
NB Alternative Fund Management LLC

Client Brochure

March 30, 2012

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New York, NY 10158
www.nb.com

This Brochure provides information about the qualifications and business practices of NB Alternative Fund Management LLC. (“**NBAFM**”). If you have any questions about the contents of this Brochure, please contact us at 212-476-9000 or by email at: **NBAFMADVInfo@nb.com**

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

Additional information about NBAFM 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

The following is a summary of the material changes set forth herein that have been made to this Brochure since March 31, 2011. This Brochure will be updated at least annually and we may further provide other ongoing disclosure information about material changes as necessary.

Item No.	Description of Material Changes
8	8.B: Updated information about third-party sub-adviser
	8.C: Updated the risk disclosures section

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Item 4: Advisory Business

A. Description of the Firm

NB Alternative Fund Management LLC (“**NBAFM**”) is a Delaware limited liability company that was formed in February of 2009 and registered with the U.S. Securities and Exchange Commission (the “**SEC**”) in April of 2009. Certain investment strategies offered by NBAFM were previously offered by Lehman Brothers Asset Management Inc. (“**LBAM Inc.**”), which was at that time, a wholly-owned subsidiary of Lehman Brothers Holdings Inc. (“**LBHI**”) and a registered investment adviser. In May 2009, in connection with the sale of certain investment management businesses of LBHI, LBAM Inc. assigned certain investment management agreements for the commingled funds and separately managed accounts that it managed, to NBAFM.

NBAFM is directly owned by Neuberger Berman Holdings LLC and Neuberger Berman Fixed Income Holdings LLC. It is an indirect wholly-owned subsidiary of Neuberger Berman Group LLC (“**NBG**”).

NBAFM is registered as a Commodities Trading Advisor (“**CTA**”) with the Commodity Futures Trading Commission (“**CFTC**”).

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, 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.

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, NBAFM, Neuberger Berman LLC, Neuberger Berman Management LLC, Neuberger Berman Fixed Income LLC, NB Alternative Investment Management LLC, NB Alternatives GP Holdings LLC, and NB Alternatives Advisers LLC.

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 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 12 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.

NBAFM's investment management services are discussed further below.

B. Types of Advisory Services

NBAFM currently provides the following types of investment management services:

Separately Managed Accounts—Institutional Portfolios. NBAFM provides ongoing discretionary investment management services to institutional clients (collectively, "**Separate Accounts**") based on individual customized investment objectives or guidelines, time horizon, risk tolerance, policies and limitations of such clients. These accounts may invest in the same strategies generally employed by one or more of NBAFM's Private Funds described below, or in customized strategies. The Separate Accounts may differ from the Private Funds described below with respect to, among other things, use of leverage, the use of concentration limits as to certain types of investments, information rights and other client-directed portfolio guidelines.

NBAFM may engage affiliates or third-parties to act as sub-advisers to the Separate Accounts.

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

The Private Funds are typically structured in a "master-feeder" form whereby investors make capital contributions to a "feeder fund" which in turn contributes all or substantially all of its

capital to a “master fund” wherein the Private Fund’s investment trading program is typically conducted.

The Private Funds are not registered as investment companies under the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”) and are, therefore, not subject to various provisions of the Investment Company Act. Shares or interests in the Private Funds are not registered for sale under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and are instead sold to qualified investors on a private placement basis, both in “closed” offerings and through continuous periodic offerings. All U.S. investors in the Private Funds must qualify as Accredited Investors under the Securities Act and “qualified purchasers” under Section 2(a) (51) (A) of the Investment Company Act (“**Qualified Purchaser**”).

For information related to the Private Funds offered or managed by NBAFM, please reference Section 7.B. (1) and (2) of Schedule D of Part 1 to NBAFM’s Form ADV which is publicly available at www.adviserinfo.sec.gov.

NBAFM has the overall responsibility for implementing the investment strategies of each Private Fund and has the authority to select sub-managers as discretionary asset managers for each such Fund. It has engaged its affiliates to act as sub-adviser to some of the Private Funds.

Sub-Advisory Services. NBAFM serves as sub-adviser to certain separate accounts and private funds (collectively, the “**Sub-Advised Accounts**”) managed by affiliates of NBAFM.

Reference herein to the Separate Accounts, the Private Funds, and the Sub-Advised Accounts are collectively referred to as the “**Client Accounts**.”

C. Client Tailored Services and Client Tailored Restrictions

NBAFM enters into discretionary investment management agreements with its Separate Account clients. See Item 16. Clients may impose restrictions on investing in certain securities or types of securities/financial instruments in accordance with their particular investment objectives and policies. NBAFM may decide to not accommodate investment restrictions deemed to be unduly burdensome or materially incompatible with NBAFM’s investment approach.

NBAFM enters into discretionary investment management agreements with each Private Fund. Services are performed in accordance with the terms of each investment management agreement. Each Private Fund may impose investment restrictions or guidelines as it deems appropriate to achieve its particular investment objective. Such investment restrictions and/or guidelines are typically described in the offering memorandum or other offering materials (the “**Offering Documents**”) for each Private Fund.

In the case of the Sub-Advised Accounts, NBAFM enters into a sub-advisory arrangement with the Sub-Advised Affiliate. The terms and conditions of these arrangements may vary, and the contact between NBAFM and the underlying clients will typically take place through the Sub-

Advised Affiliate. Each Sub-Advised Account is managed in accordance with the investment objectives, policies and restrictions set forth in the investment management agreement between the underlying client and the Sub-Advised Affiliate.

D. Wrap Programs

NBAFM does not sponsor or participate in wrap fee programs.

E. Assets Under Management

<u>Discretionary Amounts:</u>	<u>Non-Discretionary Amounts:</u>	<u>Date Calculated:</u>
\$2,307,331,689	\$0	12/31/2011

Item 5: Fees and Compensation

A. Fee Schedule

I. SEPARATE ACCOUNTS

Separate Accounts pay a management fee which may vary based on investment strategy, assets invested and level of customization. Some Separate Accounts also pay a fee based on the performance of the account (a “**performance fee**”). Separate Accounts that are charged a performance fee must be qualified clients as defined under the Advisers Act (“**Qualified Clients**”).

Fees are negotiable and are set forth in the investment management agreement with the client. There may be differences in fees paid by certain clients and some clients may pay more or less than others for the same or similar services depending, for example, account size, investment objective, number or value of related accounts, total assets under management, fee negotiation, fee waiver or the manner in which NBAFM services are obtained. NBG, its affiliates and employees are generally eligible for fee waivers or discounts on the NBAFM products.

II. PRIVATE FUNDS

For the management of the Private Funds, NBAFM charges a management fee and may charge a performance-based fee or incentive fee/allocation (collectively, “performance fee”). Detailed descriptions of the management and incentive fees/allocations charged by the Private Funds can be found in each fund’s Offering Documents.

Pursuant to its investment management agreements with the Private Funds, NBAFM will typically receive an annual management fee based on each investor’s net asset value as of the end of each month (prior to accrual of the performance fee or incentive allocation).

Management fees may also be calculated based on the aggregate net assets of certain investors in a Private Fund. Fee “breakpoints” may be offered based on net investment amounts held in an investor’s capital account; such breakpoints generally permit NBAFM to charge lower fees for higher net investment amounts held in a capital account, and higher fees for smaller accounts. A net investment amount is generally calculated based on an investor’s contributions, withdrawals and distributions and is not based on capital appreciation or depreciation in an account.

Management fees may be negotiable under certain circumstances, including for affiliates of NBAFM. NBAFM or a Private Fund’s general partner or managing member customarily retain discretion to waive, rebate or calculate differently the management fees as to all or any of the investors in a Private Fund or agree with an investor to waive or alter the management fees as to that investor.

Certain Private Funds permit NBAFM to receive annual performance fee based on the net capital appreciation of each investor's account in such funds where the net capital appreciation of the investor's account exceeds any net capital depreciation accumulated in prior years (as adjusted for withdrawals of capital), or where the Private Fund exceeds the performance of a certain benchmark or index ("**hurdle**"). The capital account of NBAFM or its affiliate, as general partner or managing member of each Private Fund, is not included when calculating any such fees or compensation. Depending on the terms of the particular Private Fund, NBAFM or the Private Fund's general partner or managing member, each in their discretion, may retain the right to, waive, rebate or calculate differently the incentive fee/allocation as to all or any of the investors in a Private Fund, or agree with an investor to waive or alter the incentive fee/allocation as to that investor.

Investors should refer to the applicable Offering Documents for more details related to calculation and payment of fees.

III. SUB-ADVISED ACCOUNTS

Sub-advisory fees for the Sub-Advised Accounts are individually negotiated and may vary depending on the account.

B. Payment Method

Calculation and Payment of Fees:

Separate Accounts. Generally, management fees accrue monthly and are paid in arrears on a quarterly basis. Performance fees generally accrue on a monthly basis and may be charged on a quarterly or annual basis, as documented in the relevant investment management agreement. Performance fees may be subject to high-water marks and/or hurdles.

NBAFM generally invoices clients for fees incurred. Where NBAFM begins managing an account during the applicable fee calculation period, the fee charged for such period will be pro-rated based on the portion of the period that NBAFM actually manages the account.

In the event a Separate Account terminates an investment management agreement, the client will be charged a pro-rata management and performance fee, as applicable, through the termination date. Termination of an agreement will not affect or preclude the consummation of any transaction initiated prior to termination and the client account may be subject to transaction-related costs associated with the unwinding of such transactions.

Private Funds. Generally, management fees accrue monthly and are paid, in arrears, on a quarterly basis, depending on the particular requirements of each Private Fund. Fees are generally deducted from each investor's capital account or series of Shares, as applicable, in each Private Fund. Performance fees accrue on a monthly basis, but are generally charged at the end of each Private Fund's fiscal year or upon withdrawal by an investor from a Private

Fund. Investors should refer to the applicable Offering Documents for more details related to payment of fees.

Sub-Advised Accounts. The payment of fees may vary depending on the sub-advisory agreement in place.

Valuation of Assets for Separate Accounts. Generally, the market value of securities and other financial instruments will be valued by unaffiliated third-party service providers which may also serve as custodian and clearing agent to NBAFM Separate Accounts. The market values of securities are generally obtained from various third-party quotation services, or where such quotation services are not available, are based on fair-value as may be determined by NBAFM.

Valuation of Assets for Private Funds. The market values of the assets of the Private Funds are generally obtained from various third-party quotation services, or where such quotation services are not available, are based upon fair-value as determined by the general partner or managing member, or their delegate, which could be NBAFM. Most Private Funds retain a third-party administrator to provide various administrative services to the Private Funds. This includes assisting NBAFM in calculating each Private Fund's net asset value ("NAV"), as well as performing other administrative services on behalf of the funds.

C. Other Fees and Expenses

In addition to the investment management fee paid to NBAFM, clients may pay other fees associated with their accounts and investments. Such fees may include the following:

Custodial Fees. Typically, Separate Account clients elect to have account assets held in the custody of a bank, trust company, broker-dealer or other qualified custodian selected by the client. The client will bear any custodial fees associated with such account. To the extent that cash is held in such accounts and invested in a non-Neuberger Berman-managed short-term investment vehicle for which fees are charged by the provider of such qualified custodian, the fees so incurred by the client will be in addition to the fee payable to NBAFM on the overall value of the account. See Item 15.

Transaction-Related Fees. Client Accounts generally must bear all transaction-related costs, including brokerage commissions, for transactions affected for the account. See Item 12.

Cash Management. Affiliated advisers may offer collateral management services for certain NBAFM strategies. Where a Separate Account elects to have an affiliated adviser perform collateral management, such Separate Account will pay additional management fees for the services provided by the affiliated adviser for the portion of the assets for which collateral is being managed, which may be separate and apart from the fees charged by NBAFM.

Additional Fees Related to Investments in the Private Funds. Investors in the Private Funds may incur other fees and expenses associated with their investments in such funds. Private Fund expenses are described in each Private Fund's Offering Documents. These expenses may generally include brokerage and other transaction-related costs, as well as the fees and

expenses of other service providers to these funds such as prime-brokers, transfer agents, administrators, valuation agents, directors, auditors and counsel.

In addition, certain Private Funds may themselves invest in other funds as described in such Private Fund's Offering Documents. To the extent a Private Fund invests in another fund, it may bear the costs and expenses associated with such investment in that underlying fund.

Comparable Services. NBAFM believes that the charges and fees offered within its advisory services are competitive with alternative programs available through other firms that offer a similar range of services; however, lower fees for comparable services may or may not be available from other advisers that offer similar services.

D. Prepayment of Fees and Refunds

Separate Accounts. As described in Item 5, management fees for Separate Accounts generally accrue monthly and are generally paid in arrears on a quarterly basis, and performance fees, as applicable, generally accrue monthly and may be payable quarterly or annually. In the event a Separate Account client terminates an investment management agreement, the client will be charged a pro-rated management and performance fee, as applicable, through the termination date.

Private Funds. As described in Item 5, management fees may be paid monthly or quarterly, in arrears, depending on the particular requirements of each Private Fund. Certain Private Funds charge performance fees at the end of their fiscal year, or upon withdrawal by an investor from the Fund. Investors should refer to the applicable Offering Documents for more information related to fees.

Sub-Advised Accounts. In the event of termination of a sub-advisory agreement, NBAFM will be paid its pro-rated portion of the sub-advisory fee and performance fee, as applicable, in accordance with the sub-advisory agreement.

E. Sales Compensation

NBAFM may utilize affiliated and unaffiliated placement agents ("**Placement Agent**") in offering the Private Funds to investors. These Placement Agents are generally registered as broker-dealers with the SEC and are FINRA members, including NBAFM's affiliate, Neuberger Berman LLC ("**NB LLC**"). The Placement Agent may be entitled to a placement fee ("**Placement Fee**") of up to 2% of the amount of subscriptions and may also receive a portion of NBAFM's management fee with respect to shares placed by such Placement Agent. In certain cases, the Placement Agent may also receive a portion of the performance fee earned by NBAFM.

Each Placement Agent may enter into sub-placement agreements with affiliated and unaffiliated third parties that may charge an investor, on a fully disclosed basis, a fee in connection with the purchase of shares in the Private Fund. In the discretion of a Placement Agent, all or a portion of the Placement Fee may be allocated to such sub-placement agents. Each Placement Agent, in its

sole discretion, may waive or reduce the Placement Fee for any investor, including any affiliate of such Placement Agent.

NBAFM's products and strategies are marketed by the Firm's central sales force which also markets the products and strategies of NBAFM's affiliates. Subject to applicable law, certain members of the sales force are registered representatives of NB LLC and as such, with respect to the Private Funds offered by NBAFM and other pooled investment vehicles offered by its affiliates ("**Affiliated Funds**"), may be entitled to sales compensation in connection with the introduction of investors to such funds. Given that the sales persons may market a wide range of products offered by NBAFM and its affiliates, with differing sales compensation, the sales persons 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 provides employee training on a regular basis regarding the suitability and sale of securities products to investors which it believes mitigates this potential conflict. Sales persons are also required to undergo product specific training for the alternative products they market.

The Firm's central sales force also markets the advisory products and services of NBAFM for which certain members may not receive any direct compensation. Certain Firm employees may be eligible to earn an account referral bonus for referring a potential client to NBAFM. See Item 14.B.

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 and characteristic features that may accompany such 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
- 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

NBAFM charges performance fees in connection with the management of certain Client Accounts.

In addition, some of NBAFM's portfolio managers are investment advisory personnel of one or more of NBAFM's advisory affiliates (“**Advisory Affiliates**”). See Item 10.C.3 for a list of such affiliates. In such capacity, they may manage accounts for which Advisory Affiliates receive performance-based fees.

To the extent that NBAFM and its portfolio managers manage accounts that charge only management fees and accounts that charge both management fees and performance-based fees, NBAFM and/or its portfolio managers may have a conflict of interest in that an account with a performance-based fee arrangement will 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 NBAFM and/or its portfolio managers to recommend investments which may be riskier or more speculative than those which 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, resources and allocation of investment opportunities.

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

Item 7: Types of Clients

NBAFM provides investment management services to institutional clients, including, but not necessarily limited to, pension and profit-sharing plans, commingled investment vehicles (including foreign investment companies not subject to the Investment Company Act), charitable organizations, corporations, state or municipal government entities, and collective investment schemes.

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

Separate Accounts. In general, NBAFM creates custom portfolios for Separate Accounts committing in excess of \$50 million, but may consider smaller-sized accounts. Separate Account clients that pay a performance fee must also be Qualified Clients.

Private Funds. In general, investors in the Private Funds must be "accredited investors" under Regulation D of the Securities Act, as amended, and U.S. persons must be Qualified Purchasers under the Investment Company Act. For those funds that charge performance fees, U.S. investors must also be Qualified Clients.

The minimum investment required by an investor varies depending on the Private Fund and in each case is subject to waiver by NBAFM or the Private Fund's general partner or managing member. Investors should review the Offering Documents for each Private Fund for further information related to minimum investment requirements.

Sub-Advised Accounts. Minimum account requirements for Sub-Advised Accounts are established by the Sub-Advised Affiliate.

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

A. Methods of Analyses

Investment Analysis

NBAFM may utilize a variety of investment analysis methodologies including:

Charting analysis --involves the use of patterns in performance charts. NBAFM uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

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.

Statistical analysis -- involves the examination of data to draw conclusions or insights, and determine cause-and-effect patterns between events

Quantitative analysis -- uses computer, mathematical, or other types of models to capture and process data, including but not limited to market data, industry information, and financial data for companies, in an attempt to forecast price activity or other market activity that is affected by that data.

Qualitative analysis --involves the subjective evaluation of non-quantifiable factors such as the quality of management, labor relations, and strength of research and development factors not readily subject to measurement, in an attempt to predict changes to share price based on that data.

Portfolio managers of NBAFM bear primary responsibility for implementing the day-to-day investment activities and decisions on behalf of each Client Account and may consider these and other factors when implementing a Client Account's investment program.

Sources of Information:

In conducting investment analysis, NBAFM utilizes a broad spectrum of information, including, but not limited to:

- financial publications, industry and trade journals
- inspections of issuer activities
- proprietary and third-party research materials
- rating services
- annual reports, prospectuses, and filings with the SEC
- charts, statistical material and analysis
- issuer press releases, presentations and interviews (in person or by telephone)
- contact or meetings with management of various companies, analysts and consultants
- personal assessment of the financial consequences of world events derived from general information
- such other material as is appropriate under the particular circumstances

NBAFM may also rely on the research and portfolio management of its Advisory Affiliates. See Item 10.C.3.

NBAFM selects sub-advisers for its Client Accounts that may use the same or different sources of information. See Item 10.D.

B. Investment Strategies

NBAFM may offer advice on a wide range of securities and other financial instruments including, but not limited to:

- Exchange-listed and over-the counter equity securities of U.S. and non-U.S. issuers
- Exchange-traded futures contracts on tangibles and intangible assets, including index futures, commodities, currency, equity and fixed income
- Options contracts on securities, futures and commodities futures
- Forward currency contracts
- Listed and OTC derivatives including swaps and other synthetic exposure instruments
- Exchange-traded funds
- Local access products

Sub-advisers engaged by NBAFM may offer advice on additional securities and financial instruments not listed above.

As financial markets and products evolve, or at the investment discretion of NBAFM, NBAFM may invest in other financial instruments or securities, whether currently existing or developed in the future, when consistent with client guidelines, objectives and policies and applicable law.

The following is a summary of the principal investment strategies employed by NBAFM. Certain material risks associated with these strategies are set forth in Section C below.

This is a summary only. Clients should not rely solely on the descriptions below.

Quantitatively Managed Long Only Fully Collateralized Commodities

Strategy seeks to provide an attractive risk-adjusted return by employing disciplined proprietary quantitative models that actively seek to take advantage of short-term and long-term opportunities in commodity markets.

Global Tactical Asset Allocation

Strategy seeks to take advantage of opportunities in global stock, bond, currency and commodity markets by exploiting relative values among asset classes with a proprietary quantitative, highly disciplined, and risk controlled process in an effort to provide attractive risk-adjusted returns.

NBAFM has engaged an affiliated sub-adviser who offers the following strategies:

Long/Short Equities

Strategy seeks to preserve capital while achieving risk-adjusted returns through domestic and international long/short investments across market capitalizations and individual company capital structures.

Long/Short Thematic

Strategy seeks to deliver risk-adjusted returns over market cycles utilizing both top-down theme identification and bottom-up stock selection.

Prior to December 31, 2011, NBAFM had engaged a third-party sub-adviser who offers the strategies listed below. As of December 31, 2011, NBAFM entered into an agreement with such third-party sub-adviser whereby the sub-adviser agreed to assume direct management for all Client Accounts it sub-advises. NBAFM expects this transition to be completed during 2012.

Long-Only Fully Collateralized Commodities Derivatives

Strategy seeks to provide partial inflation protection and offer an attractive risk -return profile compared to other products that use a commodity index or commodity pool investment. It also seeks to provide diversification of traditional investments bases upon commodities' historically low correlation to both stocks and bonds.

Enhanced Commodities

Strategy seeks to achieve capital growth and inflation protection through exposure to global commodities

Separate Accounts. Separate Accounts may be managed side-by-side with the above strategies or any of the above strategies may be customized in accordance with, among other things, the Separate Account's investment objectives, performance expectations and risk tolerance. The

detailed strategies applicable to Separate Accounts are documented in the respective investment management agreements.

Private Funds. The investment strategy for each Private Fund is more particularly described in the fund's Offering Documents. Investors should carefully read each Private Fund's Offering Documents and consult with their own counsel and advisers as to all matters concerning an investment in the Private Fund. Investors should not rely solely on the descriptions provided herein.

C. Material Risks

Investments in securities and other financial instruments involve risk of loss that investors must be prepared to bear. Investing in NBAFM strategies is intended for sophisticated investors who can accept a high degree of risk in their portfolio.

The following is a summary of principal risks associated with certain strategies managed by NBAFM or its sub-advisers in Private Funds, Sub-Advised Accounts and/or Separate Accounts. This is a summary only and not every strategy may be subject to every risk discussed below.

Separate Account clients should review the investment guidelines associated with their account and should contact their client representative for more information about the strategies and risks present in their accounts. Private Fund investors should review the Offering Documents for further information about the strategies and risks associated with a particular fund.

Commodities. The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In trading commodities, Investors are subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses or counterparties.

Counterparty Risk. To the extent that a Client Account invests in over-the-counter or OTC derivatives, the Client Account is subject to a range of risks, including the credit risk of its derivative counterparty (i.e., counterparty default), the risk of the counterparty delaying the return of or losing collateral relating to OTC derivatives, or the bankruptcy of the counterparty. Although there are risks in the trading of listed derivatives which are settled by means of a clearing house, risks associated with OTC derivatives may differ materially from those involved in exchange-traded transactions that generally are backed by clearing organization guarantees, daily marking-to-market and settlements, and the segregation and minimum capital requirements applicable to the financial intermediaries participating on the exchange. OTC derivatives entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default, especially in instances

where OTC derivatives are not collateralized. From time to time, the counterparties with which a Client Account effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, a Client Account might be unable to enter into a desired transaction or to enter into any offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward or spot contracts generally do not provide a trader with the right to offset its obligations through an equal and opposite transaction. For this reason, a Client Account entering into forward or spot contracts must be required to and must be able to, perform its obligations under the contract.

Dependence on the Investment Manager. The performance of a Client Account depends on the skill of NBAFM and its portfolio manager(s) in making appropriate investment decisions. Any Client Account's success depends upon NBAFM's ability to develop and implement investment strategies that achieve the account's investment objectives. Subjective decisions made by NBAFM may cause the account to incur losses or to miss profit opportunities on which it may otherwise have capitalized.

Derivative Investments. The use of derivative instruments presents various risks, including market risk, tracking risk, liquidity risk, leverage risk, hedging risk, investment risk, availability risk and credit risk. NBAFM may enter into swap transactions, including currency swaps which involve the exchange of cash flows on a notional amount of two or more currencies based on their relative future values, or equity swaps which are an agreement to exchange streams of payments computed by reference to a notional amount based on the performance of a basket of stocks or a single stock. NBAFM may employ swaps for speculative purposes, such as to obtain the price performance of a security without purchasing it in cases where, for example, the security is illiquid, unavailable for direct investment or available only on less attractive terms, and may also employ swaps as a hedge against foreign currency exchange rates when making investments in assets denominated in currencies other than U.S. dollars. Unlike futures and options on futures contracts and commodities, swap contracts are not traded or cleared by an exchange or clearinghouse. Investors will be subject to the risk of counterparty default on its swaps; if the counterparty to the swap defaults, investors would lose the net amount of payments that it is contractually entitled to receive, as well as any collateral deposits made with the counterparty.

Emerging Markets. Investments in certain emerging markets may involve additional risks beyond those of other non-U.S. investments. Such investments face risks that include: less publicly available information, more volatile markets, less strict securities market regulation, less favorable tax provisions and a greater likelihood of severe inflation, unstable currency, war and expropriation of personal property than investments in securities of issuers based in developed countries. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby

potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported. The issuers of some emerging markets securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. Custodial expenses for a portfolio of emerging markets securities generally are higher than for a portfolio of securities of issuers based in developed countries. Many of the laws that govern private and foreign investment, securities transactions, creditors' rights and other contractual relationships in emerging markets countries, particularly in developing countries, are new and largely untested. As a result, investors may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations.

Forward Trading. Forward contracts and options are not traded on exchanges and are generally not regulated. There are no limitations on daily price moves of forward contracts. Banks and other dealers with whom a Client Account may maintain accounts may require the Client Account to deposit margin with respect to such trading, although margin requirements are often minimal or non-existent. The counterparties are not required to continue to make markets in such contracts and these contracts can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which NBAFM would otherwise recommend, to the possible detriment of a Client Account. Market illiquidity or disruption could result in major losses to a Client Account. In addition, a Client Account may be exposed to credit risks with regard to counterparties with whom they trade as well as risks relating to settlement default. Such risks could result in substantial losses to a Client Account.

Futures. NBAFM may engage in regulated futures transactions. Trading in futures and options on futures involves significant risks, including the following: (i) futures contracts and options on futures are volatile in price; (ii) futures trading is highly leveraged; (iii) futures trading may be illiquid; (iv) the clearing broker, or "futures commission merchant" may misuse or lose collateral ("margin") associated with the futures contracts; and (v) the clearing broker may default, file for bankruptcy or be insolvent for any number of reasons including the default of a customer of the broker, and such event may lead to a loss within the Client Account of margin deposits made by the Client Account in the event of bankruptcy of a clearing broker with whom a Client Account has an open position in a futures contract or related option. Client Accounts may sustain a total loss of the futures contracts including the initial margin and any maintenance margin that it deposits with a broker to establish or maintain a position in the commodity futures market. If the market moves against NBAFM's position in a Client Account, such Client Account may be

required to deposit a substantial amount of additional margin, on short notice, in order to maintain its position. If the Client Account does not provide the required margin within the prescribed time, its position may be liquidated at a loss, and investors will be liable for any resulting deficit in their account. The high degree of leverage that is often obtainable in futures trading because of the small margin requirements can work against a Client Account, as well as for it. The use of leverage can lead to large losses. Foreign futures markets may have greater risk than domestic futures markets. Unlike trading on domestic commodity exchanges, trading on foreign commodity exchanges is not regulated by the US Commodities Futures Trading Commission ("CFTC") and may be subject to greater risks than trading on domestic exchanges. Futures markets may also be illiquid which could prevent NBAFM from promptly liquidating unfavorable positions and adversely affect trading and profitability.

Frequency Trading. Strategies involving frequent trading of securities can affect investment performance and will likely result in higher brokerage and other transaction expenses, including unfavorable tax consequences. NBAFM will not generally seek to limit portfolio turnover when making investment decisions. Portfolio turnover can vary from, year to year, as well as within a year. Portfolio turnover may be high which will result in higher brokerage and other transactions expenses.

Illiquid Investments. Certain securities purchased for Client Accounts may not be readily marketable, and, as a result, may be more difficult to purchase or sell at an advantageous price or time. A Client Account could lose money if it cannot sell a security at the time and price that would be most beneficial to it. Further, the lack of an established secondary market may make it more difficult to value illiquid securities; and therefore, such valuations could vary significantly from the amount the Client Account could realize upon disposition.

Leverage. The use of leverage allows NBAFM to control positions with a notional value significantly more than its investment in such positions. As such, the amount that Client Accounts may lose in the event of adverse price movements will be high in relation to the amount of its investment. In the presence of leverage, relatively small price movements in market prices may result in immediate and substantial losses to Client Accounts. In addition, certain financial instruments may be inherently leveraged. Please see risks associated with Trading in Futures below.

Market Events. The financial crisis in the U.S. and global economies over the past several years, including the European sovereign debt crisis, has resulted, and may continue to result, in an unusually high degree of volatility in the financial markets and the economy at large. Both domestic and international equity and fixed income markets have been experiencing heightened volatility and turmoil, with issuers that have exposure to the real estate, mortgage and credit markets particularly affected. It is uncertain how long these conditions will continue.

Necessity for Counterparty Trading Relationships. Participants in the OTC markets typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy. There can be no assurance that NBAFM will be able to establish the necessary counterparty business relationships to permit it to effect transactions in the OTC markets. An

inability to establish such relationships would limit its activities and could require it to conduct a more substantial portion of such activities in the futures markets.

Non-U.S. Securities and Currency. NBAFM may invest in non-U.S. markets using non-U.S. securities and non-U.S. derivatives contracts or other means, and may also take positions in non-U.S. currencies. Investments in non-U.S. securities and derivatives on non-U.S. securities may involve risks and considerations not present in U.S. investments. Currency exchange rates can be affected unpredictably by controls or restrictions imposed by U.S. or foreign central banks or other governmental agencies in joint or unilateral efforts to alter exchange rate trends. Political developments in the United States or abroad may also affect currency exchange rates. There may be less publicly available information about foreign companies than U.S. companies. Non-U.S. companies may not be subject to accounting, auditing, and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies. Non-U.S. investments may be less liquid and more volatile than U.S. investments. In many non-U.S. markets there may be less government supervision of exchanges, brokers and issuers than in the United States. Although NBAFM will invest in countries that it believes have stable political environments, there is a possibility of expropriation or confiscatory taxation, seizure or nationalization of foreign bank deposits, establishment of exchange controls, the adoption of non-U.S. government restrictions or other adverse political, social or diplomatic developments that could adversely affect any such investment. Some investments may be subject to brokerage taxes levied by non-U.S. governments, which has the effect of increasing the cost of such investment and reducing the realized gain, or increasing the realized loss, on such investments. Income from non-U.S. investments held by Client Accounts may be reduced by a withholding tax at the source.

Portfolio Diversification. Client Accounts may not be diversified across a wide range of asset classes which may subject them to more rapid changes in value than would be the case if the Client Account was diversified across asset classes.

Quantitative Trading. The quantitative investment strategies rely heavily on the proprietary mathematical models used by NBAFM in seeking to exploit short-term and long-term relationships among securities prices and volatility. NBAFM may employ models that are not well-suited to prevailing market conditions or are unreliable, as may be the case where unusual events specific to particular corporations or major events external to the operation of markets may cause extreme market moves that are inconsistent with the historic correlation and volatility structure of the market. NBAFM may also formulate models based on past market data which may not be indicative of future price movements. Models also may have hidden biases or exposure to broad structural or sentiment shifts. In the event actual events fail to conform to the assumptions underlying the models, losses could be incurred.

Recent Regulatory Events. The situation in the financial markets has resulted in calls for increased regulation, and the need of many financial institutions for government help has given lawmakers and regulators new leverage. The Dodd-Frank Act has initiated a dramatic revision of the U.S. financial regulatory framework that is now expected to unfold over several years. The Dodd-Frank Act covers a broad range of topics, including (among many others) a reorganization of federal financial regulators; a process intended to improve financial systemic stability and the

resolution of potentially insolvent financial firms; new rules for derivatives trading; the creation of a consumer financial protection watchdog; the registration and additional regulation of hedge and private equity fund managers; and new federal requirements for residential mortgage loans. Instruments in which Client Accounts may invest, or the issuers of such instruments, may be affected by the new legislation and regulation in ways that are unforeseeable. Most of the implementing regulations have not yet been finalized. Accordingly, the ultimate impact of the Dodd-Frank Act, including on the derivative instruments in which a Client Account may invest, is not yet certain.

Short Selling. Short selling involves the risk of an unlimited loss from an unlimited increase in the market price of a security that could result in an inability to cover the short position. There can be no assurance that securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating any loss. NBAFM's ability to execute a short selling strategy may be materially adversely impacted by temporary and/or permanent rules, interpretations, prohibitions, and restrictions adopted in response to market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior and future trading activities of NBAFM.

Systemic Risk. Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which NBAFM interacts on a daily basis.

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. NBAFM has no items to disclose.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer or Registered Representative

NBAFM is not a registered broker or dealer. Some of NBAFM's management personnel are registered representatives with FINRA through their affiliation with NBAFM's affiliated broker-dealer, NB LLC. In such capacity, subject to applicable law, they may receive sales commissions in connection with the sale of interests in the Private Funds and Affiliated Funds. See Item 5.E.

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

NBAFM is registered as a Commodities Trading Advisor ("CTA") with the Commodity Futures Trading Commission ("CFTC") and pursuant to CFTC Rule 4.7, is entitled to relief from certain disclosure and marketing materials pre-approval requirements on the basis that it provides trading advice to "qualified eligible persons" ("QEPs") who meet certain investor criteria. In addition, NBAFM is exempt from the CFTC requirements that apply to registered CTAs and Commodity Pool Operators ("CPOs") with respect to its management of certain accounts for certain pooled investment vehicles because it has claimed applicable exemptions for its management/operations of those accounts and pooled vehicles under CFTC Rules 4.13 and 4.14. Certain of NBAFM's management personnel are associated persons of the NFA with respect to NBAFM as CTA and may also be associated persons with the NFA through their affiliation with affiliates of NBAFM.

C. Material Relationships

NBAFM 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 conflicts that arise from them.

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

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

In providing services to its clients, NBAFM draws upon the trading and research resources of NB LLC and the operational and administrative resources of NB LLC and other affiliates. NBAFM may use security analysis and research reports prepared by NB LLC's dedicated research staff or of other affiliated entities.

Registered representatives of NB LLC may solicit investors for the Private Funds and Separate Account clients for NBAFM. See Item 14.

In addition, NBAFM advisory personnel may also be officers and/or registered representatives of NB LLC. In such capacity, they may sell or provide similar services as the services offered by NBAFM. The existence of these relationships may create the appearance of a conflict of interest. See Item 6, Item 11.B.7 and Item 11.D.6.

NBAFM places certain securities and financial instrument transactions on behalf of Client Accounts for execution with NB LLC. See Item 12.

NBAFM utilizes placement agents in offering the Private Funds to investors. These placement agents may include NB LLC or unaffiliated registered broker-dealers. See Item 5.

The Firm has established policies and procedures (“**MNPI 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 (“**material non-public information**”). See Item 11.D.1.

NB LLC acts as sub-adviser to certain NBAFM Client Accounts.

2. Investment Company or other pooled investment vehicle

NBAFM serves as adviser to the Private Funds and also serves as sub-adviser to a collective investment scheme that is a client of a non-U.S. affiliated adviser. With respect to the collective investment scheme, NBAFM has delegated the day-to-day management to an unaffiliated sub-adviser who also serves as sub-adviser to other NBAFM Client Accounts. Please see Item 8.B. for the transition of certain sub-advised strategies.

Neither NBAFM nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Private Fund. NBAFM and its related persons intend to devote as much time as they deem necessary for the management of each Private Fund, and will allocate investment opportunities in accordance with NBAFM or a related party’s trade allocation policy described in Item 12.B. below.

3. Other investment adviser or financial planner

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

SEC-Registered Advisers:

Neuberger Berman LLC (“NB LLC”)
Neuberger Berman Fixed Income LLC (“NBFI”)
Neuberger Berman Asia Ltd. (“NBAL”)

Non-SEC-Registered Advisers:

Neuberger Berman Europe Ltd. (“NBEL”)
Neuberger Berman East Asia Limited (f/k/a Neuberger Berman Japan Limited or “NBJ”)
Neuberger Berman Australia Pty Limited (“NB Australia”)

In providing services to its Client Accounts, NBAFM may draw upon the portfolio management, trading, research, operational and administrative resources of the Advisory Affiliates. To the extent personnel of the Non-SEC-Registered Advisers are involved in NBAFM advisory activities, such personnel may be deemed “associated persons” of NBAFM with respect to such activities and may be subject to certain NBAFM policies and procedures as well as supervision and periodic monitoring.

Certain NBAFM portfolio management personnel are dual employees of Advisory Affiliates and may also provide advisory services to clients of such affiliates, including clients that are registered investment companies (“**Mutual Funds**”). Neither NBAFM nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular client. NBAFM and its related persons intend to devote as much time as they deem necessary for the management of Client Accounts and will allocate investment opportunities in accordance with NBAFM or the related person’s trade allocation policy. See also Item 6 and Item 11.D.6. with respect to side-by-side management issues.

Depending on the strategy, investment professionals from Advisory Affiliates may have decision-making roles for NBAFM clients.

NBAFM may engage any of the Advisory Affiliates as a sub-adviser to manage Client Accounts subject to client approval in the case of Separate Accounts. See Item 10.D.

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

NBAFM utilizes the trading desks of its affiliates, NB LLC and NBFI, for trade execution services. NB LLC and/or NBFI may aggregate orders for NBAFM clients with their respective client orders for the same security or financial instrument. In aggregating NBAFM client orders with those of NBFI and/or NB LLC, depending on the security or financial instrument, NBFI and/or NB LLC may not be able to fill all participating client orders. NBFI and/or NB LLC may need to decide which clients will receive an allocation or how much of the executed order will be allocated across the participating clients. This may result in a conflict of interest for NBFI or NB LLC where participating clients include accounts that are charged performance fees or represent a sizable part of either firm’s assets under management. See Item 12.B.

NBFI provides cash management services for cash collateral vehicles for certain NBAFM clients and also acts as sub-adviser to certain Client Accounts. NBEL and NB Australia have engaged NBAFM as sub-adviser to certain Client Accounts.

NBAFM provides certain limited management services to a client of Neuberger Berman Asia Ltd.

Certain employees of NBEL, NBAL, Neuberger Berman East Asia Limited, and NB Australia may provide marketing and/or other client-related services in connection with NBAFM products.

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

NB LLC is registered as a CTA, CPO and Futures Commission Merchant. NBFI is also registered as a CTA.

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

NBAFM, or certain affiliates of NBAFM, act as the general partner or managing member of the Private Funds for which NBAFM acts as adviser. In addition, affiliates of NBAFM may serve as the general partner or investment manager to one or more of the Affiliated Funds. See Item 10.C.2. Further information about the funds where affiliates of NBAFM serve as general partner or managing member is available in Section 7.B. (1) of Schedule D of NBAFM's and its affiliated SEC-registered advisers' Part 1 of Form ADV.

D. Selection of Other Investment Advisers

NBAFM may engage other advisers, including its affiliates, to act as sub-advisers for its Client Accounts. NBAFM performs due diligence on potential third-party sub-advisers before selecting them, including, but not limited to, analysis of the adviser's investment process and results, including the length of their track record, consideration of the amount of assets under management, and interviews with members of the adviser's senior management and investment teams. NBAFM's decision to continue to use a sub-adviser depends upon various

factors which may include, but not be limited to, the sub-adviser's performance record, management style, number and continuity of investment professionals, and client servicing capabilities.

Where NBAFM has delegated the discretionary day-to-day management of certain strategies to an affiliate, the due diligence conducted may not include all components of the due diligence program applicable to third-party advisers

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, NBAFM 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 NBAFM’s officers, managers, members, and employees (collectively, “**Employees**”). The Conflicts Procedures generally set the standard of ethical and professional business conduct that the Firm and NBAFM require of 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) not take 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 Conflicts Procedures annually, or when they are amended.

In addition, the Conflicts Procedures impose certain additional requirements upon 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 (both 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 or by calling NBAFM at (212) 476-9000.

B. Participation or Interest in Client Transactions

NBAFM may participate or have an interest in client transactions as described below. NBAFM 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 or the account of an affiliated broker-dealer, buys from, or sells any security to, an advisory client. A principal transaction would occur if NBAFM or its affiliated broker-dealer, NB LLC bought securities for its own inventory from an NBAFM advisory client or sold securities from its inventory to an NBAFM advisory client. NB LLC, however, does not have its own inventory of securities and therefore will not engage directly in principal transactions with NBAFM clients.

Where NBAFM, its affiliates or principals own a substantial equity interest in a Client Account, transactions involving such Client Account may be characterized as principal. For example, if NBAFM, its affiliates or principals have a substantial equity interest in a Private Fund, the transfer of securities from such Private Fund to another NBAFM Client Account could be deemed a principal transaction.

A principal transaction present conflicts of interest which may include the adviser or affiliate earning a fee or earning (or losing) money as a result of the transaction.

Generally, NBAFM does not engage in principal transactions with Client Accounts. With respect to certain Private Funds, NBAFM may be permitted to engage in them in accordance with applicable federal law. The potential conflicts of interest are disclosed in the fund's offering documents. Approval by an independent ad hoc committee, as set forth in the funds' governing documents, may be required as a condition to engage in principal transactions.

An "agency cross transaction" is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. An agency cross trade would occur if securities are purchased or sold between one of NBAFM's Client Accounts through NB LLC and a non-discretionary account client for which NB LLC acts as broker. NB LLC and NBAFM do not intend to engage in agency cross transactions.

2. *Cross Transactions*

Generally, with the exceptions set forth below, NBAFM does not intend to engage in buying or selling of securities from one Client Account to another (typically referred to as a "**cross trade**"). NBAFM may, however, engage in a cross transaction where permissible, if it determines that such action would be favorable to both clients and the conditions for the transaction, fair to both parties. In such circumstances, NBAFM will not receive any compensation for the transaction.

3. *Affiliated Brokers*

NBAFM is affiliated with NB LLC. NBAFM does not execute transactions through NB LLC however; NBAFM utilizes the NB LLC trading desk for Client Account trade execution services. See Item 12.

4. *Financial Interests in Securities or Investment Products*

From time to time, employees of NBAFM and its related persons who are registered representatives of NB LLC, a registered investment adviser and broker-dealer, may recommend to NBAFM's clients that they buy or sell securities in which NBAFM or a related person has a financial interest or may recommend they make an investment in an Affiliated Fund.

Furthermore, NBAFM may invest Client Accounts in securities or other assets of companies with which NBAFM or its affiliates has a business relationship, whether client, broker, vendor or investment consultant.

5. *Employee Investment in NBAFM Products*

NBAFM employees and advisory personnel may be investors in the Private Funds and/or the Affiliated Funds. 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:*

NBAFM may recommend to clients investments in which NBAFM, its affiliates or employees thereof are also invested. These transactions may include co-investment opportunities offered to some but not all NBAFM clients, NBAFM and/or its affiliates. Key personnel of NBAFM may also be invested directly in the Private Funds, subject to applicable law, and the performance fee and management fee payable by such Funds may be separately negotiated by NBAFM.

NBAFM provides investment management services to various clients which may differ from the advice given, or the timing and nature or action taken, with respect to any one account. NBAFM, its affiliates, and employees thereof (to the extent not prohibited by the Conflicts Procedures), and other clients may have, acquire, increase, decrease, or dispose of securities or interests at or about the same time that NBAFM is purchasing or selling securities or interests for an account which are or may be deemed to be inconsistent with the actions taken by such persons.

NBAFM may recommend to clients securities or financial instruments in which a related person has established an interest independent of NBAFM.

7. *Other Interests in Client Transactions*

NBAFM advisory personnel may also be officers, employees and/or registered representatives of NB LLC or any of the Advisory Affiliates. In such capacity, they may sell or provide similar services as the services offered by NBAFM. The views and opinions of NBAFM, NB LLC or any of the Advisory Affiliates and their research staff, 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

NBAFM, or one or more of its affiliates, including employees, from time to time, may invest for their own account in the Private Funds, other pooled investment vehicles or other investments in which NBAFM may also invest on behalf of the Private Funds. Moreover, NBAFM 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.

The Conflicts Procedures contain employee trading policies and procedures that are closely monitored by the Firm's 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) a restitution policy;
- c) prohibition against employee participation in 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) annual written verification that all transactions executed during the reportable year have been reported to the Firm, all holdings disclosed, all newly opened brokerage accounts disclosed, and certification that the Conflicts Procedures have been read and understood.

The price restitution 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.

D. Other Conflicts of Interests

1. *Non Public Material Inside Information/Insider Trading*

The Firm has established policies and procedures (the "**MNPI 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 ("**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, however, certain businesses within the Firm may seek access to material non-public information. The 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. The intentional acquisition of material non-public information may give rise to a potential conflict of interest since NBAFM may be prohibited from rendering investment advice to clients regarding the public securities of such issuer and thereby potentially limiting the universe of public securities that NBAFM may purchase or potentially limiting the ability of NBAFM to sell such securities. Similarly, where the Firm declines access to (or otherwise does not receive) material non-public information regarding an issuer, NBAFM may base its investment decisions with respect to assets of such issuer solely on public information, thereby limiting the amount of information available to NBAFM in connection with such investment decisions. 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.

2. *Gifts, Gratuities and 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. 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 that 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 pre-approval 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 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*

NBAFM and its personnel may have differing investment or pecuniary interests in different accounts managed by NBAFM, and its personnel may have differing compensatory interests with respect to different accounts. Similarly, NBAFM personnel who are dual employees of Advisory Affiliates may have different interests with respect to accounts managed for NBAFM and accounts managed for the Advisory Affiliate. Certain NBAFM portfolio management personnel, who are dual employees of an Advisory Affiliate, manage a registered investment company advised by such Advisory Affiliate. As such, the dually employed personnel manage both a mutual fund and hedge funds under different Advisory Affiliates.

NBAFM faces a potential conflict of interest when (i) the actions taken on behalf of one account may impact other similar or different accounts advised by NBAFM (e.g., where accounts have the same or similar investment strategies or otherwise compete for investment opportunities, have potentially conflicting investment strategies or investments, or have differing ability to engage in short sales and economically similar transactions) and/or (ii) NBAFM and its personnel have different interests in such accounts (e.g., where NBAFM or its related persons are exposed to different potential for gain or loss through differential ownership interests or compensation structures) because NBAFM may have an incentive to favor certain accounts over others that may be less profitable. Such conflicts may present particular concern when, for example, NBAFM places, or allocates securities transactions that NBAFM believes could more likely result in favorable performance, engages in cross trades or executes potentially conflicting or competing investments.

To mitigate these conflicts, NBAFM's policies and procedures seek to ensure that investment decisions are made in accordance with the fiduciary duties owed to such accounts and without

consideration of NBAFM's (or such personnel's) pecuniary, investment or other financial interests. NBAFM and its Advisory Affiliates have procedures reasonably designed to allocate investment opportunities in a fair and equitable manner among client accounts.

In addition, certain side-by-side managed accounts or portfolios may acquire both long and short positions in securities of an issuer (i.e., "long/short" strategies). A short sale involves the sale of a security that the acquirer does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the acquirer must borrow the security, and the acquirer is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the acquirer. In contrast to taking a long position in a security, when a manager sells a security short, he/she is typically doing so with the expectation that the security will decline in value. Depending on a number of conditions, including, but not limited to, the security's liquidity and general economic conditions, shorting a security may also have the added consequence of adversely impacting its market price. As a result, managers who manage long/short products may have potential conflicts of interest were they to short a security in which they were also long for another client and/or in another product. Advisory Affiliates who manage long/short strategies for NBAFM have adopted procedures which would permit such transactions, under certain circumstances and subject to the approval of the Advisory Affiliate's Chief Investment Officer. For example, where sufficient liquidity exists in the market and where certain client's positions in a particular security have yet to achieve long-term tax treatment, but the manager is otherwise pre-disposed to shorting that security, the manager may be permitted to engage in such transaction.

Notwithstanding the above, the views and opinions of NBAFM, and those of its affiliates and research departments may differ from one another. As a result, products managed by NBAFM or its affiliates may hold securities or pursue strategies that reflect differing investment opinions or outlooks at the time of their acquisition or subsequent thereto.

See Item 12.B. regarding trade allocation and aggregation policies.

Item 12: Brokerage Practices

Delegation of Investment Discretion to Sub-Advisers. Where NBAFM has delegated investment discretion to a sub-adviser, the sub-adviser has the authority to select: (i) the broker-dealers with which to execute client transactions, (ii) the securities or financial instruments to be bought or sold, (iii) the amount of securities or financial instruments to be bought or sold, and (iv) the aggregation and allocation of such transactions in accordance with their policies and procedures.

A. Criteria for Selection of Broker-Dealers

NBAFM utilizes the trading desks of its affiliates, NB LLC and NBFI, to place trades for Client Accounts. These trading desks are an order taking service offered as a convenience to NBAFM and not a revenue generator or profit center for NB LLC or NBFI. NB LLC or NBFI will select the broker-dealer to be utilized for Client Account securities or other financial instrument transactions. NB LLC and NBFI follow their respective policies and procedures regarding the selection of such broker-dealers, consistent with their duty to seek best execution, as set forth in their respective brochures which are publicly available on the SEC's website. NBAFM has no input or supervisory responsibility for these policies.

NBAFM may select one or more firms to serve as prime-broker ("**Prime Broker**") to hold the funds and securities of each Private Fund, and certain Separate Accounts may establish a prime-brokerage relationship. The Prime Broker may also execute transactions on behalf the Private Funds and Separate Accounts, consistent with best execution. Specific trades may be "traded away," where trades are executed through brokers other than the Prime Broker in order to gain access to greater inventory or better price or execution. NBAFM may select Prime Brokers it believes will provide specific services to the Private Funds, allowing the Private Funds to operate effectively and efficiently by, for example, providing NBAFM with electronic access to account information and trade confirmations, bulk mailing of statements to investors.

Research and Other Soft Dollar Benefits

Soft dollars refers to the practice of using a portion of the commissions generated when executing client transactions to acquire useful research and brokerage services from broker-dealers and other vendors. Currently, NBAFM does not have any soft dollar arrangements, but is not precluded from having in the future. Although NBAFM does not have any soft dollar arrangements, NBAFM Client Accounts, where permitted, may participate in soft dollar transactions through NBAFM's use of the NB LLC trading desk. NBAFM and its Client Accounts may indirectly benefit from soft dollar arrangements that NB LLC has in place and soft dollar commissions generated by the transactions placed by NB LLC.

NB LLC and/or NBFI may direct transactions to brokers based on both the broker's ability to provide high quality execution and the nature and quality of research services, if any, such

brokers provide to NB LLC and/or NBFI. As a result, Client Accounts may not always pay the lowest available commission rates where their trades are affected in this manner, so long as NB LLC and/or NBFI believes that they are nonetheless obtaining best price and execution under the circumstances and considering the soft dollar benefits, as applicable, provided.

Further information on NB LLC's soft dollar practices is available in NB LLC's Brochure publicly available through the SEC's website.

Brokerage for Client Referrals

NBAFM does not enter into agreements with, or make commitments to, any broker-dealer that would bind NBAFM to compensate that broker-dealer, directly or indirectly, for client referrals (or sale of fund interests) through the placement of brokerage transactions.

Directed Brokerage

NBAFM does not have any directed brokerage clients.

Other Fees in Connection with Trading

In an effort to achieve best execution of portfolio transactions, NB LLC or NBFI may place securities or future transactions for Client Accounts by utilizing electronic marketplace or trading platforms. Some of these electronic systems may impose additional service fees or commissions. NB LLC or NBFI may pay these fees directly to the provider of the service or these fees may be included in the execution price of a security. NB LLC or NBFI's intention is that it will only use such systems and incur such fees if it believes that doing so helps it to achieve the best execution of the applicable transaction, taking into account all relevant factors under the circumstances. For example, NB LLC or NBFI may consider the speed of the transaction, the price of the security, the research it receives, its ability to effect a block transaction and other factors discussed in their respective Brochures.

Errors

NBAFM has adopted procedures for the correction of errors. The procedures require that all errors affecting a client's account be resolved promptly and fairly. The intent of the procedures is to restore a client account to the appropriate financial position considering all relevant circumstances surrounding the error.

B. Aggregation of Orders/Allocation of Trades

Aggregation:

NBAFM utilizes the trading desks of its affiliates, NB LLC and NBFI. Transactions for each Client Account generally will be effected independently from each other. However, there may be occasions when NBAFM decides to purchase or sell the same security or financial instrument for

several clients at approximately the same time (including Separate Accounts, the Private Funds and any Sub-Advised Account). NB LLC and/or NBFi may (but is not obligated to) combine or aggregate such orders in order to secure certain efficiencies and results with respect to execution, clearance and settlement of orders.

NB LLC and/or NBFi may elect to combine NBAFM client orders with orders entered for the same security for their clients. This aggregation of orders across client accounts could lead to a conflict of interest in the event an order cannot be entirely fulfilled and NB LLC and/or NBFi are required to determine which accounts should receive executed shares and in what order. NB LLC and NBFi have an incentive to allocate shares received first to their client accounts or to the accounts from which NB LLC and/or NBFi receive fees. To mitigate such conflicts, NB LLC, NBFi and NBAFM have adopted allocation procedures, reasonably designed to treat all participating accounts fairly (see below).

NB LLC and/or NBFi is not obligated to include every Client Account in an aggregated trade, if the transaction being aggregated is prohibited or would be inconsistent with that Client's investment management agreement.

NB LLC, NBFi and/or NBAFM will aggregate and allocate orders in a manner designed to ensure that no particular client or account is favored and that participating Clients are treated in a fair and equitable manner over time.

When an aggregated order is completely filled, each participating account will generally participate at the average price paid or received on that day for the aggregated order, and share in any associated transaction costs, based upon the initial amount requested for the account. When price averaging is used, some clients will get a better price and some clients will get a worse price than they would have received if price averaging was not used. There may be times where NBAFM acquires or disposes of securities or financial instruments on behalf of certain clients at different times than acquiring or disposing of the same securities or financial instruments for other clients due to differences in investment strategies and the risk profiles associated with such strategies. Where this is the case, client accounts may have different execution prices for transactions in the same security or financial instrument.

When an aggregated order is partially filled, the order will be allocated in accordance with the written aggregation and allocation procedures of NB LLC, NBFi or NBAFM, as applicable. These procedures are described generally below. Clients should also refer to NB LLC and NBFi's Brochures for further information regarding their aggregation and allocation procedures.

NBAFM, NB LLC and NBFi will receive no additional compensation or remuneration of any kind as a result of the aggregation of client trades.

Allocation of Investment Opportunities:

NBAFM serves as investment adviser for a number of clients and may deal with conflicts of interest when allocating investment opportunities among its various clients. For example: (i) NBAFM receives different management fees, and/or performance fees from different clients;

and (ii) NBAFM and its affiliates, owners, officers and employees may invest substantial amounts of their own capital in some client accounts (notably the Private Funds), but do not invest their own capital in every client's account. The majority of NBAFM's clients pursue specific investment strategies, many of which are similar. NBAFM 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 NBAFM may not purchase or sell a given security on behalf of all clients pursuing similar strategies; (iii) price and timing differences when buying or selling securities; (iv) the size of the Private Fund and (v) the clients' own different investment restrictions. The trading policies for NB LLC, NBFi and NBAFM are designed to minimize possible conflicts of interest in trading for clients.

NB LLC, NBFi and NBAFM consider many factors when allocating securities and financial instruments among clients, including but not limited to the client's investment objectives, applicable restrictions, the type of investment or financial instrument, the number of shares or contracts purchased or sold, the size of the account, the amount of available cash, and the size or weighting of an existing position in an account. Clients are not assured of participating equally or at all in particular investment allocations. The nature of a client's investment style may exclude it from participating in many investment opportunities, even if the client is not strictly precluded from participation based on written investment restrictions.

Item 13: Review of Accounts

A. Periodic Reviews

NBAFM's portfolio managers review Client Accounts on a periodic basis, consistent with an account's needs. Certain accounts may require daily review, while others may require less frequent review. In reviewing accounts, portfolio managers take into consideration both client objectives and goals, and the manager's investment thesis for the total portfolio, as well as for particular securities and other assets.

NBAFM looks to portfolio managers as the first step in complying with client investment guidelines, but recognizes the need for additional, independent oversight. The Firm's Asset Management Guideline Oversight ("**AMGO**") department serves as an independent supervisory group responsible for the monitoring of client accounts in accordance with client investment guidelines.

The number of Client Accounts supervised by different portfolio managers varies depending upon the investment strategy and a particular portfolio manager's workload, and can change from time to time. A portfolio manager may be responsible for managing both Private Funds and separate account clients of an Advisory Affiliate. The process relating to the review of such separate accounts would be governed by the policies of the affiliated advisory firm. Certain accounting and performance reports are periodically compiled and provided to clients as agreed upon between NBAFM and the client in the investment management agreement.

The Firm's Legal and Compliance Department reviews transactions for possible conflicts and adherence to the Code and regulatory obligations, on a daily basis. Reviews are in the form of trade data and exception reports and are generally conducted by one of several compliance analysts. Topics covered in the review include, but are not limited to, front running and trading on the basis of material, non-public information.

B. Non-Periodic Reviews

Other than the periodic review of accounts described above, a review of individual accounts will also be triggered by anomalies in the investment strategy (e.g., performance numbers do not appear to be correct for the portfolio or abnormal market conditions).

C. Client Reports

Separate Accounts. In addition to statements and confirms that clients may receive from their custodian and broker and/or futures commission merchant, NBAFM provides periodic reporting, the frequency and content of which may differ as agreed upon between NBAFM and the client, and documented in the investment management agreement. Reporting may include, but is not limited to, performance estimates, holdings, attribution and exposure.

Private Funds. Generally, investors receive monthly estimates and fund factsheets, which include, for example, performance summary and exposure. Certain investors may receive additional reporting. Investors also receive monthly capital account statements from the Private Fund's fund administrator. Certain investors may request more frequent account information in which case, the reviews may be done more frequently on an estimated basis with a final review conducted at the end of the month.

To comply with the Custody Rule provisions of the Advisers Act, where NBAFM is deemed to have custody of a Private Fund's assets, NBAFM intends to distribute Private Fund audited financial statements, prepared in accordance with Generally Accepted Accounting Principles (or "GAAP"), to investors within 120 days after the end of the Private Fund's fiscal year.

Sub-Advised Accounts. Sub-Advised Accounts receive such reports as required by the Sub-Advised Affiliate.

Item 14: Client Referrals and Other Compensation

A. Compensation by Non-Clients

Not Applicable.

B. Compensation for Client Referrals

Certain Firm employees are eligible to earn an account referral bonus for referring a potential client to NBAFM. Firm senior management determines whether an employee's involvement was significant enough to warrant this bonus.

From time to time, in accordance with applicable law, NBAFM may retain and compensate third parties for introducing new investment advisory clients to NBAFM. The compensation to such parties generally represents a percentage of the management fee, and may include a percentage of the performance fee, paid by the client to NBAFM.

Clients do not pay a higher fee than they would otherwise pay due to the solicitor's or placement agent's involvement in the introduction.

The Firm may sponsor educational events where its representatives meet with institutional consultants and/or their clients. The Firm may also participate in educational programs sponsored by consultants for which a participation fee may be paid. Both of these types of events may provide NBAFM with an opportunity to meet with consultants and/or their clients. Any fees paid by the Firm are from its own resources, which include the management fees received from its clients. Clients should confer with their consultant regarding the details of the payments their consultant may receive from the Firm. In addition, affiliates of NBAFM may actively seek to educate broker-dealers and other financial intermediaries in connection with the strategies offered by NBAFM which may benefit NBAFM.

Item 15: Custody

Separate Accounts. NBAFM will not maintain physical possession of the funds, securities or other assets that a client maintains in a Separate Account. The assets transferred by a client will typically be deposited with a broker-dealer, bank or other qualified custodian (“Qualified Custodian”) selected by the client. Under the investment management agreement, NBAFM may cause management fees to be paid out of the account held at the Qualified Custodian, typically upon instruction by the client to the Qualified Custodian. When it does so, NBAFM will send the client and Qualified Custodian an invoice stating the fee and the calculation it was based on. In addition, the Qualified Custodian will provide clients with account statements. Where Separate Account clients receive account statements from NBAFM, they should carefully compare the account statements to the account statements received from the Qualified Custodian.

Private Funds. Neither NBAFM, nor its affiliates will maintain physical possession of the funds or securities of any Private Fund. Where an affiliate serves as general partner/managing member of a Private Fund, it will have access to the Private Fund’s account, and as a result, will be deemed to have custody over that account for purposes of the Custody Rule under the Advisers Act. To comply with the Custody Rule with respect to such Private Funds, NBAFM, or the third-party administrator to the Private Fund, will endeavor to provide each investor, annually, with audited financial statements, prepared in accordance with GAAP, within 120 days following the end of the Private Fund’s fiscal year. See Item 13.C above.

Certain Private Funds have “prime brokerage” arrangements with certain prime brokers. As discussed in Item 12 above, a substantial amount of the brokerage of the Private Funds may be effected through the prime broker. Through this arrangement, the prime broker performs the following functions, among others: (1) arrange for the receipt and delivery of securities bought, sold, borrowed and lent; (2) make and receive payments for securities; (3) maintain physical possession and custody of cash and securities; and (4) deliver cash to the Private Fund’s bank accounts. The prime broker will generally maintain physical possession or custody of a certain portion of the Private Fund’s assets.

Item 16: Investment Discretion

Except where NBAFM has delegated investment discretion to a sub-adviser, NBAFM has the authority to determine, without obtaining specific client consent, the securities or financial instruments to be bought or sold and the amount of securities or financial instruments to be bought or sold. NBAFM's discretionary authority is derived from an express grant of authority under each client's investment management agreement with NBAFM. Where the trading desk of an affiliate is used for securities or financial instrument orders, the affiliate may determine which broker-dealer to execute the transactions with and at what commission rates (as applicable). See Item 12. Similarly, where NBAFM has engaged a sub-adviser, the sub-adviser, in accordance with its policies and procedures, has the discretion to select transaction counterparties and types of securities and financial instruments for the sub-advised Client Accounts.

Purchases and sales must be suitable for the particular client and limitations may be imposed as a result of instructions from the client. Clients may limit NBAFM's authority by prohibiting or by limiting the purchasing of certain securities or financial instruments. See Item 4.

Pursuant to the Firm's MNPI Procedures on the handling of material non-public information, 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. As such, there may be circumstances which will prevent the purchase or sale of securities for Client Accounts for a period of time.

The Firm may also place restrictions on trading in the securities or other assets of certain issuers as a result of legal or regulatory considerations or Firm risk management policies. When such restrictions are placed, NBAFM will not be able to trade in any securities on behalf of any Client Accounts absent approval from the Firm's Legal and Compliance Department.

Item 17: Voting Client Securities

Proxy Voting. NBAFM generally has voting power with respect to securities in its Separate Accounts and may have voting power with respect to Sub-Advised Accounts, as agreed to by NBAFM and the Sub-Advised Affiliate.

NBAFM leverages the service agreement in place between NB LLC and Glass, Lewis & Co. (“**Glass Lewis**”), a third-party proxy voting service provider, to vote proxies for NB LLC and its Advisory Affiliates, including NBAFM. NB LLC has adopted proxy voting policies and procedures designed to reasonably ensure that it votes client proxies prudently and in the best interest of client accounts. Clients may obtain or request information related to the voting of their proxies by contacting NBAFM at 212-476-9000.

Class Actions. From time to time a security held in a Client Account may become the subject of a class action lawsuit. Generally, the custodian for the Client Account handles any decision to file a claim to participate in a class action settlement. From time to time, NBAFM may directly receive notice of a class action relating to a security held in a Client Account. In such cases, NBAFM will determine whether it has authority to act with respect to the class action, based on the investment management agreement. NBAFM will not act on behalf of its clients as a lead plaintiff in a class action lawsuit.

Item 18: Financial Information

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

Not applicable.

B. Impairment of Contractual Commitments

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

C. Bankruptcy Petitions

NBAFM has not been the subject of a bankruptcy proceeding.