
NB Alternatives Advisers LLC

Client Brochure

March 30, 2012

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This Brochure provides information about the qualifications and business practices of NB Alternatives Advisers LLC (“**NBAA**”). If you have any questions about the contents of this Brochure, please contact us at 214-647-9537 or by email at: scott.christiansen@nb.com.

NBAA is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). NBAA is subject to the Advisers Act rules and regulations adopted by the Securities and Exchange Commission (“**SEC**”). Registration as an investment adviser does not imply any particular level of skill or training.

Additional information about NBAA is also available on the SEC’s website at www.adviserinfo.sec.gov.

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The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Item 2: Material Changes

This Brochure dated March 30, 2012 has been prepared in accordance with new rules recently adopted by the SEC. This Brochure will be updated at least annually. We may further provide ongoing disclosure information about material changes as necessary. The following is a summary of the material changes set forth herein that have been made to this Brochure since March 31, 2011.

Item 3: Table of Contents

ITEM 1:	COVER PAGE	i
ITEM 2:	MATERIAL CHANGES	ii
ITEM 3:	TABLE OF CONTENTS	iii
ITEM 4:	ADVISORY BUSINESS.....	1
A.	Description of the Firm.....	1
B.	Types of Advisory Services.....	2
C.	Client Tailored Services and Client Tailored Restrictions.....	3
D.	Wrap Programs.....	3
E.	Assets Under Management.....	3
ITEM 5:	FEES AND COMPENSATION	4
A.	Fee Schedule.....	4
B.	Payment Method	5
C.	Other Fees and Expenses	5
D.	Prepayment of Fees and Refunds	6
E.	Sales Compensation	7
ITEM 6:	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	8
ITEM 7:	TYPES OF CLIENTS	9
ITEM 8:	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS ..	10
A.	Methods of Analyses	10
B.	Investment Strategies.....	11
C.	Material Risks	11
ITEM 9:	DISCIPLINARY INFORMATION	17
ITEM 10:	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	18
A.	Registration as a Broker-Dealer or Registered Representative.....	18
B.	Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor or Associated Person	18
C.	Material Relationships	18
D.	Selection of Other Investment Advisers	20
ITEM 11:	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	21

A.	Code of Ethics	21
B.	Participation or Interest in Client Transactions.....	21
C.	Personal Trading.....	23
D.	Other Conflicts of Interests.....	25
ITEM 12:	BROKERAGE PRACTICES	29
A.	Criteria for Selection of Broker-Dealers.....	29
B.	Aggregation of Orders/Allocation of Trades	29
ITEM 13:	REVIEW OF ACCOUNTS	31
A.	Periodic Reviews	31
B.	Non-Periodic Reviews	31
C.	Client Reports	31
ITEM 14:	CLIENT REFERRALS AND OTHER COMPENSATION	32
A.	Compensation by Non-Clients.....	32
B.	Compensation for Client Referrals	32
ITEM 15:	CUSTODY	33
ITEM 16:	INVESTMENT DISCRETION.....	34
ITEM 17:	VOTING CLIENT SECURITIES.....	35
ITEM 18:	FINANCIAL INFORMATION.....	36
A.	Prepayment of Fees (Six or more months in advance)	36
B.	Impairment of Contractual Commitments	36
C.	Bankruptcy Petitions	36

Item 4: Advisory Business

A. Description of the Firm

NB Alternatives Advisers LLC ("**NBAA**") is a Delaware limited liability company that was formed in 2009 and registered with the Securities and Exchange Commission (the "**SEC**") as an investment adviser in 2009.

NBAA is directly owned by NB Alternatives Holdings LLC. NB Alternatives Holdings LLC is a subsidiary of Neuberger Berman Group LLC ("**NBG**").

NBAA provides alternative investment strategies to large public and private pension funds, academic and charitable institutions and other institutional investors. NBAA's advisory business is focused on providing services to (i) proprietary funds, funds of funds, co-investment funds and secondary investment funds and (ii) third-party clients on a separate account basis.

Indirect Ownership Background—Neuberger Berman Group

NBG is a holding company the subsidiaries of which (collectively referred to herein as the "**Firm**" or "**Neuberger Berman**") provide a broad range of global investment solutions – equity, fixed income and alternatives – to institutions and individuals through customized separately managed accounts, mutual funds and alternative investment funds. As of December 31, 2011, Neuberger Berman had approximately \$193 billion under management.¹

On September 15, 2008, Lehman Brothers Holdings Inc. ("**LBHI**"), the owner of the businesses that now comprise Neuberger Berman, filed for protection under Chapter 11 of the U.S. Bankruptcy Code. On May 4, 2009, in conjunction with a management buyout, Neuberger Berman became an independent, employee majority-controlled asset management firm.

NBG's voting equity is owned 52% by NBSH Acquisition, LLC ("**NBSH**"), and 48% by LBHI and certain of its subsidiaries. NBSH is owned by certain portfolio managers, members of its management team and other senior key employees (the "Management Members"). NBG's Board of Directors is comprised of seven members. NBG's Chief Executive Officer is required to be a member of the Board and serves as its Chairman. In addition, the Management Members have

¹ Firm assets under management figures reflect the collective assets for the various affiliated investment advisers that are subsidiaries of NBG, including, but not limited to, NBAA. NB Alternative Investment Management LLC, Neuberger Berman LLC, Neuberger Berman Management LLC, Neuberger Berman Fixed Income LLC, NB Alternative Fund Management LLC, and NB Alternatives GP Holdings LLC.

the right to appoint four Directors, two of whom are required to be independent as defined in the New York Stock Exchange Listed Company Standards. LBHI is entitled to appoint two Directors. The right to appoint four members to NBG's Board of Directors enables the Management Members to appoint a majority of the Directors.

Neuberger Berman is headquartered in New York City, where the majority of its asset management services are performed. As of December 31, 2011, Neuberger Berman had approximately 1,700 employees across 27 offices in 26 cities and 13 countries around the world.

As of December 31, 2011, approximately 300 employees owned an equity stake in the Firm. All of these employees have entered into agreements that provide strong incentives to continue with the organization, and have a number of restrictive covenants in the event the employee leaves the Firm.

NBAA's investment management services are discussed further below.

B. Types of Advisory Services

NBAA currently provides the following types of investment management services:

Private Investment Vehicles

NBAA acts as the investment manager providing discretionary investment management services to privately offered pooled investment vehicles ("**Private Funds**"). The Private Funds are organized or "sponsored" by NBAA or an affiliate of NBAA and an affiliate of NBAA acts as the managing member or general partner of the Private Funds.

Unlike open and closed-end mutual funds that are registered with the SEC under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), the Private Funds are not registered as investment companies with the SEC and are therefore not subject to various provisions of the Investment Company Act. Interests in the Private Funds are not registered for sale under the Securities Act of 1933, as amended (the "**Securities Act**") and are instead sold to qualified investors on a private placement basis in "closed" offerings.

For a list of certain of the Private Funds, please reference Section 7.B.(1) and (2) of Schedule D of Part 1 to NBAA's Form ADV which is publicly available at www.adviserinfo.sec.gov.

NBAA has the overall responsibility for implementing the investment strategies of each Private Fund and has the authority to select investments within the stated investment strategies and objectives of each Private Funds. The Private Funds generally invest in private equity securities, such as venture capital partnerships, buyout and mezzanine private equity partnerships, international private equity partnerships and direct/co-investments in privately held operating companies as well as minority interests in hedge fund managers (collectively, "**Private Equity Securities**").

Separately Managed Accounts

NBAA provides ongoing discretionary investment management services to institutional clients in a separate account format. Certain of these clients may be limited partnerships that were organized by affiliates of the NBAA for which an NBAA affiliate serves as general partner (collectively, “**Separate Accounts**”). These accounts are managed based on individual investment objectives or guidelines, time horizon, risk tolerance, policies and limitations of such clients. The Separate Accounts generally invest in Private Equity Securities.

The Private Funds and the Separate Accounts are collectively referred to as the “**Client Accounts**.” All Separate Account clients and all U.S. investors in the Private Funds must qualify as “qualified purchasers” under Section 2(a) (51) (A) of the Investment Company Act (“**Qualified Purchaser**”).

C. Client Tailored Services and Client Tailored Restrictions

NBAA generally offers the same type of investment management services to its Separate Accounts and the Private Funds. NBAA enters into discretionary investment management agreements with its Separate Account clients. See Item 16. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their particular investment objectives or needs.

NBAA enters into discretionary investment management agreements with the Private Funds, and services are performed in accordance with the terms of each such agreement. Each Private Fund may impose investment restrictions or guidelines as it deems appropriate. Such investment restrictions and/or guidelines are typically set forth in the limited partnership agreement or other formation documents and/or the confidential private placement memorandum for each fund (collectively, the “**Offering Documents**”).

D. Wrap Programs

Not applicable.

E. Assets Under Management

<u>Discretionary Amounts:</u>	<u>Non-Discretionary Amounts:</u>	<u>Date Calculated:</u>
\$11,400,000,000	\$0	12/31/2011

Item 5: Fees and Compensation

A. Fee Schedule

I. PRIVATE FUNDS

NBAA is compensated for its advisory services to the Private Funds based on a percentage of assets under management and performance-based amounts.

Each Private Fund pays to NBAA annual advisory fees ("**Management Fees**") equal to a certain percentage of the total capital commitments (regardless of whether such capital has been invested) of the partners of the applicable Private Fund and/or the net asset value of the Private Fund. NBAA or its affiliate acting as general partner or managing member of a Private Fund, in its discretion, may waive or reduce the Management Fee applicable to all or any of the investors in each Private Fund or agree with an investor to waive or alter the Management Fee as to that investor.

An affiliate of NBAA is also apportioned carried interest distributions from each Private Fund ("**Carried Interest**") based on the net cash proceeds attributable to Private Fund investments. NBAA or its affiliate, acting as general partner or managing member of a Private Fund, in its discretion, may waive or reduce the Carried Interest as to all or any of the investors in each Private Fund or agree with an investor to waive or alter the Carried Interest as to that investor. The Carried Interest is also subject to a "clawback", which means that NBAA's affiliate is required to return to the investors Carried Interest if the investors in such Private Fund do not receive the return of their capital contributions made to such Private Fund plus a certain stated return on their investment from such Private Fund.

Lower fees for comparable services may be available from other sources. The expenses of a Private Fund, including the Management Fee and Carried Interest, may constitute a higher percentage of average net assets than would be found in other investment vehicles not managed by NBAA.

Investors should refer to each Private Fund's Offering Documents for additional or supplementary information regarding the Private Funds as well as the fees paid by each Private Fund.

II. SEPARATE ACCOUNTS

Separate Accounts pay a management fee which is generally based on a percentage of the market value of assets held in the account. Some Separate Accounts also pay a fee based on the performance of the account. Fees are negotiable and set forth in the investment management

agreement with the client. All Separate Account clients of NBAA are Qualified Purchasers and those charged a performance fee must be eligible to enter into a performance fee arrangement under the Advisers Act (“**Qualified Clients**”).

Fees may vary depending on a variety of factors including, but not limited to, the identity of the portfolio manager or group managing the account, account size and investment objectives.

B. Payment Method

Calculation and Payment of Fees:

Private Funds— The Management Fee generally will be paid by each Private Fund quarterly in advance. The Carried Interest for each Private Fund is paid out as a distribution of the net cash proceeds attributable to dispositions of portfolio investments of such Private Fund.

Separate Accounts—Management fees are charged quarterly, in arrears, based on the market value of the client’s capital commitment on an annual tranche basis. Performance fees are generally charged on each annual tranche of commitment as a distribution of the net cash proceeds attributable to dispositions of portfolio investments of such Separate Account annual tranche.

Payment of fees for Separate Accounts will be made upon invoice.

Valuation of Assets for Separate Accounts— The market values of the assets of the Separate Accounts is based upon fair-value as determined by the general partner or the managing member, or their delegate, which could be NBAA. The Separate Accounts retain an NBAA affiliate administrator to provide various administrative services to the Separate Account. This includes assisting NBAA in calculating each Separate Account’s net asset value (“NAV”), as well as other administrative services on behalf of the funds.

Valuation of Assets for Private Funds— The market values of the assets of the Private Funds is based upon fair-value as determined by the general partner or managing member, or their delegate, which could be NBAA. The Private Funds retain an NBAA affiliate to provide various administrative services to the Private Funds. This includes assisting NBAA in calculating each Private Fund’s NAV, as well as other administrative services on behalf of the funds.

In addition, where significant issues regarding valuation arise that cannot be addressed by the methods described above, NBAA will consult with a central valuation committee to evaluate the issues and seek prompt resolution thereof.

C. Other Fees and Expenses

In addition to the Management Fee and Carried Interest or other performance fee paid to NBAA, clients pay other fees associated with their accounts and investments. Such fees include the following:

Custodial Fees— Separate Account clients and the Private Funds may elect to have account assets held in the custody of a bank, trust company, broker-dealer or other entity selected by the client. The client or Private Fund will bear any custodial fees associated with such account. To the extent that cash is held in such accounts and fees are charged by the provider of such service, the fees so incurred by the client or Private Fund will be in addition to the fee payable to NBAA on the overall value of the account. See Item 15.

Additional Fees Related to Investments in Private Equity Securities— The Separate Accounts and Private Funds generally invest in Private Equity Securities.

Issuers of Private Equity Securities are typically structured as partnerships or limited liability companies. As such, these entities typically incur fees and expenses which are charged to investors in those entities. These “portfolio level fees” will be incurred by Separate Account and Private Fund clients and are in addition to the fees and expenses otherwise charged by NBAA or the Private Fund. Investors in the Private Funds and Separate Account clients will in effect be paying two sets of fees, one directly at the Private Fund and/or Separate Account level to NBAA and one indirectly through the Private Equity Security investments to the general partner of such investments.

In addition, investors in the Private Funds will incur other fees and expenses associated with their investments in such funds. Private Fund expenses are described in the respective Private Fund’s Offering Documents. These expenses will generally include transaction-related costs, the fees and expenses of other service providers to these funds such as custodians, transfer agents, administrators, valuation agents, auditors and counsel.

Comparable Services— NBAA believes that the charges and fees offered within its advisory services are competitive with alternative programs available through other firms offering a similar range of services; however, lower fees for comparable services may (or may not) be available from other sources. The expenses of a Private Fund, including the Management Fee and Carried Interest, may constitute a higher percentage of average net assets than would be found in other investment vehicles not managed by NBAA or its affiliates.

D. Prepayment of Fees and Refunds

Private Funds. As described in Item 5.B., Management Fees generally will be paid by each Private Fund quarterly in advance. Carried Interest fees are not paid in advance. NBAA does not intend to cause any Private Fund to terminate its investment management relationship with NBAA absent NBAA’s reorganization, liquidation, bankruptcy. Investors should refer to the applicable Offering Documents for information regarding payment of fees, withdrawal and refund of fees.

Separate Accounts—As described in Item 5. B., Separate Account fees are paid in arrears.

E. Sales Compensation

NBAA's products and strategies are marketed by the Firm's central salesforce which also markets the products and strategies of NBAA's affiliates. Certain members of the central salesforce are registered representatives of Neuberger Berman LLC ("**NB LLC**"), an affiliate of NBAA and a registered investment adviser and broker-dealer and member of FINRA. Subject to applicable law, certain members of the sales force are entitled to a sales commission if NBAA is engaged to provide investment management services for a Separate Account or if an investment is made in a Private Fund. The commission is generally a percentage of the management fee paid to NBAA for a specified number of years, payable to the salesperson on the same basis as NBAA is paid, subject to the terms and conditions of the applicable sales compensation plan and contingent compensation program.

Given that the sales force may market a wide range of products offered by NBAA and its affiliates, with differing sales compensation, members of the sales force may have an incentive to promote or recommend certain products over others based on the compensation to be received and not on the specific requirements or investment objectives of the client. NB LLC trains its employees, including members of this sales force, regarding suitability and sales of securities products to investors. Salespersons are also required to undergo product specific training for all products that they market.

The Firm's central sales force also markets the advisory products and services of NBAA for which certain members may not receive any direct compensation. Certain Firm employees who are not members of the central sales force may be eligible to earn an account referral bonus for referring a client to NBAA.

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

“Performance-Based Fees” are fees that are based on a share of the capital gains or capital appreciation of the assets of an account. Examples of performance-based fees include, but are not necessarily limited to:

- an incentive fee where the fee is calculated as a percentage of a fund's profits, taking into consideration both realized and unrealized profits (sometimes referred to as incentive allocation or carried interest)
- high water mark where the manager receives performance fees only on increases in the net asset value of a fund in excess of the highest net asset value it has previously achieved
- hurdle rates— where a manager does not charge a performance fee until the fund's annualized performance exceeds a benchmark rate, such as T-bill yield, LIBOR or a fixed percentage

NBAA charges performance fees in connection with the management of its Separate Accounts and its Private Funds.

Some of NBAA's portfolio managers are investment advisory personnel of one or more of NBAA's affiliated advisers. See Item 10.C.3 for a list of such affiliated advisers. In such capacity, they may manage accounts for which they do not receive performance-based fees.

To the extent that portfolio managers of NBAA manage accounts, through association with the Advisory Affiliates, that charge only management fees, these portfolio managers may have a conflict of interest in that the Separate Accounts and the Private Funds (which charge performance-based fees) offer the potential for higher profitability when compared to an account with only a management fee. Performance-based fee arrangements may create an incentive for NBAA and/or its portfolio managers to recommend investments which may be riskier or more speculative than those that would be recommended under a different fee arrangement. Performance-based fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the devotion of time and resources and the allocation of investment opportunities.

To manage these potential conflicts, NBAA has adopted a number of compliance policies and procedures. These policies and procedures include (i) the Neuberger Code of Ethics (see Item 11.A), (ii) the NBAA Compliance Manual, (iii) investment allocation policies which seek to ensure that investment opportunities are allocated fairly among Clients Accounts and Client Accounts are managed in accordance with their investment mandate, and (iv) allocation review procedures reasonably designed to identify unfair or unequal treatment of accounts. NBAA does not consider fee structures when allocating investment opportunities.

Item 7: Types of Clients

NBAA's clients include the Private Funds and clients who open Separate Accounts. Separate Account clients consist of a U.S. private pension plan.

Set forth below are the minimum account requirements for NBAA's accounts:

Private Funds

Investors that are U.S. persons must be "accredited investors" under Regulation D under the Securities Act, Qualified Purchasers under the Investment Company Act and Qualified Clients eligible to be charged performance fees under the Advisers Act.

The minimum investment required by an investor varies depending on the Private Fund and in each case is subject to waiver by NBAA or the Private Fund's general partner. Investors should review the Offering Memorandum for each relevant Private Fund for further information with respect to minimum requirements for investment.

Separate Accounts --NBAA generally creates Separate Accounts for accounts in excess of \$100 million, but may consider accounts with lesser commitment amounts. These customized portfolios are designed to meet the specific risk and return goals, liquidity restraints, factor sensitivity targets and other requirements of its clients.

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

A. Methods of Analyses

Security Analysis

NBAA's security analysis methods include:

Fundamental analysis --involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Technical analysis --involves the analysis of past market data; primarily price and volume.

Cyclical analysis --involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

Contrarian and Opportunistic--involves the analysis of market data for potential buying and selling strength by gauging investor expectations.

With respect to the Private Funds, NBAA evaluates investments based on a variety of factors that are typically described in the Offering Documents for the Private Fund.

Utilizing Sources of Information

In conducting security analysis on behalf of the Private Funds and Separate Accounts, NBAA can utilize a broad spectrum of information sources, including, but not limited to:

- reviews of private corporate documents (including business plans, financial records and projections)
- legal documents and customer agreements, and industry research and reviews
- interviews with key officers, customers, suppliers and competitors
- site visits to each portfolio company to examine its operations, technologies, products and market opportunities
- outside consultants and advisors having special expertise in relevant fields.

NBAA compiles the foregoing information and employs a variety of financial analysis tools and methodologies in valuing and evaluating potential investments. Following an investment, NBAA will continue to monitor the progress and suitability of the investment as well as market and economic outlook.

B. Investment Strategies

The following is a summary of the principal investment strategies employed by NBAA. The material risks associated with each of these strategies is set forth in C. below. This is a summary only. Clients should look to the offering memorandum of each Private Fund or to their investment advisory agreements with NBAA and other client materials for a more complete description of each strategy. Clients should not rely solely on the descriptions provided below.

Private Equity Co-investment Fund

NB Alternatives Co-investments investment strategy is to (i) leverage the exceptional global platform at Neuberger Berman to source, evaluate and execute co-investment opportunities; (ii) partner with premier private equity firms in their core areas of expertise; (iii) invest on favorable terms alongside lead financial sponsors; (iv) maintain a disciplined investment philosophy; and (v) build a diversified portfolio of co-investments.

Private Equity Fund of Funds

NB Alternatives private Equity Fund of Funds investment strategy is to identify and select top performing managers and diversify appropriately across asset classes, vintage years and pace of capital deployment, maturity and stage of companies, geographies, industries and generalist versus industry specific funds. In addition, when determining proper diversification, NB Alternatives analyzes the private equity marketplace and appropriately weights capital allocations to those sectors with the most promising opportunities.

Private Equity Secondary Investment Fund

NB Alternatives Secondary investments strategy is to acquire seasoned private equity investments through secondary market transactions.

Dyal Capital Fund

NB Alternatives investment objective for the Dyal Capital fund is to achieve income and capital appreciation by investing in a portfolio of hedge fund management companies. The fund seeks to establish 15-25% minority interests in leading hedge fund firms, diversified across strategy and geography. The fund will target 12-15 investments in the portfolio.

C. Material Risks

Investments in securities and other financial instruments involve risk of loss that investors must be prepared to bear.

The following is a summary of the principal risks associated with investments by the Separate Accounts and Private Funds. This is a summary only. Separate Account clients should look to their investment advisory agreements with NBAA and other client materials and Private Fund

clients should look to the Offering Documents for a more complete description of these risks. Clients should not rely solely on the descriptions provided below.

- **General Risk.** There is no assurance that the investments held by a Separate Account or Private Fund will be profitable, that there will be proceeds from such investments available for distribution, or that a Separate Account or Private Fund will achieve its investment objectives. Private Equity Security investments are speculative and involve a high degree of risk, including a highly volatile performance, and there can be no assurance that projected or targeted returns will be achieved. As a result, a Separate Account or Private Fund could incur a total or substantial loss.
- **Illiquidity Risk.** Interests in the Private Funds or Private Equity Securities that are interests in limited partnerships are illiquid and cannot be transferred without the consent of the general partner or managing member of a partnership. Further, these investments typically cannot be transferred or redeemed for a substantial period of time, and there may be little or no near-term cash flow available to investors in the interim. Likewise, a Separate Account or Private Fund may not receive any distributions representing the return of capital for an indefinite period of time.
- **Restrictions on Transfer and Withdrawal.** Investments in partnership interests and in investment funds indirectly held by partnerships have not been and will not be registered under the Securities Act of 1934 (the “1934 Act”) or applicable state securities laws. As such, there is no secondary market for interests in a partnership, and such a market is not expected to develop. Further, transfers of partnership interests are subject to numerous restrictions, including obtaining consent of the partnership’s general partner or managing member to transfer interests or withdraw.
- **Lack of Operating History.** Partnerships and investment funds are newly formed and have no operating history. As such, there is no guarantee that the partnership will achieve its investment objectives.
- **Recent Market and Regulatory Events.** Recent events in the U.S. and global economies have resulted, and may continue to result, in extreme losses and volatility in securities markets and the failure of the credit markets to function. In response, the U.S. Government, the Federal Reserve, the Treasury, the SEC, the Federal Deposit Insurance Corporation and other governmental and regulatory bodies have recently taken or are considering taking actions to address the financial crisis. Despite these efforts, partnerships and investment funds could be materially adversely affected by continued market volatility and failures in the credit markets. While these conditions may create unique investment opportunities for the Separate Accounts and Private Funds, such conditions may also make it more difficult to generate positive investment returns consistent with historical performance to effectively manage their risks.
- **Sector Risk.** Partnerships and investment funds make a limited number of investments. As such, their returns as a whole may be substantially affected by the unfavorable

performance of a single investment. In addition, certain partnerships and investment funds may invest exclusively or primarily in a particular asset type or category, which may reduce a Separate Account's or Private Fund's overall diversity of assets and increase risk.

- **Leverage Risk.** Investment funds or limited partnerships may employ leverage in connection with certain investments or participate in investments with highly leveraged capital structures. The use of leverage involves a high degree of financial risk and may increase the exposure of such investments to factors such as rising interest rates, downturns in the economy, or deterioration in the condition of assets underlying such investments. Additionally, an investment fund's or partnership's borrowings may in certain cases be secured by the capital commitments of the Separate Accounts or Private Funds, which may increase the risk of loss of such assets.
- **Interest Rate Risk.** The market value of many types of investments is sensitive to changes in interest rates. In general, when interest rates rise, the fixed-income security's market value declines and when interest rates decline, its value rises. Normally, the longer the remaining maturity of a security, the greater the effect of interest rate changes on the market value of the security. In addition, changes in the ability of an issuer to make payments of interest and principal and in the market's perception of an issuer's creditworthiness affect the market value of an issuer's investments.
- **Competition Risk.** Separate Accounts and Private Funds may face competition for investments from numerous other entities engaged in investment activities. As such, there can be no guarantee that a sufficient quantity of suitable investment opportunities will be found. Competition for underlying investment interests may also increase costs, thereby reducing investment returns. Similarly, while the Separate Accounts and Private Funds seek to maintain excellent relationships with the general partners and managing members of limited partnerships and investment funds, there can be no assurance that they will be able to secure interests in all of the investment opportunities identified.
- **Time Required to Maturity of Investments Risk.** There is generally a period of at least two to four years before a Separate Account or Private Fund has completed making its investments. Similarly, investments may take a significant period of time to reach a state of maturity allowing for realization of a return. This creates a risk that there will be no significant return, if any, from a Separate Account's or Private Fund's investments until a substantial number of years have passed.
- **Less Established Companies Risk:** Investments in less established companies may involve greater risks than those associated with more established companies. For example, less established companies may have shorter operating histories on which to judge future performance and may have negative cash flow. In the event that a Separate Account or Private Fund may invest in a start-up enterprise, there are risks that the company may not have significant operating revenues and a higher susceptibility to irregular accounting or other fraudulent practices.

- **Foreign Securities and Emerging Markets Risk.** To the extent that a Separate Account or Private Fund invests in opportunities located outside of the United States, there is a risk that these securities can be more volatile than domestic (“U.S.”) securities. Many foreign investments may be less liquid than U.S. securities and the exchange rates between U.S. dollar and foreign currencies might fluctuate, which could negatively affect the value of foreign investments.

Foreign investments are also subject to higher political, social and economic risks. These risks include, but are not limited to, a downturn in the country’s economy, excessive taxation, political instability, and expropriation of assets by foreign governments. Compared to the United States, foreign governments and markets often have less stringent accounting, disclosure and financial reporting requirements.

In addition, the Separate Accounts and Private Funds may invest in emerging markets in countries with immature economic and political structures. Investments in emerging markets have more risk than those in more developed foreign markets.

- **Non-Controlling Investments and Limited Rights as Shareholders Risk.** If a Separate Account or Private Fund makes a co-investment, it may hold non-controlling interests in certain companies. As such, there may be limited opportunities to protect its interest in such companies and to influence such companies’ management. Co-investments made through joint ventures create conflicts of interest issues if third parties involved take actions in a manner contrary to a Separate Account’s or Private Fund’s investment objectives. There can be no assurance that the Separate Account or Private Fund may have minority shareholder rights to protect their interests.
- **Passive Interest Risk.** The Separate Accounts and Private Funds will not have any right to participate in the day-to-day management of the entities in which they invest. The valuation of an entity’s assets will be controlled by its respective general partners and managing members, the Separate Accounts and Private Funds will have limited access to quarterly and annual reports, financial statements, and other information.
- **Reliance on Key Personnel Risk.** The Separate Account’s or Private Fund’s management team will identify, select and manage its investments and the success of such investments is contingent on their continued employment. Similarly, the success of a limited partnership or investment fund is also likely to be substantially dependent on certain key personnel. Should key personnel cease to participate in management activities, investment performance could be adversely affected. There can be no assurance that these key personnel will continue to be associated with or available throughout the term of an investment in a limited partnership or investment fund.
- **General Market Risk.** General fluctuations in the prices of securities may affect the value of an investment. A limited partnership’s or investment fund’s ability to refinance

debt securities may also be contingent on its ability to sell new securities in the public high-yield debt market or otherwise.

- **Distressed Securities Risk.** Investments in distressed securities may expose it to greater risks than investments in higher-grade securities. Distressed securities are issued by companies that are, or might be, involved in reorganizations or financial restructurings, either out of court or in bankruptcy. As a result, it is often difficult to obtain information as to the true condition of financially distressed securities.
- **Lower-Rated Debt Securities Risk.** Debt securities receiving below investment grade ratings (i.e., “junk bonds”) may have speculative characteristics, and, compared to higher-grade securities, may have a weakened capacity to make principal and interest payments in economic conditions or other circumstances. High-yield, high risk, and lower-rated securities are subject to additional risk factors, such as increased possibility of default, decreased liquidity and fluctuations in value due to public perception of the issuer of such securities. In addition, both individual high-yield securities and the entire high-yield bond market can experience sharp price swings due to a variety of factors, including changes in economic forecasts, stock market activity, large sustained sales by major investors or a higher profile default.
- **Hedging Policies/Risk.** Limited partnerships and investment funds may employ hedging techniques, which involve the risk of unanticipated changes in interest rates, securities prices or currency exchange rates. These risks may result in a partnership’s or investment fund’s poorer overall performance.
- **Valuation Risk.** Due to the illiquid nature of investments in limited partnerships and investment funds, any approximation of their value will be based on a good-faith determination as to the fair value of those interests. There can be no assurance that these values will equal or approximate the price at which the investments may be sold or otherwise liquidated or disposed of.
- **Fees and Expense Risk.** Separate Accounts and Private Funds must pay certain fees to a partnership’s general partners, investment advisers and managing members, which may reduce the materiality of the actual returns on their investments. These additional fees will also reduce the returns on investments compared to investors who directly invest in a partnership.
- **Risk of Investor Default.** Any limited partner in a partnership that fails to timely make capital contribution payments will be in default and subject to consequences that include the forfeiture of interest. The default of a limited partner may result in the partnership being unable to fulfill its capital commitments to other investors. This could have a material detrimental effect on investor returns.
- **Tax Risk.** An investor’s U.S. federal income tax liability with respect to income and gains of a limited partnership or investment fund may exceed its overall return for such a year.

Further, investors may face limitations with respect to its ability to use its allocable share of deductions and losses from its investments in a limited partnership. There are additional tax issues that may investors that invest in offshore limited partnerships and investment funds.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or potential client's evaluation of the Firm or the integrity of the Firm's management in this Item. NBAA has no items to disclose.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer or Registered Representative

NBAA is not a registered broker or dealer. Some of NBAA's management personnel are registered representatives with FINRA through their affiliation with NBAA's registered broker-dealer affiliates, NB LLC.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor or Associated Person

Neither NBAA nor any of its management personnel is registered as a Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor.

C. Material Relationships

NBAA currently has certain relationships or arrangements with related persons that are material to its advisory business or its clients. Below is a discussion of such relationships/arrangements and any conflicts that arise from them.

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker

NBAA is affiliated with NB LLC, a registered broker-dealer.

Registered representatives of NB LLC may solicit investors in the Private Funds and Separate Account clients for NBAA. See Item 5.E and Item 14.B.

The Firm has established policies and procedures reasonably designed to prevent the misuse by the Firm and its personnel of material information regarding issuers of securities that has not been publicly disseminated. See Item 11.D.1.

2. Investment Company or other pooled investment vehicle

NBAA and/or an affiliate acts as adviser and/or general partner to the Private Funds. Investors in a Private Fund must understand that each Private Fund was formed as an investment product to be managed by NBAA, and that NBAA does not intend to cause any Private Fund to terminate its investment management relationship with NBAA absent the firm's liquidation or bankruptcy. In addition, Private Fund investors generally are not permitted to withdraw from a Private Fund prior to its dissolution.

NBAA may from time to time enter into a side letter agreement with one or more investors in a Private Fund which may, among other terms, provide for (a) transfer rights that are more

favorable than the rights granted to all other investors in such Private Fund, (b) a reduced management fee and/or performance-based fee or allocation, (c) additional reporting requirements with respect to the Private Fund, or (d) key person provisions.

3. Other investment adviser or financial planner

NBAA has relationships that are material to its advisory business with the following affiliated investment advisers (the “**Advisory Affiliates**”).

SEC-Registered Advisers:

Neuberger Berman Management LLC
Neuberger Berman Fixed Income LLC
NB Alternative Advisers LLC
NB Alternative Investment Management LLC
NB Alternative Fund Management LLC
Neuberger Berman Asia Ltd.

Non-SEC-Registered Advisers:

Neuberger Berman Europe Ltd.
Lehman Brothers Asset Management (Ireland) Limited
Neuberger Berman East Asia Limited
Neuberger Berman Australia Pty Limited

Where required, personnel of Non-SEC-Registered Advisers are considered “access persons” of NBAA and are subject to certain NBAA policies and procedures as well as supervision and periodic monitoring.

Neither NBAA nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular client. See also Item 6 and Item 11.D.6. with respect to side-by-side management issues.

The views and opinions of NBAA, and those of these Advisory Affiliates and their research departments, may differ from one another. See Item 11.B.7.

The Firm has established policies and procedures reasonably designed to prevent the misuse by the Firm and its personnel of material information regarding issuers of securities that has not been publicly disseminated. See Item 11.D.

4. Futures commission merchant, commodity pool operator, or commodity trading advisor

NB LLC is registered as a Commodity Pool Operator. NB LLC, Neuberger Berman Fixed Income LLC and NB Alternative Fund Management LLC are registered as CTAs. NBAA does not engage in any commodities transactions and therefore has no material relationship with these entities in such capacities.

5. Banking or thrift institution

None.

6. Accountant or accounting firm

None.

7. Lawyer or law firm

None.

8. Insurance company or agency

None.

9. Pension consultant

None.

10. Real estate broker or dealer

None.

11. Sponsor or syndicator of limited partnerships

The Private Funds are generally organized or “sponsored” by NBAA, and an affiliate of NBAA acts as the managing member or general partner of the Private Funds, where applicable. See Item 10.C.2. Further information about the partnerships for which affiliates of NBAA serve as the general partner is available in Section 7.B of Schedule D of Part I of NBAA and its affiliated SEC-registered investment advisers’ Form ADVs.

12 Administrator

An affiliate of NBAA acts as administrator to the Private Funds.

D. Selection of Other Investment Advisers

NBAA does not select other advisers to provide services to the Private Funds or its Separate Accounts.

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

A. Code of Ethics

In order to address conflicts of interest, NBAA has adopted a Compliance Manual and the Neuberger Berman Code of Ethics and Code of Conduct (the “**Conflicts Procedures**”). The Conflicts Procedures are applicable to all of NBAA’s officers, members, and employees (collectively, “**Employees**”). The Conflicts Procedures generally set the standard of ethical and professional business conduct that the Firm and NBAA requires of its Employees. The Conflicts Procedures consist of certain core principles requiring, among other things, that Employees: (1) at all times place the interests of clients first; (2) ensure that all personal securities transactions are conducted in such a manner as to avoid any actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility; (3) refrain from taking advantage of their positions inappropriately; and (4) at all times conduct themselves in a manner that is beyond reproach and that complies with all applicable laws and regulations.

As discussed further below, the Conflicts Procedures include provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other topics. All Employees must acknowledge the terms of the Code of Ethics annually, or when it is amended.

In addition, the Conflicts Procedures imposes certain additional requirements on Access Persons (as defined in the Conflicts Procedures) who are investment personnel. It also requires Access Persons to report personal securities transactions on at least a quarterly basis and provide the Firm with a detailed summary of certain holdings (initially upon becoming an Access Person and annually thereafter) over which such Access Persons have a direct or indirect beneficial interest.

Clients may obtain a copy of the Code of Ethics by contacting their Client Service Representative..

B. Participation or Interest in Client Transactions

NBAA may participate or have an interest in client transactions as described below. NBAA makes all investment management decisions in its clients’ best interests.

1. Principal and Agency Transactions:

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, buys from, or sells any security to, an advisory client. A principal transaction would occur if NBAA bought securities for its own inventory from an NBAA client or sold securities from its inventory to an NBAA client. In certain instances, it may also occur if an affiliate of NBAA bought or sold securities from or to an NBAA client.

NBAA does not engage in principal transactions.

An “agency cross transaction” is defined as a transaction where an adviser acts as broker for both its advisory client and the party on the other side of the brokerage transaction. An agency cross transaction would also occur if the brokerage transaction is executed by an affiliate of the adviser. NBAA does not engage in agency cross transactions.

2. Cross Transactions

NBAA will not engage in buying or selling of securities from one client account to another (typically referred to as a “cross trade”).

3. Affiliated Brokers

NBAA is affiliated with NB LLC. NBAA does not execute transactions for the Separate Accounts or the Private Funds through NB LLC. See Item 12.A.

4. Financial Interests in Securities or Investment Products

While unlikely, NBAA may recommend or cause the Private Funds or Separate Accounts to make investments in Private Equity Securities with which NBAA or its affiliates may have direct or indirect financial interest. Such financial interest could include, but is not limited to, having a business relationship (whether client, broker, vendor or investment consultant), or serving as investment adviser or general partner for a particular investment product. In such instances the purchase or sale of a Private Equity Security directed by NBAA on behalf of a Private Fund or Separate Account may have an impact on the price of such security or asset, which may indirectly benefit (or act to the detriment of) NBAA or its affiliates. These transactions may include co-investment opportunities offered to some but not all Private Fund investors, NBAA and/or its affiliates. The potential conflicts of interest of this nature are disclosed to Private Fund investors in the Offering Documents of the Private Funds.

5. Employee Investment in NBAA Products

Employees may own interests in the Private Funds, either directly or indirectly through family members. Any such investments are made in conformity with the Firm’s Conflicts Procedures (see below) which have procedures regarding the use of confidential information and personal investing.

6. Buying and Selling Securities That Are Recommended to Clients:

NBAA or its affiliates serve as the general partner, investment manager and/or investment adviser to the Private Funds. NBAA or an affiliate has a material personal investment in each Private Fund through the general partner or special limited partner of each Private Fund and as limited partners or affiliate of each Private Fund.

NBAA does not believe that these investments cause a conflict of interest between NBAA and the Private Funds but rather function to better align the interests of the investors with NBAA's interests since its capital is being invested alongside the investors' capital. By virtue of NBAA's or its affiliate's capital investment in the Private Funds, NBAA and/or its affiliate may be considered to participate, indirectly, in transactions effected for the Private Funds. The foregoing relationships, fees and any other actual or potential conflicts of interest arising therefrom are disclosed in the Offering Documents.

With respect to NBAA and related persons direct investments in the Private Funds and in Private Equity Securities, the performance fee distributions and management fee payable by such entities may be separately negotiated and therefore may be different than the fees charged by such entities to NBAA clients.

7. Other Interests in Client Transactions

NBAA affiliates may sell or provide similar services as the services offered by NBAA. The views and opinions of NBAA, its affiliates and their respective research departments may differ from one another. As a result, client accounts may hold securities or other investment products for which each of these entities may have a different investment opinion or outlook at the time of their acquisition or subsequent thereto.

C. Personal Trading

NBAA, or one or more of its affiliates, including employees, from time to time, may invest for their own account in the Private Funds or Private Equity Securities in which NBAA may also invest on behalf of its Client Account.. Moreover, NBAA and its affiliates and employees may buy, sell or hold securities while entering into different investment decisions for one or more client accounts. All such investments are made in accordance with the Conflicts Procedures.

NBAA's employees and those of its affiliates may participate directly or indirectly in Private Fund investments to the extent permitted by the terms of the relevant Private Fund's operating agreement. Such participation in each investment will be on substantially the same terms and conditions as provided for in the offering materials of the Private Funds. The sale or disposition by NBAA or an employee or affiliate must also be consummated in accordance with internal policies and applicable law.

It is the Firm's policy to monitor and in some cases prohibit personal securities transactions for the Firm, its affiliates and their respective employees. The Conflicts Procedures contains

employee trading policies and procedures that are closely monitored by the Legal and Compliance Department. Key aspects of the employee trading policies and procedures include:

- a) a requirement for securities accounts to be maintained at NB LLC or other approved entities;
- b) an employee price switch/disgorgement policy;
- c) prohibitions against employee participation in certain IPOs and trading on the basis of material non-public information;
- d) pre-approval requirements for certain security transactions such as private placement offerings;
- e) a minimum holding period of 30 days for most personal securities transactions, and
- f) annually affirming in writing that, i) all transactions occurring during the year were reported to the Firm; ii) all reportable positions were disclosed; iii) all newly opened securities accounts and/or private placements were disclosed; and, iv) that the employee has read, understood and complied with the Code of Ethics.

The price switch/disgorgement policy attempts to address the potential conflict that could arise from employees owning the same securities as clients, or where the accounts of both enter the market at the same time. Subject to certain exclusions, employee trades that are executed on the same day and in the same security as a client's account are reviewed to ensure that the employee does not receive a better price than the client. In the event that the employee does receive a better price, the employee's price is "switched" to that of the client's and the cash difference in the execution price is disgorged from the employee account. Disgorged proceeds are generally donated to charity.

As stated in the Conflicts Procedures, it is the policy of Neuberger Berman for its SEC-registered advisers to prohibit insiders, that is, the employees of such advisers and certain of their close relatives, from effecting transactions in anticipation of transactions in such securities by client accounts.

D. Other Conflicts of Interests

1. Non Public Material Inside Information/Insider Trading

The Firm has implemented policies and procedures (the “**MNPI Procedures**”) that are reasonably designed to prevent the misuse by the Firm and its personnel of material information regarding issuers of securities that has not been publicly disseminated (“**material non-public information**”). The MNPI Procedures are designed to be in accordance with the requirements of the Advisers Act and other federal securities laws. In general, under the MNPI Procedures and applicable law, when the Firm is in possession of material non-public information related to a publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, neither the Firm nor its personnel are permitted to render investment advice as to, or otherwise trade or recommend a trade in, the securities of such issuer until such time as the information that the Firm has is no longer deemed to be material non-public information.

In the ordinary course of operations, certain businesses within the Firm may seek access to material non-public information. For instance, the loan and distressed debt businesses within certain affiliates may utilize material non-public information in purchasing loans and other debt instruments.

The MNPI Procedures address the process by which material non-public information may be acquired intentionally by the Firm. When considering whether to acquire material non-public information, the Firm will attempt to balance the interests of all clients, taking into consideration relevant factors, including, but not limited to, the extent of the prohibition on trading that may occur, the size of the Firm’s existing position in the issuer, if any, and the value of the information as it relates to the investment decision-making process. In determining whether or not to elect to receive material non-public information, the Firm will endeavor to act fairly to its clients as a whole.

In general, under such policies and procedures and applicable law, when NBAA is in possession of material non-public information related to a publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, neither NBAA nor its personnel are permitted to trade in the securities of such issuer until such time as the information that NBAA is no longer deemed to be material non-public information.

2. Gifts/Gratuities/Entertainment

Firm employees, wherever located, are prohibited from providing business gifts or entertainment that are excessive or inappropriate or intended to inappropriately influence recipients.

Subject to applicable law, the Firm allows personnel to provide limited business gifts and entertainment to personnel/representatives of clients or prospective clients as detailed in more specific Firm policies and procedures. However, the Firm prohibits providing business gifts or entertainment that are excessive or inappropriate or intended to cause such

personnel/representatives to act against the best interests of their employer, the client they represent or those to whom they owe a fiduciary duty.

In addition to the above prohibitions, the Firm imposes restrictions on providing gifts and entertainment to particular types of clients or client representatives, such as government officials at all levels and representatives of U.S. Labor Organizations. Furthermore, other public, as well as private, institutions may have their own internal rules regarding the acceptance of gifts or entertainment by their personnel and other representatives. Neuberger Berman personnel are reminded to be aware that institutions with whom they deal may have certain additional restrictions.

In addition to these requirements, which apply to all Firm personnel, different regions may have regulatory rules and requirements relating to business gifts and entertainment specific to their region. Separate Firm policies and procedures specify how personnel subject to this requirement are to comply with it.

Accepting gifts or entertainment from clients, prospective clients, employees or agents of clients, outside vendors, suppliers, consultants, and other persons or entities with whom the Firm does business may also create actual or apparent conflicts of interest. Subject to applicable law, the Firm does not prohibit personnel from accepting all business-related gifts or entertainment. However, neither Firm personnel, immediate family members, nor other household members may accept any gift or entertainment that is significant in value or impairs, or appears to impair, employee ethics, loyalty to the Firm, or ability to exercise sound judgment. Furthermore, Firm personnel may not accept gifts or entertainment that are, or may be perceived as being, compensation from someone other than the Firm. Firm personnel may not solicit gifts or entertainment, and may not give any gifts or entertainment to anyone who solicits them.

3. *Political Contributions*

Due to the potential for conflicts of interest, the Firm has established procedures relating to political contributions which are designed to comply with applicable federal, state and local law. All employees are required to seek preapproval before making any political contribution.

4. *Outside Business Activities*

Certain types of outside affiliations or other activities may pose a conflict of interest or regulatory concern to the Firm. Therefore, the Firm prohibits certain activities, and requires employees to disclose outside activities to the Firm in writing so that responsible personnel may assess the compatibility of the outside affiliation or activity with their role at the Firm. "Outside affiliations" include relationships in which Neuberger Berman personnel serve as an employee, director, officer, partner or trustee of a public or private organization or company other than the Firm (paid or unpaid), including joint ventures, portfolio investment companies, non-profit, charitable, civic or educational organizations. These relationships may or may not be related to employment with the Firm. Employees registered in the U.S. may also have to update their regulatory filings to reflect outside affiliations. Generally, Firm employees do not

have to disclose affiliations which involve little or no personal responsibility or exposure on their part and have minimal potential for adversely affecting the Firm's image or creating conflicts of interest. Firm personnel are not required to disclose affiliations of family members unless they are aware that an immediate family member's affiliation with a company or organization may result in a conflict of interest between the employee and the Firm or the employee and a client of the Firm.

Firm personnel are generally prohibited from being employed by another company or from engaging in other activities that could interfere or conflict with their service at the Firm. Firm personnel are prohibited from being employed by, or serving on a board or in an advisory position with, any public company or with other firms in the financial services industry. Furthermore Firm personnel are prohibited from entering into independent non-Firm related business relationships with clients, vendors, or co-workers. Exceptions to these prohibitions may only be made in writing on a case-by-case basis by the Legal and Compliance Department.

Firm personnel may serve as an executor, trustee, guardian or conservator in a personal capacity, provided such relationship is with a party who is not a co-worker, client, vendor or business partner of the Firm. If the party is in one of these categories, the relationship requires prior approval. Brokerage accounts under control of the employee as a result of their service as an executor, trustee, guardian or conservator must be disclosed in accordance with the Firm's Code of Ethics, even if the relationship is personal or family-related. With the exception of service for a public charity, Firm personnel are generally not permitted to represent the Firm as an executor, trustee, guardian or conservator.

5. *Outsourcing/Service Providers*

The Firm conducts appropriate due diligence on any outside vendor that provides products or services to the Firm and enters into an appropriate contract. The Firm's relationships with outside vendors are managed so that appropriate controls and oversight are in place to protect the Firm's interests, including safeguarding of private and confidential information regarding the Firm's clients and employees.

6. *Side by Side Management of Different Types of Accounts*

NBAA and its personnel may also have differing investment or pecuniary interests in different Client Accounts managed by NBAA, and NBAA personnel may have differing compensatory interests with respect to different Client Accounts.

NBAA faces a potential conflict of interest when (i) the actions taken on behalf of one Client Account may impact other similar or different Client Accounts (e.g., where Client Accounts have the same or similar investment strategies or otherwise compete for investment opportunities, have potentially conflicting investment strategies or investments) and/or (ii) NBAA and its personnel have differing interests in such accounts (e.g., where NBAA or its related persons are exposed to different potential for gain or loss through differential ownership interests or compensation structures) because NBAA may have an incentive to favor certain accounts over others that may be less profitable. Such conflicts may present particular concern when, for

example, NBAA places, or allocates investment opportunities that NBAA believes could more likely result in favorable performance, engages in cross trades or executes potentially conflicting or competing investments.

To mitigate these conflicts, NBAA's Conflicts Procedures seek to ensure that investment decisions are made in accordance with the fiduciary duties owed to such accounts and without consideration of NBAA's (or such personnel's) pecuniary, investment or other financial interests. NBAA has procedures reasonably designed to allocate investment opportunities in a fair and equitable manner among Client Accounts.

See Item 12.B. regarding investment allocation procedures.

Item 12: Brokerage Practices

A. Criteria for Selection of Broker-Dealers

NBAA invests Separate Accounts and Private Funds solely in Private Equity Securities which are investments directly with the issuers. Trades are not placed through a broker-dealer.

Accordingly, NBAA does not select brokers for client transactions, engage in soft dollar arrangements, enter into agreements with, or make commitments to, any broker-dealer that would bind NBAA to compensate that broker-dealer, directly or indirectly, for client referrals (or sale of fund interests) through the placement of brokerage transactions, or have any clients that direct brokerage to certain brokers.

B. Aggregation of Orders/Allocation of Trades

Since NBAA invests Client Accounts solely in Private Equity Securities, it is not able to aggregate or “bunch” securities transactions for multiple clients.

Allocation of Investment Opportunities:

NBAA serves as investment adviser to both Separate Accounts and Private Funds. NBAA may be subject to conflicts of interest when allocating investment opportunities among its various clients. For example: (i) NBAA receives different advisory fees and/or performance fees from different clients; and (iii) NBAA and its affiliates, owners, officers and employees may have invested substantial amounts of their own capital in some client accounts (including the Private Funds) but do not invest their own capital in every client’s account. The majority of NBAA’s clients pursue specific investment strategies, many of which are similar. NBAA expects that, over long periods of time, most clients pursuing similar investment strategies should experience similar, but not identical, investment performance. Many factors affect investment performance, including but not limited to: (i) the timing of cash deposits and withdrawals to and from an account; (ii) the fact that NBAA may not purchase or sell a given security on behalf of all clients pursuing similar strategies; and (iii) the clients’ own differing investment restrictions. NBAA’s trading policies are designed to minimize possible conflicts of interest in trading for its clients.

The Offering Documents set forth the firm’s investment opportunity allocation procedures with respect to the Private Funds. Generally, if there is an investment opportunity that is suitable for more than one Private Fund, each Private Fund still in its investment period will be given the opportunity to participate in such investment opportunity in such amounts as NBAA reasonably determines in good faith, based on factors such as the available capital of each Private Fund, investment restrictions and diversification requirements of each Private Fund,

anticipated termination of the relevant investment period of each Private Fund, and other relevant factors.

NBAA, in its sole discretion, may also offer the right to participate in investment opportunities to one or more Separate Accounts. NBAA will allocate available investment opportunities among the Private Fund and Separate Accounts as it may reasonably determine in good faith.

NBAA attempts to allocate limited investment opportunities among clients in a manner that is fair and equitable when viewed over a considerable period of time and involving many allocations.

The Legal and Compliance Department is responsible for monitoring and interpreting these policies. Any exceptions to these policies require the prior approval of the Legal and Compliance Department.

Item 13: Review of Accounts

A. Periodic Reviews

All Client Accounts are under continuous review. Daily reports of purchase and sale activity are prepared, and a formal report of each account is prepared monthly. All formal reports are reviewed by a vice president of NBAA.

B. Non-Periodic Reviews

Other than the periodic review of accounts described above, certain account or market anomalies may trigger non-periodic review of Client Accounts..

C. Client Reports

On a quarterly or semi-annual basis, depending on the client, schedules of purchases and sales, and statement of changes in net assets, and schedules of investments and cash are provided to each Separate Account client. The client request a reasonable number of additional reports at no extra charge.

Private Funds receive such reports as are permitted by terms described in the Private Fund's Offering Documents (or as otherwise negotiated with NBAA). To comply with Rule 206(4)-2 of the Advisers Act (the "**Custody Rule**"), where NBAA is deemed to have custody of a Private Fund's assets, Private Fund financial statements are prepared in accordance with Generally Accepted Accounting Principles (or "**GAAP**") and distributed to investors within 120 days after the end of the Private Fund's fiscal year. Generally, investors also receive at least quarterly reports containing information on the Private Fund's portfolio holdings, valuation of their interests in the Private Fund and cash distributions. These reports may include or be accompanied by information with respect to the performance of the Private Fund, other information about the investor's capital account and certain tax-reporting information (e.g., Form K-1).

Item 14: Client Referrals and Other Compensation

A. Compensation by Non-Clients

Not applicable

B. Compensation for Client Referrals

From time to time, in accordance with applicable law, NBAA may retain and compensate independent contractors for introducing new investment advisory clients or investors in the Private Funds to NBAA. The compensation to such parties generally represents a percentage of the management fees paid by the client to NBAA. Clients do not pay a higher fee than they would otherwise pay due to the solicitor's involvement in the introduction. In addition to referrals from external sources, Firm employees are eligible to earn an account referral commission for referring a potential client to NBAA that engages NBAA to provide investment management services.

From time to time, NBAA may refer clients to unaffiliated financial institutions or other professional service providers for purposes of rendering certain services to an NBAA client. These services are generally not directly provided by NBAA. NBAA may receive compensation from the financial institution or service provider as a result of the referral. Further, the referral may result in the client allocating additional assets to NBAA for management.

NBAA actively seeks to educate consultants, broker-dealers, and other financial intermediaries (jointly referred to in this section as "**Consultants**") about its advisory services. NBAA sponsors educational events where its representatives meet with Consultants and/or their clients. NBAA may pay some of the costs associated with educational events, which provide NBAA's representatives with an opportunity to meet with Consultants and/or clients. These fees are paid by NBAA from its own resources, which include the management fees received from the clients. Clients should confer with their Consultant regarding the details of the payments they may receive from NBAA.

Item 15: Custody

Separate Accounts

Generally, neither NBAA nor its affiliates will be deemed to have custody of the assets of the Separate Accounts. The assets in a Separate Account typically are deposited with a qualified custodian selected by the client. Under each investment management agreement, NBAA generally invoices the Separate Account client and the client directs its custodian to pay NBAA.

Private Funds

With the exception of certain privately offered securities, neither NBAA nor its affiliates will maintain physical custody of the funds or securities of any Private Fund. Custody of the assets of a Private Fund will be maintained with a qualified custodian selected by NBAA or its affiliate, in its exclusive discretion, which selection may change from time to time generally without the consent of investors in the Private Fund.

Although NBAA or its affiliates generally will not have physical custody of Private Fund assets, under the Custody Rule, an adviser has “constructive” custody if it or an affiliate has the authority to possess client assets by withdrawing funds on a client’s behalf. NBAA or its affiliate, by virtue of acting as adviser, general partner or managing member of each Private Fund, has the authority to withdraw funds or securities from the Private Fund. Accordingly, NBAA is deemed to have “constructive” custody over the assets in each Private Fund.

In order to comply with the Custody Rule, these Private Funds undergo an annual audit performed by an independent accounting firm registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB). In addition, the audited financial statements, prepared in accordance with GAAP are distributed to all investors within 120 days of the end of the fund’s fiscal year.

Item 16: Investment Discretion

NBAA has the authority to determine, for the Separate Accounts and Private Funds, without obtaining specific client consent, the securities to be bought or sold, the amount of securities to be bought or sold, the broker dealer to be used and commission rates paid. NBAA's discretionary authority is derived from an express grant of authority under each Separate Account's and Private Fund's investment advisory agreement with NBAA.

Purchases and sales must be suitable for the particular client and limitations may be imposed as a result of instructions from the client or as set forth in the Offering Documents for the Private Funds.

Pursuant to the Firm's MNPI Procedures, when the Firm is in possession of material non-public information related to the issuer of any security, whether acquired unintentionally or otherwise, neither the Firm nor its personnel are permitted to render investment advice as to, or otherwise trade or recommend a trade in, the securities of such issuer until such time as the information that the Firm has is no longer deemed to be material non-public information. As such, there may be circumstances which will prevent the purchase or sale of securities for Client Accounts for a period of time. See Item 11.D.1.

Item 17: Voting Client Securities

All client accounts are invested in Private Equity Securities. Due to the nature of these investments, NBAA does not typically anticipate having any authority to vote proxies since it does not make direct investments in public securities. However, in the event securities are distributed to the Private Funds, NBAA will vote such securities in accordance with the best interest of such Private Fund.

With respect to those Private Funds that will make direct investment in securities, NBAA will not exercise voting authority with respect to any portfolio securities held by a Fund; instead, such voting authority is expected to be exercised by the general partner or managing member, as applicable, of each Fund. In addition, NBAA does not take any action with respect to shareholder actions (including those relating to class actions, bankruptcy or reorganizations) that may be required or solicited with respect to portfolio securities held by a Fund; instead, such actions with respect to shareholder actions are expected to be taken by the general partner or managing member, as applicable, of each Fund.

Item 18: Financial Information

A. Prepayment of Fees (Six or more months in advance)

Not applicable.

B. Impairment of Contractual Commitments

NBAA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

C. Bankruptcy Petitions

NBAA has not been the subject of a bankruptcy proceeding.