The transaction fees are paid to NMWMC's affiliated broker-dealer, NMIS, to defray costs associated with trade execution; however, they are not directly related to transaction-related expenses of NMIS and are a source of revenue to NMIS. Please refer to the Signature Advisory Program Disclosure Brochure for additional details or contact your representative.

[5] This fee is in connection with the SEC fees charged to SROs and exchanges under section 31 of the Securities Exchange Act of 1934.

[6] NMIS anticipates that it will offset the 0.0079% portion of the fee with revenue it receives from its Clearing Firm. As a result, the Account Maintenance Fee billed to your account will not be more than $50 per year ($25 for Coverdell ESA). However, NMIS reserves the right to deduct the 0.0079% portion of the Account Maintenance Fee from your Account in any month in which the revenue NMIS receives from its Clearing Firm is not sufficient to offset the 0.0079% portion of the Account Maintenance Fee.

[7] The $50.00 Account Maintenance Fee ($25 for Coverdell ESA) is exempted if a single account or a combined household holds greater than $250,000 in assets with NMIS held through our Clearing Firm (i.e., excluding assets direct-held at a mutual fund). In addition, the $50.00 Account Maintenance fee is exempted for NMWMC Private Client Services advisory accounts, NMWMC Signature Annuities advisory accounts, NMWMC Signature Managed Accounts advisory accounts, 529 Plan accounts held through the Clearing Firm, direct-to-fund held accounts, non-profit entity accounts, retirement plan manager facilitation accounts, zero-balance accounts and NMIS employee/employee-related accounts.

[8] Waived for those alternative providers participating in the No-Fee Alternative Investment Network at the custodian.

[9] Waived for investments through NMIS via the CAIS and iCapital platforms.

[10] Legal deposits are certificates that require legal documents (death certificate, corporate resolution, etc.) to render it negotiable.

[11] The exchange of a physical certificate for another certificate (and/or cash) as part of a company organization activity. Applies to customer name certificates only; no fees are assessed for corporate action transactions for securities registered in street name (electronically held at NMIS).

[12] Applies to trades executed in a foreign market and settled to the customer's account. $50 fee for Euroclear transactions and $75 fee for all other foreign transactions.

[13] A tax charged for certain foreign securities transactions in a foreign market. The fee is calculated by multiplying the principal value by the particular country's tax rate.

[14] The fee may be assessed at $90 for full service if NMIS involves outside counsel to ensure all legal opinions are received in good order. Also may be subject to a $60 legal deposit fee.

[15] This fee will be assessed monthly for each account that uses cash sweep services. NMIS anticipates that it will offset the monthly Cash Sweep Access Fee with revenue it receives from the products in the Cash Sweep Program. As a result, this monthly fee will not generally appear on your statement. However, NMIS reserves the right to deduct the monthly Cash Sweep Access Fee from your account in any month in which the revenue NMIS receives from the products in the Cash Sweep Program is not sufficient to offset the fee amount.

[16] Available for IRA account holders over 59½ only.

[17] Annual Northwestern Mutual Cash Management Platinum fee is waived if the account holds $250,000 or more or if your combined household holds $250,000 or more in assets held electronically (not in certificate form) at NMIS. The household account relationship must be established prior to fee invoicing. Contact your NMIS registered representative for details.

Account terms

Prior to establishing an account, you will be required to enter into an account agreement that will provide information about the terms of your account, including information about our cash sweep program, order handling, our clearing firm, SIPC coverage, an arbitration agreement, account termination, your obligations regarding the account, account-level fees and more. These terms are included in the Client General Account Agreement, which you receive and sign using the delivery method you have selected (such as in writing or electronically) before opening an account and may be changed at our discretion upon notice to you as set forth in the account agreement.

Direct-held accounts

For certain account types, we may open accounts for you directly with the mutual fund transfer agent. These accounts are not held through Pershing, and we refer to these as "direct-held" accounts. For these direct-held accounts, we will also open a recordkeeping-only account at Pershing to track your investment profile, but no transactions will occur through Pershing, and Pershing does not hold the positions for direct-held accounts. We open direct-held accounts for 529 plans, ABLE plans, SIMPLE IRA accounts and 403(b) plan accounts. The fees for direct-held accounts are different than the account-level fees described in this Guide for accounts held through Pershing. Information on direct-held account terms and fees will be provided to you in the direct-held account application and agreement, which you receive and sign using the delivery method you have selected (such as in writing or electronically) before opening a direct-held account.

How we manage conflicts of interest

For more than 160 years, Northwestern Mutual has been helping individuals, families and businesses achieve financial security. We have achieved that long-term success by having our financial representatives focus on developing lifelong relationships with our clients using a holistic planning approach that combines both insurance and investment recommendations to help achieve financial security. In the long run, we benefit most by serving you well — not only as our relationship grows but also as your satisfaction supports your endorsement of our services to others. This occurs only when we are acting in your best interest.

In order for our financial representatives to develop lifelong relationships with clients and help ensure that financial recommendations provided are in clients' best interests, our financial representatives engage in a discovery process using various tools to ensure we have a clear understanding of your needs and aspirations. In making recommendations to you to meet your needs and achieve your goals, we gather various relevant information about you, which can include your age, other investment or insurance holdings, financial situation and needs, tax status, financial objectives, financial experience, time horizon, liquidity needs, risk tolerance and any other information that you may disclose to us. We use this information to match your needs, aspirations and attributes with the right product or service irrespective of the compensation that we will receive if you purchase those products or services. Lastly, we strive to maintain lifelong relationships with clients to help ensure they stay on track. The rigor of these processes supports our ability to make recommendations that are in your best interest notwithstanding our conflicts of interest.

In addition, our financial representatives are subject to written policies and procedures and supervisory systems established by NM and its affiliates that have been designed to ensure that insurance and investments are appropriately sold by its financial representatives. NM and our supervisory systems include assigned supervisors, human review of transactions, electronic reviews that spot potential issues with a transaction, trend monitoring systems that analyze financial representative activity over periods of time, training of financial representatives and supervisory staff with respect to their obligations, and the periodic testing and auditing of the effectiveness of the written policies and procedures and the supervisory structure and systems. These processes can help identify whether a financial representative's compensation is inappropriately influencing his/her recommendations.

The nature of our parent company, Northwestern Mutual, and its insurance products also helps to manage these conflicts of interest. NM is organized as a mutual company, which means that it is formed for the benefit of its policyowners and not corporate owners or shareholders. NM's mutual structure aligns client and company interests — succeeding for our policyowners is its mission, purpose and reason to exist. Northwestern Mutual's insurance products are backed by unsurpassed financial strength; Northwestern Mutual continues to earn the highest financial strength ratings awarded to any U.S. life insurer by all of the four major rating agencies.[††] Northwestern Mutual is also recognized as a leader in insurance product value through careful underwriting, low expenses, high policyowner loyalty and prudent investing. In short, in recommending Northwestern Mutual insurance products, our financial representatives are ensuring clients are purchasing high-quality products, with low relative expenses over the long term, that are backed by a company with unmatched financial strength and product performance. With all of that said, in acting in your best interest, your financial representative can offer you other insurance carriers' products in the circumstances described previously.

Our conflicts are further mitigated by Northwestern Mutual's insurance compensation practices. Where it is practically feasible to eliminate or mitigate conflicts of interest that arise from compensation practices, Northwestern Mutual has sought to do so. A core principle of Northwestern Mutual's product compensation design for insurance product sales is to ensure the value of compensation and benefits (as a percentage of premiums, for the expected life of the product) is equivalent across like products. We have criteria in place to ensure that any bonus programs generally focus on annual production (as opposed to any one recommendation or sale) and are proportional to the total compensation of the financial representative. Specific programs

[††] Third-party ratings are subject to change. Ratings are for The Northwestern Mutual Life Insurance Company and Northwestern Long Term Care Insurance Company. Third-party ratings are a measure of the company's relative financial strength and security but are not a reflection of the performance or stability of funds invested in a company's separate accounts. Ratings as of: AM Best Company, A++ (highest), June 2022; Fitch Ratings, AAA (highest), August 2023; Moody's Investors Service, Aaa (highest), June 2023; S&P Global Ratings, AA+ (second highest), May 2023.

within Northwestern Mutual's compensation for insurance products were designed intentionally to minimize compensation that could lead to sales behavior that would potentially create a conflict with a client's best interest. Our financial representatives are compensated the most when clients own their insurance policies and VAs for many years, which incentivizes our financial representatives to recommend VLs and VAs that are in our clients' long-term best interest and that deliver exceptional value to clients over the long run. In this way, our compensation is aligned with the value delivered to clients. In addition, to disincentivize short-term sales that aren't in clients' best interest, Northwestern Mutual reverses a portion of first-year commissions on life insurance policies that are canceled in the first year, and after the first year it reverses renewal commissions paid in the year of cancellation (each of which commission type is described in more detail below). For certain products, Northwestern Mutual reverses a percentage of all commissions paid for up to three years. All of these steps help to manage conflicts of interest in connection with sales of Northwestern Mutual insurance products.

With respect to investment compensation we pay to representatives, the "grid" (which is described below) has several features that help to manage the conflicts of interest discussed below. Consistent with Northwestern Mutual's philosophy, the grid is intended to foster recommendations made in the client's best interest by encouraging holistic planning to meet both investment and insurance needs to help ensure financial security. A financial representative's compensation cannot be maximized solely by selling investment products to you. The grid is prospective in nature — production in a given year establishes the compensation rate for the subsequent year. In other words, an investment product sale a financial representative makes during the current year will not impact the rate of grid compensation for any other investment product sales the financial representative makes within this current year. The grid is also structured to primarily have gradual increases in the rate of compensation based on combined investment and Northwestern Mutual insurance production — most steps on the grid based on production are five percentage points or less, which avoids disproportionately increasing compensation through incremental increases in sales.

With respect to non-cash compensation we provide to financial representatives (which is detailed below), there are a number of factors that help manage those conflicts. There are regulations at both the state and federal level that impose certain limits on non-cash compensation with respect to insurance and investment products. We do not allow local offices to run sales contests based on investment production (which includes variable insurance products). We also have adopted policies and procedures for other local office non-cash compensation, including trips, that impose per-advisor limits, education components, non-production criteria and supervision elements, depending upon the nature of the non-cash compensation. Northwestern Mutual's primary recognition event each year for financial representatives who qualify occurs in the United States and has a significant education component, and its cash equivalent value is not intended to be disproportional to a financial representative's total compensation. Further, noncompliance with state or federal rules and regulations or company policies can result in a financial representative's ineligibility to attend.

With respect to compensation that financial representatives pay to staff they employ, NMIS has policies regarding the with criteria and terms for staff compensation arrangements, including incentive compensation that financial representatives can pay staff and the sharing of commissions with staff. These policies minimize compensation arrangements that would potentially create a conflict of interest with the client's best interest. Additionally, to help mitigate against conflicts of interest, financial representatives must disclose to and seek approval from NMIS for all staff incentive compensation and commission-sharing arrangements.

Compensation, revenue and related conflicts of interest

For brokerage services, financial representatives are compensated through various forms of commissions, fees, bonuses and benefits only when you "take action" by purchasing products and services. This is a conflict of interest because unless you purchase a product or service, your financial representative will not be compensated for the time spent with you and the expertise provided to you. Refer to the section **How we manage conflicts of interest** for a description of the significant steps we undertake to mitigate this conflict. Below we describe the types of compensation financial representatives receive and our firm-level revenue.

Compensation for Northwestern Mutual insurance product sales

We compensate financial representatives for sales of NM variable insurance products (including variable life insurance (VL) policies and variable annuity (VA) contracts) through commissions, which are typically calculated as a percentage of the insurance premium/annuity considerations you pay and/or as a percentage of the insurance contract fund value/annuity contract value at certain points during the life of the policy. We typically pay these commissions to financial representatives in the form of first-year commissions (a percentage of the first-year premium/considerations paid by you), renewal commissions (a percentage of annual premiums paid in the second to tenth policy years by you and/or a percentage of contract fund value in the second to tenth policy year), persistency fees (a percentage of annual premiums paid in the eleventh policy year onward by you and/or a percentage of contract fund value in the eleventh policy year onward); and for VAs and some VL contracts (in lieu of renewal commissions and persistency fees) service fees (a percentage of insurance premium/annuity considerations paid by you in the second contract year onward and/or a percentage of insurance contract fund value/annuity contract value in the second contract year onward). For example, financial representatives would expect to receive approximately between 1.5% and 9.7% of the total premium paid on an NM variable life insurance policy if the policy is kept in place for the average expected duration of that type of policy. The financial representative would also receive between 0.07% and 0.10% of the contract fund value at the beginning of the second contract year and each contract year thereafter. Most of the commissions received upon the sale of a Northwestern Mutual policy or contract are paid in the first year. The rate of commissions s/he receives can vary by insurance product and other factors.

This transaction-based commission structure, which is a typical compensation structure in the insurance industry, is a conflict of interest because it rewards financial representatives for selling products to clients often and for selling insurance products that pay the highest rates of commission and that have relatively higher initial and ongoing premium payments associated with them. For example, if you have a life insurance need, your financial representative may recommend that you purchase a variable life insurance policy, which provides unique advantages, guarantees, investment features and living benefits for clients not found in term insurance, which provides only temporary coverage. Because of those unique advantages, the initial premium payments for variable life insurance are higher than the initial premium payments for a term policy with an equivalent death benefit, which means your financial representative will receive a larger commission if you purchase variable life insurance instead of term life insurance.

As described above, we take steps to manage this conflict (and similar conflicts) to ensure that a financial representative's recommendations to you are aligned to your needs and in your best interest. It should also be noted that NM and its representatives are one of the largest sellers of term insurance in the country, demonstrating that we recognize that term insurance is in the best interest of many clients and that we appropriately manage this conflict.

There are other types of compensation and benefits that financial representatives are generally eligible to receive beyond the commissions described above for sales of Northwestern Mutual insurance products, including VL and VA products:

- Cash bonuses – Qualification for cash bonuses may be based on a financial representative's annual insurance production, generation of new clients, local costs of doing business or other factors. Cash bonus targets and amounts vary. Payments may at times take into account investment production, quality and variety of business, policy loan activity and other factors. Financial representatives must meet certain minimum production requirements in order to be eligible for certain cash bonuses. Not all financial representatives will be eligible to receive a particular bonus.
- Retirement and health care benefits – Eligible financial representatives will earn credit toward Northwestern Mutual's retirement plans based upon their annual insurance sales production (including VL and VA sales). Eligible representatives may also participate in Northwestern Mutual's health, group life insurance and group DI insurance plans. Annual insurance sales production (including VL and VA sales) impacts the amount of coverage that an eligible financial representative will receive under the group life insurance and group DI insurance plans. Investment products and advisory sales production also impacts the amount of coverage that an eligible financial representative will receive under the group DI insurance plans.
- Awards & recognition – Eligible financial representatives receive non-cash compensation in the form of honors and awards for annual insurance sales production (which at times may also include annual investment production). We provide incentives including but not limited to travel, gifts, awards, entertainment, achievement recognition, specialized training, preferential servicing, matching charitable contributions and attendance at company-sponsored business meetings.

- Expense support – Eligible financial representatives may qualify for expense allowances paid by their local office based on annual insurance sales production and local office requirements. Eligible financial representatives early in their career also receive extra commissions and incentives through training allowances and early productivity incentives paid by NM and local field management, which assists new representatives in becoming established in their career.
- Local incentive programs – Eligible financial representatives participate in local office incentive programs, which (subject to limitations we impose that were described above) are based on insurance sales production and other factors. Incentives provided by the local offices can include but are not limited to trips with a business/education component and other non-cash incentives, such as gifts, recognition events, and education and development services.
- Marketing, planning, technology and continuing education support – Certain eligible financial representatives, based on investment and/or insurance production, receive non-cash compensation including in the form of marketing support and services, technology services and support, expert planning services, business succession planning services, continuing education events and resources, client appreciation event support and services, and distinguished branding as Northwestern Mutual's "Private Client Group."

These additional incentives create a conflict of interest in that they further incent financial representatives to recommend and sell Northwestern Mutual insurance products and to sell Northwestern Mutual insurance products instead of products issued by other insurance companies.

Finally, a financial representative's level of Northwestern Mutual insurance sales also impacts his/her placement on the "grid" (described below), which affects how much the financial representative will be paid for his/her sales of investment products. This structure incentivizes a financial representative to recommend and sell Northwestern Mutual insurance products to increase his/her investment compensation and is a conflict of interest. We use this structure because we believe that most clients are best served in meeting their goals and aspirations and achieving financial security with a mix of insurance and investment products, and therefore, we reward those financial representatives who deliver both. Further, as discussed above, we have also put in place structures, policies and procedures to mitigate the conflict of interest created by the grid.

If you have any questions regarding any aspect of the compensation and benefits financial representatives receive in connection with the sale of Northwestern Mutual insurance products or any other insurance carrier's products, please ask us for more information.

Compensation for sales of investment products and advisory services

Our financial representatives receive a percentage of the investment brokerage commissions we collect, which are typically calculated as a percentage of the amount you pay for an investment or non-NM variable product through NMIS as a broker-dealer. As your financial representative's sales of investment products and Northwestern Mutual insurance products increase and reach certain sales production levels, we incrementally increase the percentage of commissions paid for sales of investment products (but not Northwestern Mutual insurance products, for which a financial representative is compensated separately as described above).

The different sales production levels and increasing payout percentages tied to those production levels are known as a "grid," which is a typical compensation structure in the retail investment industry. The grid payout percentages range between 35% and 95% payable to financial representatives on most investment production, depending on the level of commissions, advisory fees and life insurance premium generated by the financial representative during the previous year. And for financial representatives at the highest investment production levels of our grid, we also consider the financial representative's rolling 20-year insurance premium production in determining the payout grid percentage, which decreases the influence of the previous year's insurance sales for those financial representatives. Therefore, your financial representative's current grid level is set based on sales production during the previous year, and your financial representative's current investment or insurance product recommendations cannot influence his/her grid rate for the current year. Once a grid rate is set for a year, it applies uniformly across investment product and services types. The ability to improve grid placement and thus your financial representative's investment payout percentage in the following year incentivizes your financial representative to sell and service brokerage and Northwestern Mutual insurance products in the current year.

The cost to you of brokerage products varies among and within product types. For example, similar mutual funds from different fund families may have share classes with different front-loads. Within the same fund family, commissions can vary depending on the fund and the asset class (e.g., fixed income fund versus an equity fund). Typically, commissions on transactions in stocks or equity funds are higher than commissions on bonds or fixed income funds. Investment advisory fees are generally ongoing, whereas the primary cost of some mutual fund share classes is paid once upfront. Over longer periods of time, the total compensation a financial representative could receive for mutual fund and annuity sales is typically higher than the compensation they would receive for ETFs, stocks, bonds and other exchange-traded products since mutual funds and annuities pay ongoing compensation, and ETFs, stocks, bonds, and other exchange-traded products do not.

Some investment products are more expensive than others, and because financial representatives are paid on a commission basis for brokerage services through the grid described above, this incentivizes the sale of more expensive products and services, which will have the effect of increasing a financial representative's compensation and is a conflict of interest. For example, in an advisory relationship, you are paying for investment advice and receive significant additional services, such as ongoing account monitoring, rebalancing and investment management, which means that over time, an advisory account typically will be more expensive than a brokerage account (which does not include all of these services). If your financial representative is an advisor of NMWMC, this compensation structure incentivizes your financial representative to establish advisory relationships over brokerage arrangements to increase their compensation over time. As discussed above, one way a financial representative manages this conflict is by engaging in a discovery process with you to understand what your needs and aspirations are and what type of investment relationship and accounts you are seeking.

Typically, we pay ongoing compensation to financial representatives based on the value of mutual funds that are held in brokerage accounts and based on the value of NM variable annuity products sold. However, financial representatives do not receive ongoing compensation on mutual fund sales to brokerage accounts that hold less than $50,000 in assets. Because financial representatives do receive ongoing compensation on an NM variable annuity sale below $50,000 but do not receive ongoing compensation on mutual fund investments below $50,000, this provides an incentive to recommend an NM variable annuity product for purchases below $50,000. This conflict of interest is mitigated by the conflict management steps described above.

Financial representatives can be compensated for sales of investment products and advisory services only when you purchase them from or through NMIS and/or NMWMC. This obviously incentivizes financial representatives to recommend that (i) you continue to hold at or through NMIS and/or NMWMC any accounts that you currently hold at or through NMIS and/or NMWMC, and/or (ii) you transfer assets held in an account external to NMIS and/or NMWMC (e.g., in a retirement plan account) to NMIS and/or NMWMC through a rollover or account transfer. This conflict of interest is mitigated by the previously described conflict management approach.

Related to educational events and services, such as product-sponsored education events, due diligence meetings and study group meetings, financial representatives and supervisors can be reimbursed by product providers or vendors for expenses incurred. Such compensation from product providers or vendors is a conflict of interest, and we mitigate it by limiting the amount of the payments to reasonable expenses, prohibiting sales target preconditions in connection with payments and by using other controls.

We occasionally recruit experienced financial professionals from other brokerage, investment advisory and/or life insurance firms. When these experienced financial professionals affiliate with us, they may receive compensation in connection with transitioning from their prior firm. This compensation can be in the form of upfront transition assistance payments, a forgivable loan and/or additional potential compensation based on the growth in total client investment assets that the financial professional services at NMIS and/or NMWMC in the first few years after the transition or based upon other non-production criteria. The amount of compensation is typically based on an evaluation of the financial professional's investment and insurance practice at their prior firm and/or on a multiple of the financial professional's trailing twelve-month investment production. Upfront transition assistance payments and forgivable loans received by financial professionals can be subject to repayment if the financial professional leaves NMIS/NMWMC before a certain period of time or other conditions are not met. Compensation earned on investment asset growth would only be paid if the financial professional met certain brokerage/investment advisory periodic asset growth targets.

This recruitment compensation structure creates a conflict of interest in that the financial professional transitioning to our firm has a financial incentive to recommend that a customer open and maintain an account with NMIS and/or NMWMC for brokerage or advisory services, and to recommend switching investment products or services where a customer's current investment options are not available through NMIS and/or NMWMC, in order to receive this type of payment. NMIS manages this conflict of interest by restricting the percentage of the total recruitment compensation that can be paid based on investment asset growth; limiting the usage of this structure to a small number of experienced financial professionals in a given year; and instituting enhanced supervision practices for the recommendations made by these financial professionals, including monitoring for excessive trading, replacements and sales of products that are not in your best interest.

If you ever have any questions or concerns about why your financial representative is recommending one product or service over another, please do not hesitate to ask your financial representative or us.

Financial representative staff compensation

Financial representatives commonly employ staff who assist the financial representatives in operating their businesses. Sometimes staff are employed by a team of financial representatives ("Team") or a legal entity owned by one or more representatives. Staff who recommend brokerage services and offer variable life, variable annuity and group variable annuity products issued by NM and unaffiliated insurance companies are registered representatives and associated persons of NMIS and insurance agents of NM. Staff who use the word "Advisor" in their title or otherwise disclose their status as an advisor of NMWMC are qualified to offer investment advisory services through NMWMC.

If you work with a financial representative's or Team's staff person and purchase an NM variable life insurance policy or NM variable annuity, we pay the resulting commission to the employing financial representative or one or more of the financial representative members of the Team, or in some cases the employing entity.. See the section above regarding, "Compensation for Northwestern Mutual insurance product sales," for more information on how these commissions are paid. The employing financial representative, Team, or employing entity may share some or all of the compensation they receive on these transactions with the staff person. Similarly, if you work with a financial representative's or Team's staff person and purchase an investment product or advisory service, the employing financial representative or Team is compensated on that sale through the "grid" described above and they may share some or all of that compensation with the staff person.

Financial representatives and Teams also compensate their staff either through a base salary or hourly wage. Additionally, financial representatives commonly provide bonus opportunities to their staff, and the bonus opportunities generally increase in amount as the employing financial representatives' compensation increases. Financial representatives may also contribute to the health, welfare and/or retirement benefits of their staff. Staff benefit from the compensation that we pay to their employing financial representatives for sales of our variable life insurance, variable annuities or investment products. This creates a conflict of interest because the staff are incented to sell more products in order to increase the compensation their employing financial representative receives, which the employing financial representative can then use to pay, and increase, the staff person's

compensation. This conflict of interest is managed by the conflict management steps described above, including policies and procedures that set guidelines for the compensation arrangements.

Field management compensation

NM's field management structure consists of managing partners, managing directors and certain other field management roles. These individuals assist in the recruiting, development, supervision and/or support of our financial representatives. In their role as field managers, they typically do not participate in the formulation of client recommendations made by financial representatives who are associated with them. However, managing partners and managing directors receive a variety of compensation based on a financial representative's insurance sales, including overriding commissions, overriding fees, bonuses, expense support and credits toward certain retirement programs. They also receive additional override compensations based on a financial representative's investment production as measured by a fixed compensation grid structure. The level of override compensations based on investment production may be adjusted and/or enhanced based on the productivity of financial representatives associated with them. Field management is eligible for other cash and non-cash incentives based on the productivity of financial representatives associated with them. This compensation structure could create a conflict of interest to the extent field management sought to influence these financial representatives' client recommendations based on earning a portion of commission rates or other incentives. We manage this conflict in part by having an oversight structure for field management within Northwestern Mutual's home office, regularly assessing field management compensation and supervising the recommendations financial representatives make to clients.

Revenue to Northwestern Mutual and its affiliates

As a manufacturer of insurance products, our parent company, NM, and in some cases, its affiliates (e.g., Northwestern Mutual Series Fund, Inc., NM's proprietary mutual fund), receive revenue on every NM insurance product we sell. We are therefore incented to ensure financial representatives sell primarily NM insurance products. For additional details on payments made to NM and its affiliates, you should review the prospectus for any NM variable product that you are purchasing, if applicable.

Northwestern Mutual Investment Management Company (NMIMC) and other NM affiliates also receive investment management fees and other revenue when you invest in NM's proprietary specialty products, such as an NM proprietary private equity fund. For additional details on payments made to NMIMC and NM affiliates, review the private placement memorandum and other offering documents before investing.

As described in more detail below, in addition to the revenue we receive from the sale of investment products, including brokerage commissions on general securities, sales loads on mutual funds sold through us and ongoing Rule 12b-1 or shareholder servicing fees paid by mutual funds to us, we receive significant additional revenue from certain mutual fund families and from our clearing firm, Pershing, LLC, when you invest in mutual funds issued by certain mutual fund families. This is commonly known as revenue sharing. We also receive payment for each new account opened through Pershing, payments or credits for technology development, operational credit payments based on the volume of transactions on Pershing's platform, and receive, from time to time, payments from service providers such as Pershing to renew their respective service agreement.

In addition, we receive additional revenue when you hold the cash balances in your account in the NMIS Cash Sweep Program, including the Northwestern Mutual FDIC Insured Deposit Program, which is a proprietary product and the default cash sweep product for our accounts.

Although your financial representative's compensation is not materially affected by the revenue we receive from third parties, this is a firm-level conflict of interest because Northwestern Mutual and its affiliates receive a significant economic benefit when a client makes the above-described purchases or investments in these mutual funds or holds cash in the NMIS Cash Sweep Program.

At your request, we are happy to discuss any questions you may have about this information.

Strategic mutual fund partners (the "Partners") – payments for marketing, distribution and/or meeting-related expenses

Because there are thousands of mutual funds available through more than 100 mutual fund families to investors at NMIS, we focus on a smaller group of fund families that generally offer a broad spectrum of mutual funds. We have selected approximately 30 fund families to participate in our Partners program. Partners have greater access to financial representatives to provide training, education and product information and are invited to participate in representative meetings and sales conferences. Only funds from Partner fund families are screened for possible inclusion on our Brokerage Mutual Fund Research List.

To participate in the Partners program, fund families have to contribute financially to help defray the costs for specific training, education and sales events as well as to provide additional compensation to us for marketing and distribution-related expenses. These types of financial contributions are often referred to as revenue sharing and are a firm-level conflict of interest because we receive a significant economic benefit when a client makes investments in these mutual funds. Each Partner discloses revenue-sharing arrangements in their respective prospectuses. We receive from each Partner fund family an annual platform fee and annual payments based on a percentage of assets held (annual asset fees). The annual asset fees we receive are up to 0.12% ($12 per $10,000 of assets) held by our customers in each family's funds. Some fund families, however, pay a flat lump-sum annual fee to NMIS in lieu of the platform fee and annual asset fee. ERISA account assets and IRA account assets held in investment advisory programs sponsored by our affiliate, NMWMC, are not included in annual asset fee calculations related to revenue-sharing payments we receive.

Below is a listing of fund families that participate in the Partners program from which we received marketing, distribution and/or meetings-related payments in 2022. These fund families are listed in descending order based upon the total amount received.

1. American Funds*
2. Fidelity Advisors Funds*
3. Russell
4. MFS Investment Management
5. Blackrock*
6. PIMCO*
7. Franklin Templeton/ Legg Mason
8. American Century*
9. Nuveen/TIAA
10. Oakmark
11. Invesco
12. T. Rowe Price
13. JPMorgan Funds
14. Hartford
15. Principal
16. John Hancock
17. Eaton Vance
18. Baron
19. Alliance Bernstein
20. DWS*
21. Prudential
22. First Eagle
23. Columbia Threadneedle
24. Carillon Tower
25. Natixis
26. Amundi Pioneer
27. Federated Hermes
28. Credit Suisse

* Also participate in ETF program. Neuberger Berman became a strategic mutual fund partner January 2023.

The above-described payments are in addition to any payment we receive through the FundVest® program through March 1, 2024 and administrative services payments from Pershing related to certain mutual funds as described below.

If you hold assets in an investment advisory program offered by NMWMC, please review the applicable program brochure for additional information regarding conflicts of interest for that program related to our receipt of revenue sharing.

Brokerage accounts

For brokerage accounts, your financial representative may provide recommendations of Class A share and Class C share mutual funds available on NMIS's Brokerage Mutual Fund Research List, which is limited to Partner funds that have met NMIS's qualitative and quantitative criteria, including fund returns, manager tenure, expenses and risks. Partner funds are screened on a quarterly basis, and only those funds that meet all criteria are eligible for recommendation from your financial representative.

To mitigate conflicts related to front-load funds, which often pay different compensation amounts, we also apply sales charge screens within categories of funds (equity, fixed income, etc.) and offer only funds on our Brokerage Mutual Fund Research List that fall within a reasonable range of compensation to decrease front-load compensation differentials among funds. Further, we apply a compensation cap of 5% at the top of the range, which means despite differentials in front-loads among various funds, we do not compensate our financial representatives more than 5% on any equity mutual fund sale. The compensation cap for fixed income funds is 4%. Our compensation cap levels differ for other categories of funds. To mitigate the conflict of interest related to compensation differentials between equity funds and fixed income funds, your financial representative will make trading recommendations in accordance with the equity/fixed income asset allocation determined by the Personal Investor Profile you completed unless there are circumstances that support recommendations in a different manner, such as outside holdings or other factors.

In addition to mutual funds, your financial representative may also recommend certain general securities in brokerage accounts, including ETFs, stocks, investment-grade fixed income securities, new-issue Certificates of Deposit (CDs) that have met NMIS's quantitative measurement criteria, alternative investments and U.S. Treasury securities.

Your financial representative may recommend ETFs from our ETF Research List for purchase. ETFs have met NMIS's qualitative and quantitative criteria, including fund returns, expenses, liquidity and risks. All ETFs are screened on a quarterly basis with only those that meet the criteria eligible for recommendation from your financial representative. Certain ETF providers noted below pay us compensation for marketing, distribution and/or meeting-related expenses. We do not consider such payments as a factor when screening ETFs for inclusion on our ETF Research List.

Financial representatives will only recommend securities for which we apply criteria supporting a recommendation (with the exception of U.S. Treasury securities). We will not provide recommendations for securities we do not follow unless there are circumstances unrelated to the merits of the security to support a recommendation, such as tax circumstances or a client preference to hold.

Variable products (VA and VL)

For variable annuity (VA) and variable life insurance (VL) products, your financial representative may provide recommendations of investment subaccounts in which you invest.

NMIS and/or its parent, NM, received revenue from the underlying funds or their affiliates that are subaccount options in the NM variable products, which is a firm-level conflict. Below is a listing of subaccounts from which NMIS and/or its parent, NM, received distribution, shareholder services and/or administrative service payments in 2022. These entities are listed in descending order based upon the total amount received.

1. Russell
2. Fidelity
3. Credit Suisse
4. Neuberger Berman

Your financial representative receives the same amount of compensation in connection with the sale and servicing of VA and VL products regardless of which investment subaccount(s) s/he recommends to you.

Additional revenue-sharing product providers

In addition to receiving payments from Strategic Mutual Fund Partners as described above, there are additional fund families, insurance companies and ETF providers that pay us compensation for marketing, distribution and/or meeting-related expenses. Our receipt of these payments is a conflict of interest because we receive an economic benefit when a client makes investments in these products. These product providers do not participate in our Partners program and are not available on the Brokerage Mutual Fund Research List but may be included on our ETF Research

List or advisory account platform used by NMWMC for advisory program accounts. We receive a lump sum or fees based on a percentage of new dollars invested (sales fees) and/or assets held (annual asset fees) by our customers from these firms. Any payments received from insurance companies are related to ERISA products and are solely to participate in specific training, education or sales events we sponsor.

Below is a listing of these additional fund families, insurance companies and ETF sponsors that provided us marketing, distribution and/or meeting-related payments in 2022. These firms are listed in descending order based on the total amount received.

1. BlackRock
2. First Trust
3. American Funds
4. American Century
5. Delaware
6. AMG
7. Allianz Global Investors

* We will begin receiving payment from the following sponsors in 2023: Fidelity, DWS, PIMCO AQR and DoubleLine.

529 plan revenue-sharing arrangements

In instances in which Strategic Mutual Fund Partners or additional revenue-sharing product providers are program managers for 529 College Savings Plans, then the mutual funds you purchase as part of the 529 plan are included as a factor in determining the amount of revenue-sharing payment to us. Therefore, we receive payments related to your holdings in 529 plan funds. The source and the amount of such payment will be furnished upon your written request.

FundVest®

Brokerage accounts opened through us are held at Pershing, which is an unaffiliated company that acts as a clearing firm to execute mutual fund trades and custody certain assets for us. Pershing receives servicing fees from certain mutual fund families to participate in Pershing's mutual fund no-transaction-fee program called FundVest®. Pershing pays a portion of these fees to us, which is a firm-level conflict of interest because we receive an economic benefit when a client makes investments in these mutual funds. We typically receive between 0% and 0.25% (e.g., between $0 and $25 on a $10,000 investment) per year from Pershing when you invest in a fund that participates in Pershing's FundVest® program. We receive this additional compensation for providing shareholder services and other administrative services to clients. In addition, Pershing does not charge us transaction fees for transactions in funds that participate in the FundVest® program. A list of fund families participating in the FundVest® program can be found at NorthwesternMutual.com/investing-disclosure/. FundVest® program payments we receive are in addition to the other compensation arrangements described above, such as payments from Strategic Mutual Fund Partners or payments from additional revenue-sharing product providers.

We will no longer receive FundVest® payments from Pershing as described above for FundVest® holdings and activity as of March 1, 2024. The Administrative Services Payments related to certain mutual funds described below are effective March 1, 2024. The waiver of transaction fees for mutual fund transactions in FundVest® program funds continues to apply. As a result, although we do not receive FundVest® program payments as of March 1, 2024, we continue to have a firm-level conflict of interest because we receive an economic benefit from mutual fund transactions in Pershing's FundVest® program versus transactions in non-FundVest® program mutual funds due to the transaction fee waiver.

Administrative service fee payments

Pershing receives administrative service fees from certain mutual funds ("Service Fee Funds") for recordkeeping services for certain fund positions held through Pershing. As of March 1, 2024, Pershing pays a portion of these service fees to us which is a firm-level conflict of interest because we receive a significant economic benefit when a client makes investments in these Service Fee Funds. We typically receive approximately $10 per mutual fund position (e.g., we receive approximately $40 if you hold four Service Fee Fund positions in an account) per year from Pershing when you invest in Service Fee Funds. The payment we receive is a flat amount per position and does not vary based on the amount of the investment. We receive this additional compensation for providing shareholder services and other administrative services to clients. Refer to NorthwesternMutual.com for information on mutual funds that do not pay service fees.

Operational and technology credit payments

We receive annual credits from Pershing based upon our trade volume and economies of scale determined by the volume of transactions on Pershing's platform. We receive up to $2.00 per trade on the following: mutual funds, equities, exchange-traded funds (ETFs), options, fixed income securities and unit investment trusts (UITs). However, we will no longer receive these operational credit payments from Pershing for trading activity as of March 1, 2024, as this annual credit arrangement is ending. We will receive outstanding credits after March 1, 2024 for trading activity prior to the end date. We also receive technology credit payments from Pershing for our time and effort in the collaborative implementation of Pershing's technology deliverables. This is a firm-level conflict of interest because we receive an economic benefit for our selection and use of Pershing for technology related to brokerage and clearing services.

Net new account credit payment

As of March 1, 2024, Pershing pays us a net new account payment, on a quarterly basis, of $15 per each net new active account opened through Pershing. We do not receive this payment if a new account does not result in a greater overall number of active accounts held by NMIS through Pershing. This is a firm-level conflict of interest because, when a new brokerage and advisory account we open for a client results in a greater overall amount of our total open accounts at Pershing than in the past, we receive an economic benefit for each such new account. The economic benefit Pershing provides incents us to select and use Pershing for clearing services rather than another clearing provider that may not provide the same level of economic benefit to us.

Payments for contract renewal and meeting sponsorships

From time to time, we receive compensation from service and technology platform providers (such as Pershing, CAIS, and/or iCapital) for agreeing to renew our contracts with them and/or for meeting-related expenses and sponsorships. Typically, such payments are a lump sum. This is a firm-level conflict of interest because we receive an economic benefit from our selection and use of such service and technology platform providers rather than other providers that may not provide the same level of economic benefit to us..

Access fee for cash sweep program

We charge a $10 per month Cash Sweep Access Fee as an account fee to all accounts that use our Cash Sweep Program services, regardless of which cash sweep product in the Cash Sweep Program you select. We anticipate that we will completely offset the monthly Cash Sweep Access Fee with revenue we receive from the products in our Cash Sweep Program (as described below). Tax-qualified accounts in NMWMC's investment advisory programs that use Cash Sweep Program services will receive a fee credit for any revenue received by NMIS related to the account that exceeds the monthly Cash Sweep Access Fee amount. Refer to our Account Fee schedule above or at NorthwesternMutual.com for the current amount of this fee. You can choose to opt out of the Cash Sweep Program for your account by notifying us of your election, at account opening or afterward, in which case your uninvested balances will be held in cash in your account. Cash balances generally do not receive interest.

Payments related to cash sweep products

We receive revenue from the cash sweep product options available in our Cash Sweep Program. Our Cash Sweep Program offers the Northwestern Mutual FDIC Insured Deposit Program (NMIDP) and several money market mutual funds. The NMIDP is the default cash sweep product for your account for cash sweep services unless you instruct us otherwise or your financial representative recommends you use a money market mutual fund. You may discontinue your use of the NMIDP at any time by contacting your financial representative or us at 866-950-4644 to opt out.

If you invest in the NMIDP as your cash sweep product, the fee we receive is a percentage of the total rate negotiated with Program Banks that have agreed to participate in the NMIDP. As a result, the fee that each Program Bank pays to NMIS affects the interest rate paid on your balance in the NMIDP. The NMIS fee on the NMIDP varies based on changes in prevailing interest rates, competitive rates and other factors but will be at least 30% and no more than 45% of the total rate. For example, if the total rate negotiated with the Program Banks for the NMIDP is 1%, then NMIS's fee would be an annual maximum of $45 per $10,000 amount in NMIDP per year. The fees earned by NMIS are generally higher when you use the NMIDP than if you select a different cash sweep product in which to invest, such as money market mutual funds.

If you invest in a money market mutual fund as your cash sweep product (such as the Dreyfus Government Cash Management Wealth Shares), we receive from Pershing up to .32% of assets held in your brokerage account in the cash sweep product (which would amount to $32 per $10,000 per year).

You can choose to opt out of the Cash Sweep Program for your account by notifying us of your election, at account opening or afterward, in which case your uninvested balances will be held in cash in your account. Cash balances generally do not receive interest.

Balances in the NMIDP are not covered by the Securities Investor Protection Corporation (SIPC). Balances held in a money market mutual fund are covered by SIPC but are not insured against market loss. An investment in any money market fund is not insured or guaranteed by the FDIC or any government agency. Although a money market fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in a money market fund. Yield on cash sweep products can fluctuate daily.

Cash sweep product yield information

The yield that you earn on assets held within the automatic cash sweep products we offer will fluctuate from time to time, and the performance among those cash sweep products will vary based upon a variety of factors, including but not limited to current economic conditions, current market performance, investment decisions made by the managers of each cash sweep product, waiver of management fees, and differences in compensation paid to us based on the assets held in each cash sweep option. Depending on these factors, it is possible that some or all of the cash sweep product options may pay no or low yields for extended periods of time. Current yields for the cash sweep options we offer are available from your financial representative. You may change your cash sweep product at no charge at any time by contacting us. You can choose to opt out of the Cash Sweep Program for your account, at account opening or afterward, in which case your uninvested balances will be held in cash in your account. Cash balances generally do not receive interest. To make changes to your Cash Sweep Program elections or to opt out, contact your financial representative or us at 866-950-4644.

Other payments

To cover costs or generate revenue, we may enter into new distribution agreements to receive other payments. For the most recent list of fund families that participate in the programs described above and information on the amount we receive, please visit NorthwesternMutual.com/investing-disclosure/.

For more information

Additional detailed information on mutual fund fees, expenses and other important information is available in a mutual fund's prospectus, statement of additional information and annual report. Please contact your financial representative if you have any questions regarding the information presented in this Guide.

For more information on mutual funds and investing, please see the educational websites of the SEC (sec.gov) and FINRA (finra.org).

For information about FDIC insurance coverage and limitations, visit fdic.gov.

NMWMC advisory programs

We provide the underlying brokerage account for discretionary advisory programs offered by NMWMC, which are subject to different fees than those described within this document. Refer to the NMWMC disclosure brochure, if applicable, for the program through which you invest for more information about fees assessed by NMWMC and NMIS and conflicts of interest related to revenue sharing received by NMIS. You may request a NMWMC disclosure brochure from your NMWMC advisor or by contacting us at 866-950-4644, and they are available at NorthwesternMutual.com/disclosure-brochures.

DOL Prohibited Transaction Exemption (PTE) 2020-02 Information

When we (including through our financial representatives) provide investment advice to you, as defined by Department of Labor regulations, regarding your retirement plan account or individual retirement account, we and your financial representative providing the investment advice are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing your retirement accounts. The way we and your financial representative earn money creates some conflicts with your interests, so we and your financial representative operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we and your financial representative must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Not put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees and investments;
- Follow policies and procedures designed to ensure that the advice given is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about our conflicts of interest.

Home office service and how to contact us

If your financial representative departs our firm or is removed by us, our registered home office service center investment staff (NM Service Center representatives) will continue servicing your account until a successor financial representative is named by you or us. If a financial representative's staff departs our firm or is removed by us, the staff person's employing financial representative will continue to service your account. Our toll-free number is 866-950-4644 during the hours between 7:00 am and 6:00 pm CST. NM Service Center representatives can provide service and recommendations to you for brokerage accounts and for direct-held accounts for which we are the assigned broker-dealer. NM Service Center representatives provide service for NM VA and VL insurance products but do not provide recommendations related to such products.

In contrast to our financial representatives, NM Service Center representatives receive no commissions and are not compensated related to sales activity or commission amount. NM Service Center representatives are compensated with a salary and annual bonus tied to the overall performance of the NM enterprise.

Updates to this guide

For material changes to information provided in this Guide, we will provide you notice of updated information, which may be a message on your statement, a supplement to your statement or a separate mailing. This information will be delivered to you using the delivery method you have selected, such as by mail or electronically.

SIPC disclosure

Variable insurance products are offered through Northwestern Mutual Investment Services, LLC (NMIS), a wholly owned subsidiary of The Northwestern Mutual Life Insurance Company. NMIS is a broker-dealer and investment adviser registered with the SEC and is a member of FINRA and SIPC. You may obtain information about SIPC, including the SIPC brochure, by contacting SIPC at 202-371-8300 or visiting its website at SIPC.org.

Complaints

Complaints concerning NMIS brokerage or NMWMC advisory accounts or NM's variable life insurance policies or variable annuity contracts may be directed to:

NMIS Brokerage
720 E. Wisconsin Avenue
Milwaukee, WI 53202
866-950-4644

NMWMC Advisory
720 E. Wisconsin Avenue
Milwaukee, WI 53202
866-950-4644

Variable Life
Northwestern Mutual
P.O. Box 2949
Milwaukee, WI 53201-2949
866-424-2609

Variable Annuity
Northwestern Mutual
P.O. Box 3223
Milwaukee, WI 53201-3223
888-455-2232

Cost comparison disclosure

The following chart provides a summary comparison between the financial industry and Northwestern Mutual for brokerage and advisory account expenses. Expenses shown are for a $100,000 account. Refer to the earlier sections in this Guide for information on the sales charges and account-level fees Northwestern Mutual charges for brokerage services. For example, for commission information for stock or ETF trades through us, refer to the Exchange-Traded Products Commission Schedule in the **Exchange-Traded Products (ETPs)** section.

Industry Account Expenses	Northwestern Mutual Account Expenses
Brokerage Accounts A Share Mutual Funds[a] • Front-load sales charge percentage: 0.00% to 5.75% • Fund expense percentage: 0.00% to 1.79% C Share Mutual Funds[a] • Fund expense percentage: 0.00% to 2.51% • Contingent deferred sales charge percentage: 0.00% to 1.00% within one year of purchase No-load Mutual Funds[a] • Front-load sales charge percentage: 0.00% • Fund expense percentage: 0.00% to 1.53% • Direct-held no-load account Annual IRA Fee: $0 to $50 Exchange-Traded Funds[a,b] • Buy/sell: range from 0.00% ($500k+) to 5.00% (<$1k) • Fund expense percentage:[f] 0.00% to 1.09% Stock buy/sell[b] range from 0.00% (<$500k+) to 5.00% (<$1k) Fixed income buy/sell:[b] priced individually based on security type, trade size, maturity date; ranges from 0.00% to 3.50%, for non-U.S. Treasury Securities, subject to a minimum investment amount. Range for U.S. Treasury Securities is 0.00% to 2.00%, not subject to minimum. Financial representative-serviced Brokerage Account Annual IRA Fee: $40 to $150	Brokerage Accounts A Share Mutual Funds[f] • Front-load sales charge percentage: 0.00% to 5.75% • Fund expense percentage: 0.43% to 1.31% C Share Mutual Funds[f] • Fund expense percentage: 1.05% to 2.06% • Contingent deferred sales charge percentage: 0.00% to 1.00% within one year of purchase Exchange-Traded Funds (passive only) • Buy/Sell: ($0 - $1,500) 5% with $25 minimum to ($100K+) $50 +0.75% • Fund expense percentage:[f] 0.00% to 0.68% Stock Buy/Sell: ($0 - $1,500) 5% with $25 minimum to ($100K+) $50 +0.75% Fixed income buy/sell: priced individually based on security type, transaction size and maturity date; ranges from 0.25% to 1.50% with minimum of $50 per trade Annual Account Maintenance Fee: $50[j]

Industry Account Expenses	Northwestern Mutual Account Expenses
Advisory[a,c] • Stated Advisory Fee: 0.30% to 2.50% • Investment Expenses – Mutual funds: 0.00% to 2.00% • Investment Expenses – ETF: 0.00% to 1.09% Advisory Variable Annuity[c,d] • Stated Advisory Fee: 0.30% to 2.50% • Total net expense percentage:[h] 0.20% to 4.31% Online/Robo Advice[c] • Stated Advisory Fee: 0% to 0.89%	Advisory[f] • Stated Advisory Fee:[g] 0.25% to 1.85% • Investment Expenses – Mutual funds: 0.00% to 1.39% • Investment Expenses – ETF: 0.04% to 0.70% • Annual Account Maintenance Fee: $50[j] Advisory Variable Annuity[h] • Stated Advisory Fee:[g] 0.25% to 1.65% • Total net expense percentage:[h] 0.54% to 1.47% • Annual Account Maintenance Fee: $0
Brokerage Variable Annuity[d] Front-load • Front-load sales charge: 3.0% to 7.0% • Total net expense percentage:[i] 0.64% to 2.45% • Annual contract fee: $0 to $50 Back-load • Total net expense percentage:[i] 0.35% to 5.60% • Surrender Charges: Up to 10% • Annual contract fee: $0 to $120	Brokerage Variable Annuity[h] Front-load • Front-load sales charge: 1.0% to 4.5% • Total net expense percentage:[i] 0.69% to 1.52% • Annual contract fee: $0 to $30 Back-load • Total net expense percentage:[i] 1.44% to 2.37% • Surrender Charges: Up to 6% • Annual contract fee: $0 to $30

Industry Account Expenses	Northwestern Mutual Account Expenses
401(k)/ERISA Plan[e] Average Expenses by Plan Size • $10 million: 0.93% to 1.06% • $20 million: 0.85% to 1.01% • $50 million: 0.70% to 0.95% • $100 million: 0.59% to 0.83% • $200 million: 0.48% to 0.71% • $500 million: 0.44% to 0.64%	IRA Accounts Brokerage IRA: $0-$50 based on applicability of the account maintenance fee Advisory IRA: $0-$50 based on applicability of the account maintenance fee Annuity IRA (brokerage or advisory): $0 IRAs are subject to the account level fees noted above related to the account type.

NOTE: Your account may have lower or higher expenses than ranges shown in this Cost Comparison chart.

[a] Brokerage-sold A, C and no-load share mutual funds available in various asset classes. Mutual fund expenses for advisory represent relevant share classes such as institutional, investor and other fee-based account share classes. Both mutual fund and ETF expenses are based on data from Morningstar Direct as of June 2023. Fund expense ranges were determined by removing the most expensive top 5% of funds.

[b] ETF, stock, and fixed income buy/sell ranges reflect averages of fees from Mass Mutual, UBS, Edward Jones, Lincoln Financial and Baird based on publicly available fee schedules as of 2023.

[c] Advisory Stated Fee ranges are based on a third-party consultant review completed in 2021 of $100,000 in managed account programs. Online / Robo data from ValuePenguin by LendingTree report on Robo-Advisor Fee Comparison updated as of August 23, 2022.

[d] Variable Annuity data is from Morningstar Direct as of April 2023.

[e] 401(k)/ERISA information reprinted under license from Pension Data Source, Inc., publishers of 401(k) Averages Book 23rd Edition. Plan size reflects total plan assets. Expenses include investment and plan administration expenses paid by plan participants with an average account balance of $100,000.

[f] Brokerage mutual fund and ETF expense ranges and/or sales charges are based on funds approved for use in NMIS brokerage accounts as of June 2023. Advisory Signature Choice program fees and range of expenses for available mutual funds and ETFs as of June 2023.

[g] Stated Advisory Fee is net of any fee offset applied within a Northwestern Mutual advisory program. Refer to the advisory program disclosure brochure for information on fee offsets.

[h] Variable Annuity expenses from Northwestern Mutual Select Variable Annuity, front-load, back-load, and fee-based.

[i] Total net expense percentage includes mortality and expense charges plus investment fees including acquired fund fees and contract waivers.

[j] Account Maintenance Fee is net of the 0.0079% fee offset applied to accounts. Account Maintenance Fee is waived for certain accounts. Refer to the **Account-level fees** section above for more details.

Appendix 1: Privacy Notice for NMIS and NMWMC

FACTS	WHAT DO NORTHWESTERN MUTUAL INVESTMENT SERVICES, LLC (NMIS) AND NORTHWESTERN MUTUAL WEALTH MANAGEMENT COMPANY (NMWMC) DO WITH YOUR PERSONAL INFORMATION?
Why?	Financial companies choose how they share your personal information. Federal and state laws give 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: • Personal information and identifiers: *name, social security number, date of birth* • Demographics: *age, disability status, citizenship, gender* • Professional or employment information: *income, employment history* • Education information: *school records, degree, academic achievements* • Financial information: *bank accounts, investment or brokerage accounts, assets/debts, account balances* • Internet or network activity: *browser history & search history, interactions, IP address* • Profile information: *profiles reflecting a person's preferences such as interests, hobbies, characteristic tendencies, behaviors, or attitudes* • Product information: *policy/account number, policy/account values* • Audiovisual information: *video & audio recordings*
How?	All financial companies need to share customer personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customer information; the reasons NMIS and NMWMC choose to share; and whether you can limit this sharing.

Reasons we can share your personal information	Do NMIS & NMWMC 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	Yes	No
For joint marketing with other financial companies	No	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	Yes	Yes*
For our affiliates to market to you	Yes	Yes
For nonaffiliates to market to you	No	No

To limit our sharing	Call 866-950-4644 and when prompted say *limit sharing*. **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?	Call 866-950-4644 and when prompted say *privacy* or go to NorthwesternMutual.com.

Who we are	
Who is providing this notice?	This privacy notice is provided by Northwestern Mutual Investment Services, LLC and Northwestern Mutual Wealth Management Company.

What we do	
How do NMIS and NMWMC protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal and state law. These measures include computer safeguards, access limitations, and secured files and buildings.
How do NMIS and NMWMC collect my personal information?	We collect your personal information, for example, when you: • apply for a product or service or open an account. • aggregate your accounts. • communicate and transact with us. • build a plan with a member of our sales force. We also collect your personal information from others, such as affiliates or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only: • sharing for affiliates' everyday business purposes – information about your creditworthiness. • affiliates from using your information to market to you. • sharing for nonaffiliates to market to you. State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account.

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. This means The Northwestern Mutual Life Insurance Company, Northwestern Long Term Care Insurance Company, and, for purposes of privacy and information sharing, the network offices of our sales force. Our sales force is made up of independent contractors, including financial representatives and their staff, all of whom sell our products and services.
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. For example, we use service providers to perform business functions for us.
Joint Marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. *Neither NMIS nor NMWMC jointly market.*

Other important information
*With your authorization, information relating to creditworthiness that affects your ability to purchase one of our products or services may be shared.
Some states provide additional rights to its residents in connection with insurance transactions. For our customers residing in **AZ, CA, CT, GA, IL, ME, MA, MN, MT, NV, NJ, NC, OH, OR, VA, and WI,** upon receipt of a written, verifiable request, you generally have the right to learn the nature and substance of personal information about you recorded in our files that is reasonably locatable and retrievable, see or obtain a copy of that information, and learn the identity of those to whom we have disclosed the information. If you believe that any of our records are inaccurate, you may notify us in writing of any corrections, amendments, or deletions that you believe should be made, and we will review and respond to that request. To exercise these rights or for additional information, please write to: Privacy Office, NMIS/NMWMC, 720 E. Wisconsin Ave., Milwaukee, WI 53202. **For our customers residing in VT,** we will not disclose information about your creditworthiness to our affiliates and will not disclose your information to nonaffiliated third parties to market to you, other than as permitted by Vermont law, unless you authorize us to make those disclosures.
For NV residents, we are providing this notice pursuant to state law. If you do not want to receive unsolicited calls from us, you have the right to request that your number be placed on our internal do not call list. To exercise this right or if you have questions, please contact us at 866-950-4644, via mail at Do Not Call Compliance, The Northwestern Mutual Life Insurance Company, 720 East Wisconsin Ave., Milwaukee, WI 53202, or via email at DoNotCallForm@NorthwesternMutual.com. You may also contact the NV Attorney General for information on this law at 702-486-3132, via mail at 100 North Carson Street, Carson City, NV 89701, or via email at AgInfo@ag.nv.gov.

Appendix 2

Business Continuity Plan

Northwestern Mutual Investment Services, LLC (NMIS) has a business continuity plan to provide for an orderly return to normal business operations after a significant disruption. Where necessary, NMIS has integrated its plan with the business continuity plan of its parent, The Northwestern Mutual Life Insurance Company, and plans of key third-party services providers.

While a catastrophic event may negatively impact our ability to continue to transact business, we have attempted to identify potential disruptions and methods to continue to operate in the event such disruptions occur. The strategy of NMIS's business continuity plan is to take all reasonable and appropriate steps to protect our people, our infrastructure, the services provided to our customers and the services provided to our field.

NMIS's business continuity plan addresses data backup and recovery; mission-critical systems; financial and operational assessments; alternative communications with customers, employees and regulators; alternate physical location of employees; critical supplier, contractor, bank and counterparty impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we were unable to continue our business.

The information below is intended as a synopsis of our business continuity plan. Since the timing and extent of significant business disruptions are by nature unpredictable, we have reserved flexibility in our plan to allow us to respond to tangible events in the manner we deem appropriate as they occur.

Contacting Us

Your primary contact in the event of a significant business disruption affecting the home office is your financial representative. If your financial representative or the network office your financial representative is associated with experiences a significant business disruption, you can contact the home office at 866-664-7737. If a significant business disruption affects your ability to contact our home office, please go to the media section of our website at NorthwesternMutual.com for instructions on how to obtain information regarding your accounts.

Strategy by Disruption Type

The strategy of NMIS's business continuity plan is to address three scenarios in which a Northwestern Mutual campus is impacted by a local business disruption. The scenarios are (1) part or all of the Milwaukee, Wisconsin, campus disabled, (2) part or all of the Franklin, Wisconsin, campus disabled, and (3) a significant portion of staff unable to work (for example, pandemic). In all scenarios, NMIS plans to continue business, and notify our clients through our website or via the home office phone number, which are both listed in the paragraph above. If the significant business disruption is so severe that it prevents NMIS from processing transactions, NMIS will take all necessary steps to assure our clients' prompt access to their funds and securities.

Milwaukee Campus Only Disruption

If NMIS loses the ability to perform business at part or all of the Milwaukee campus, the staff associated with the mission-critical functions will be relocated to an established off-site location outside the affected area. The firm expects to recover and resume business as soon as reasonably practical depending on the severity of the disruption.

Franklin Campus Only Disruption

If NMIS loses the ability to perform business at part or all of the Franklin campus, the staff associated with the mission-critical functions will be relocated to an established off-site location outside the affected area. The firm expects to recover and resume business as soon as reasonably practical depending on the severity of the disruption.

Staff-Only Disruption

If a staff-only disruption (for example, pandemic) was to occur at either the Milwaukee or Franklin campus, the firm will redirect the available staff to service the critical and essential processes needed to keep the firm running with little impact. If necessary, certain key employees will work from an established remote location to assist in the recovery of business operations.

Changes and Modifications

The firm may, from time to time, alter or revise the plan as necessary to support current business needs. Certain aspects of the plan are tested on a regular basis and updated as necessary. For a current copy of this notice, go to NorthwesternMutual.com and search "business continuity" or contact your Northwestern Mutual representative. If you have questions about our business continuity plan, please contact us at 866-664-7737.

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