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**Neuberger Berman Asia Limited**  
**Client Brochure**  
**March 30, 2012**

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Central, Hong Kong  
[www.nb.com](http://www.nb.com)

This Brochure provides information about the qualifications and business practices of Neuberger Berman Asia Limited (“**NBAL**”). If you have any questions about the contents of this Brochure, please contact us at (852) 3664-8800 or by email at: **NBALADVInfo@nb.com**.

NBAL is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). NBAL is subject to the Advisers Act rules and regulations adopted by the United States Securities and Exchange Commission (“**SEC**”). Registration as an investment adviser does not imply any particular level of skill or training. This Brochure provides information for NBAL’s U.S. clients. Most provisions of the Advisers Act and of this Brochure do not apply to NBAL’s non-U.S. clients.

Additional information about NBAL is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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The information in this Brochure has not been approved or verified by the SEC or by any state or foreign securities authority.

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## **Item 2: Material Changes**

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

Item No.	Description of Material Changes
5	5.B: Updated Calculation and payment of fees and Valuation of assets
11	11.A: Updated Code of Ethics policies
12	12.A: Updated the disclosure on use of soft dollars
13	13.C: Updated Client reporting
17	Updated the disclosure on the Proxy Voting policy and procedures

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

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## Item 4: Advisory Business

### A. Description of Neuberger Berman Asia Limited (“NBAL”) and the Firm

#### NBAL

**NBAL** is a Hong Kong corporation that was formed in December 2007 and registered with the SEC in August 2010. It is also licensed with and regulated by the Hong Kong Securities and Futures Commission to undertake various investment management activities, including dealing in securities, advising on securities and asset management.

NBAL is directly owned by Neuberger Berman Asia Holdings II LLC, which is, in turn, owned by Neuberger Berman Holdings LLC. It is an indirect, wholly-owned subsidiary of Neuberger Berman Group LLC (“**NBG**”).

#### The Firm

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.<sup>1</sup>

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.

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

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<sup>1</sup> 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, NBAL, Neuberger Berman LLC, Neuberger Berman Management LLC, Neuberger Berman Fixed Income LLC, NB Alternative Fund Management LLC, NB Alternative Investment Management LLC, NB Alternatives GP Holdings LLC and NB Alternatives Advisers LLC.

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.

NBAL's investment management services are discussed further below.

## **B. Types of Advisory Services**

NBAL currently provides the following types of investment management services:

### **Separate Accounts**

NBAL provides ongoing discretionary investment management services to institutional clients by way of separately managed accounts ("**Separate Accounts**"). These Separate Accounts may invest in the same strategies employed by one or more of the Funds described below, or in customized strategies based on those employed by one of more of the Funds. The Separate Accounts may differ from the 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.

In addition, to meet the diverse investment objectives of its Separate Account clients, NBAL may invest in other strategies, which include, but are not limited to, commodities, diversified and sector-specific (domestic and international) long/short equities, fixed income, global tactical asset allocation, fund of hedge funds, private equity currency and credit arbitrage.

NBAL may engage an affiliate ("**Advisory Affiliate**") or third-party to act as sub-adviser or sub-investment manager for a Separate Account. We also use the services of our affiliate, Neuberger Berman Investment Management Consulting (Shanghai) Limited (the "**Participating Affiliate**"), to provide us with research, advice or recommendations that we may use to manage certain U.S. client portfolios, under the terms of a Participating Affiliate Agreement ("**PAA**") based upon guidance in no-action letters issued by the SEC Staff.

### **Funds**

NBAL currently acts as an investment manager providing discretionary investment management services to the following pooled investment vehicles (the "**Funds**"):

- NB Greater China Long/Short Equity Fund LLC, NB Greater China Long/Short Equity Fund, Ltd. and NB Greater China Long/Short Equity Master Fund, Ltd. (the “**NB Greater China Long/Short Equity Funds**”); and
- Neuberger Berman Investment Funds plc (“**NBIF plc**”) – Neuberger Berman China Equity Fund (the “**NB China Equity Fund**”)

### ***NB Greater China Long/Short Equity Funds***

The NB Greater China Long/Short Equity Funds are privately offered. They are sponsored by NBAL, and an affiliate of NBAL acts as the managing member of one of such Funds, NB Greater China Long/Short Equity Fund LLC. The NB Greater China Long/Short Equity Funds are structured in a “master-feeder” form whereby investors make capital contributions to either of the “feeder funds”, NB Greater China Long/Short Equity Fund LLC or NB Greater China Long/Short Equity Fund, Ltd., which in turn contribute all or substantially all of their capital to the “master fund”, NB Greater China Long/Short Equity Master Fund, Ltd., wherein the investment trading program is conducted.

The NB Greater China Long/Short Equity Funds are not registered as investment companies under the Investment Company Act of 1940 (the “**Investment Company Act**”), and are therefore not subject to various provisions of the Investment Company Act. Shares or interests in the NB Greater China Long/Short Equity Funds are not registered for sale under the Securities Act of 1933 (the “**Securities Act**”) and are instead sold to qualified investors on a private placement basis, both in “closed” offerings and through continuous periodic offerings.

NBAL has the overall responsibility for implementing the investment strategies of the NB Greater China Long/Short Equity Funds and has the authority to select sub-advisers as discretionary investment managers for each such Fund. It has engaged an Advisory Affiliate, Neuberger Berman Europe Limited, to act as sub-adviser to NB Greater China Long/Short Equity Master Fund, Ltd. in order to provide certain foreign exchange hedging services.

### ***NB China Equity Fund***

The NB China Equity Fund is a sub-fund of NBIF plc, an investment company with variable capital incorporated in Ireland as a public limited company and structured as an umbrella fund with segregated liability between sub-funds. NBIF plc is authorized by the Central Bank of Ireland as an undertaking for collective investment in transferable securities (“**UCITS**”) pursuant to the European UCITS regulations.

NBAL’s affiliate, Neuberger Berman Europe Limited (“**NBEL**”), is the appointed investment manager of NBIF plc and has engaged NBAL, as sub-investment manager, to provide investment management services for the NB China Equity Fund.

NBAL may also serve as sub-adviser to certain other Separate Accounts and pooled investment vehicles managed by Advisory Affiliates (“**Sub-Advised Accounts**”).

The Separate Accounts and Funds to which NBAL provides investment management services are collectively referred to in this Brochure as “**Client Accounts.**”

### **C. Client Tailored Services and Client Tailored Restrictions**

NBAL generally provides its investment management services, both in respect of Separate Accounts and Funds, pursuant to a discretionary investment management agreement.

For its Separate Account clients (see Item 16), the clients may impose restrictions on investing in certain securities, types of securities or financial instruments in accordance with their particular investment objectives and policies. NBAL may decide not to accommodate investment restrictions deemed to be unduly burdensome or incompatible with NBAL’s investment approach.

For its Funds, NBAL’s advisory services are performed in accordance with the terms of each investment management agreement. Each 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 respective private placement memorandum, prospectus or other offering document (the “**Offering Document**”) for each Fund.

### **D. Wrap Programs**

NBAL does not sponsor or participate in wrap fee programs.

### **E. Assets Under Management**

<b><u>Discretionary Amounts:</u></b>	<b><u>Non-Discretionary Amounts:</u></b>	<b><u>Date Calculated:</u></b>
<b>\$860,000,000</b>	<b>\$0</b>	<b>12/31/2011</b>



## Item 5: Fees and Compensation

### A. Fee Schedule

#### **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 for U.S. clients that are charged a performance fee must be qualified clients (“**Qualified Clients**”) as defined under the Advisers Act.

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 on, for example, account inception dates, number or value of related accounts, total assets under management, fee negotiation, fee waiver or the manner in which NBAL services are obtained. NBG, its affiliates and employees are generally eligible for fee waivers or discounts on NBAL’s products.

#### **Funds**

##### ***NB Greater China Long/Short Equity Funds***

Generally, the NB Greater China Long/Short Equity Funds may charge both a management fee and a performance fee. Detailed descriptions of the management and performance fees can be found in the respective Offering Documents of the NB Greater China Long/Short Equity Funds.

##### ***NB China Equity Fund***

NBAL is entitled to receive a management fee, which is paid by NBEL, as investment manager of the NB China Equity Fund, out of the fee payable to NBEL.

A detailed discussion of the fees can be found in the Offering Document for NBIF plc, including the maximum management and administration fees payable in respect of each class of shares of the NB China Equity Fund.

There is no performance fee charged for the NB China Equity Fund.

### B. Payment Method

#### **Calculation and Payment of Fees**

### ***Separate Accounts***

Management fees are generally accrued and charged monthly in arrears. Performance fees or incentive allocations, where applicable, generally accrue on a monthly basis and are charged on an annual basis as documented in the relevant investment management agreement. Performance fees or incentive allocations may be subject to high-water marks and/or hurdles.

NBAL will invoice clients for fees incurred. NBAL's fees may be directly deducted from the client's custodial account following the client's instruction to their custodian, or NBAL may invoice clients for fees incurred.

Where NBAL 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 NBAL actually manages the account.

In the event the investment management agreement for a Separate Account is terminated, the client will be charged a pro-rated fee 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.

### ***Funds***

Management fees are accrued daily or monthly, depending on the particular requirements of each Fund, and generally charged monthly in arrears.

For the NB Greater China Long/Short Equity Funds, management fees are calculated based on the net asset value ("NAV") of each series of the applicable class of shares of each Fund as of the end of each month. Incentive fees accrue on a monthly basis but are generally charged annually at the end of each Fund's fiscal year or upon any redemption by an investor from a Fund.

### **Valuation of Assets**

#### ***Separate Accounts***

The market value of securities and other financial instruments may be valued by unaffiliated third-party service providers which may also serve as custodian and clearing agent for NBAL accounts. The market values of securities are ordinarily obtained from various quotation services. or, in limited instances where pricing is not readily available or when the price provided by a pricing source does not, in our view, represent fair value, the security price may be based on fair-value as proposed in good faith by the Valuation sub-group of the NB Greater China Investment Operations Oversight Group, but will ultimately be determined by the procedures/ agreements of the fund administrator of the separately managed Client Account.

The market value of securities and other financial instruments in Client Accounts may be valued by unaffiliated third-party service providers which may also serve as custodian and clearing agent for NBAL accounts.

## ***Funds***

The market values of the assets of the Funds are generally obtained from various quotation services, or where such quotation services are not available, are based upon fair-value as determined by the managing member, or their delegate, which could be the Fund administrator appointed by the Fund's directors, managing member, or their delegate. Each Fund retains a third-party administrator to provide various administrative services to the Fund. For each Fund, this includes keeping the official books and records of the funds, calculating the Fund's NAV, as well as other administrative services on behalf of the Fund.

In addition, where significant issues regarding valuation arise that cannot be addressed by the methods described above, NBAL will convene the Valuation sub-group of the NB Greater China Investment Operations Oversight Group to evaluate the issues and seek prompt resolution thereof.

### **C. Other Fees and Expenses**

In addition to the management and performance fees paid to NBAL, Client Accounts are charged other fees associated with their accounts and investments. Such fees include the following:

#### **Custodial Fees**

Typically, Separate Account clients elect to have account assets held in the custody of a bank, trust company or other entity 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 fees are charged by the provider of such service, the fees so incurred by the client will be in addition to the fee payable to NBAL on the overall value of the account. See Item 15.

Each Fund has generally engaged either a prime broker or custodian, depending on the specific requirements of the Fund, to hold the Fund's assets and will bear any custodial fees charged by such prime broker or custodian.

#### ***Transaction-Related Fees***

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

#### **Other Fees and Expenses**

Investors in the Funds will incur other fees and expenses associated with their investments in such funds. Fund expenses are described in the respective Fund's Offering Document. These expenses, in addition to brokerage and other transaction-related costs will generally include the

fees and expenses of other service providers to the Fund, such as prime brokers, custodians, transfer agents, administrators, valuation agents, auditors and counsel.

The Funds may themselves invest in other funds as described in each Fund's Offering Document. To the extent a Fund invests in another fund, which may be affiliated or unaffiliated, it will bear the costs and expenses associated with an investment in that underlying fund.

#### **D. Prepayment of Fees and Refunds**

##### **Separate Accounts**

As described in Item 5. B., Separate Account management fees are generally accrued on a monthly basis and paid in arrears. In the event the investment management agreement for a Separate Account is terminated, the client will be charged a pro-rata fee through the termination date.

##### **Funds**

As described in Item 5, management fees may be paid monthly or quarterly, in arrears depending on the particular requirements of each Fund. Certain 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 Document for more information related to fees.

#### **E. Sales Compensation**

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

Each Placement Agent may enter into sub-placement agreements with affiliates 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 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.

In addition, NBAL's products and strategies are marketed by the Firm's central sales force which also markets the products and strategies of NBAL's affiliates. Certain members of the sales force are registered representatives of NB LLC and as such, with respect to the Funds offered by NBAL 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 NBAL 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 trains its employees, including members of this sales force, regarding suitability and sales of securities products to investors. Salespersons are also required to undergo product specific training for all products that they market.

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

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

### **Performance-Based Fees**

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

- an incentive fee, where the fee is calculated as a percentage of a fund’s profits, taking into consideration both realized and unrealized profits
- 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 rate, 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

As discussed above, NBAL charges performance fees in connection with the management of certain Client Accounts.

To the extent that NBAL and its portfolio managers manage accounts that charge both management fees and performance fees, NBAL and/or its portfolio managers may have a conflict of interest in that an account with a performance fee arrangement will offer the potential for higher profitability when compared to an account with management fee. Performance fee arrangements may create an incentive for NBAL 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 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 conflicts, NBAL has adopted a number of compliance policies and procedures. These policies and procedures include (i) the Neuberger Berman Asia Code of Ethics (the “**Code**”) (see Item 11), (ii) the NBAL 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. NBAL does not consider fee structures in allocating investment opportunities.

## Item 7: Types of Clients

NBAL offers investment management services to institutional clients, including pension and profit-sharing plans, pooled investment vehicles, charitable organizations, corporations, state or municipal government entities, sovereign wealth funds and collective investment schemes.

Set forth below are the minimum account requirements for NBAL's Client Accounts:

### **Separate Accounts**

In general, NBAL requires a commitment in excess of \$100 million in order to establish a Separate Account for a client, but may consider smaller-sized accounts. All Separate Accounts U.S. clients must be Qualified Purchasers and those that pay a performance fee must also be Qualified Clients. **The minimums may be reduced by NBAL in its exclusive discretion.**

### **Funds**

#### ***NB Greater China Long/Short Equity Funds***

Investors in the NB Greater China Long/Short Equity Funds must be "accredited investors" under Regulation D under the Securities Act, and 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 share class of the relevant NB Greater China Long/Short Equity Fund and in each case is subject to waiver by NBAL or the Fund's board of directors or managing member, as the case may be. Investors should review the Offering Document for the relevant Fund for further information with respect to minimum requirements for investment.

#### ***NB China Equity Fund***

The NB China Equity Fund will not knowingly issue any shares to any investor who is a U.S. Person except in a transaction which does not contravene U.S. securities laws.

The minimum investment required by an investor varies depending on the share class of the NB China Equity Fund and in each case is subject to waiver by the Fund's board of directors. Investors should review the Offering Document for the NB China Equity Fund for further information with respect to minimum requirements for investment.

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

### A. Methods of Analyses

#### Investment Analysis

NBAL utilizes a variety of investment analysis methodologies including:

- **Charting analysis** involves the use of patterns in performance charts. NBAL 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.
- **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 NBAL 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, NBAL utilizes a broad spectrum of information, including, but not limited to:

- financial publications, industry and trade journals
- inspections of corporate activities
- proprietary and third-party research materials
- corporate rating services
- annual reports, prospectuses, and filings with the SEC
- newspapers, magazines, websites, trade journals
- discussions and meetings with NBAL's staff of research analysts
- charts, statistical material and analysis



- company 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

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

## **B. Investment Strategies**

NBAL currently manages the following discretionary investment strategies for its Client Accounts:

### ***Greater China Long/Short Equity strategy and Greater China (Long-only) Equity strategy***

For NBAL's Greater China Long/Short Equity and Greater China (Long-only) Equity strategies, NBAL is primarily focused on non-control investments in the publicly-traded equity and equity-related securities of Greater China Companies listed on both the markets of the Greater China Region (as defined below) and other markets (including, but not limited to, the United States, United Kingdom, Singapore and Japan).

Greater China Companies comprise companies that: (i) are incorporated or organized under the laws of, or that have a principal office in, the People's Republic of China (the "**PRC**"), Hong Kong SAR, Macau SAR or Taiwan (the "**Greater China Region**"); (ii) generally derive a majority of their total revenue or profits from (a) goods that are produced or sold, (b) investments made or (c) services performed, in the Greater China Region; or (iii) generally hold a majority of their assets in the Greater China Region.

In carrying out its discretionary investment strategies, NBAL may offer advice on a wide range of securities and other financial instruments including, but not limited to:

- Equity securities including exchange-listed, over-the counter ("**OTC**") and foreign issuers (ADRs, EDRs, GDRs, and CFDs)
- Exchange-traded futures contracts on intangible assets, including index futures
- Options contracts on securities
- Listed and OTC derivatives including swaps and other synthetic exposure / market access instruments
- Foreign currency forward agreements
- Money market funds
- Exchange-Traded funds
- Private placements /Warrants/ Rights

- Restricted shares
- Market access products

NBAL may also invest in hybrid securities and equity-related securities, such as convertible debentures, convertible preferred stock and debt instruments with warrants attached, including derivative instruments.

To the extent NBAL uses derivative instruments, it does so consistent with each Client Account's investment objective and policies, including hedging, managing risk, or attempting to enhance returns. Additionally, NBAL may hedge its exposure to currency fluctuations for foreign securities owned by clients. For Funds that offer non-U.S. dollar denominated share classes, NBAL may also engage in, or sub-advise to an Advisory Affiliate, foreign exchange hedging activities in an attempt to limit currency fluctuations (relative to the U.S. dollar) in such share classes.

As financial markets and products evolve, or at the investment discretion of NBAL, NBAL may invest in other financial instruments or securities, whether currently existing or developed in the future, when consistent with the guidelines, objectives and policies of a Client Account.

As previously noted, NBAL may provide investment management services in relation to investment strategies, which are delegated to, and managed by, Advisory Affiliates. Such investment strategies may participate in other types of securities, including, but not limited to: corporate debt securities, commercial paper, certificates of deposit, municipal securities, United States government securities and options contracts on commodities. As such, client participation in such other types of investments will be performed consistent with the Advisory Affiliate's respective compliance policies and procedures and applicable rules and regulations.

Subject to firm-wide restrictions dealing with prudence, conflicts of interest and compliance with securities laws and regulations, the purchases and sales for Client Accounts is based upon the judgment of the individual portfolio manager or group supervising the particular account, who are encouraged to use those methods with which they have been successful.

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.

The above referenced investment strategies are a summary only. Clients should look to their investment management agreements with NBAL and other client materials provided by NBAL in its presentation of the particular strategy for a more complete description of each strategy and its associated risks.

The investment strategy for each Fund is more particularly described in the Fund's Offering Document. Investors should carefully read each Fund's Offering Document and consult with

their own counsel and advisers as to all matters concerning an investment in the respective 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.***

The following is a summary of the principal risks associated with the investment strategies managed by NBAL, or its sub-advisers, in its Client Accounts. This is a summary only and not every strategy may be subject to every risk discussed below:

***Investments in Non-U.S. Securities and Currency.*** NBAL invests 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 U.S. 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 U.S. Although NBAL 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.

***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, NBAL 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.

***Characteristics of Greater China Region Securities Markets.*** NBAL generally will buy and sell securities on the principal stock exchange or OTC market of the country in which the principal offices of the issuer of the security are located. Many Greater China Region and other non-developed stock markets are not as developed or efficient as those in developed markets and may be more volatile. There is generally less government supervision and regulation of Greater China Region exchanges, brokers, and listed companies than in developed markets. Furthermore, trading volumes in Greater China Region markets are usually lower than in developed markets, resulting in reduced liquidity and potentially rapid and erratic price fluctuations. Commissions for trades on Greater China Region stock exchanges are generally higher than negotiated commissions on developed market exchanges and custody expenses are generally higher as well. Settlement practices for transactions in Greater China Region markets may involve delays beyond periods customary in developed markets.

***Less Company Information and Regulation.*** Generally, there is less publicly available information about Greater China Region companies than about companies operating in developed markets. This may make it more difficult for NBAL to stay informed of corporate action that may affect the price of a particular security. Further, many countries lack uniform accounting, auditing, and financial reporting standards, practices, and requirements. These factors can make it difficult to analyze and compare the performance of certain Greater China Region companies.

***Restrictions on Investment and Repatriation.*** Some countries impose restrictions and controls regarding investment by foreigners. Among other things, they may require prior governmental approvals, impose limits on the amount or types of securities that may be held by foreigners or impose limits on the types of companies in which foreigners may invest. These restrictions may at times limit or preclude NBAL's investment in certain countries and may increase the Client's costs and expenses. Because of the limited number of authorizations granted in such countries, however, units or shares in most of the investment funds authorized in those countries may at times trade at a substantial premium over the value of their underlying assets. In addition,

certain countries may impose restrictions and controls on repatriation of investment income and capital. As a result the Client's assets may be restricted from being repatriated indefinitely. Dividend and interest payments on some securities the Client may own may be subject to withholding taxes, which would reduce net proceeds.

***Political and Economic Instability.*** The economies of many countries are less stable than developed market economies, due to, among other things, volatile internal political environments, less stable monetary systems and/or external political risks. The governments of such countries may participate in their economies through ownership or regulation in ways that can have a significant effect on securities prices. The economies of certain countries depend heavily on international trade and can be adversely affected by the enactment of trade barriers or changes in the economic conditions of their trading partners. In some countries, especially developing or emerging countries, political or diplomatic developments could lead to programs that would adversely affect investments, such as confiscatory taxation or expropriation.

***Additional Risks in Investing in China.*** Investments in Chinese companies involve certain risks and special considerations not typically associated with developed markets, such as greater government control over the economy, political and legal uncertainty, currency fluctuations or blockage, confiscatory taxation, armed conflict, the risk that the Chinese government may decide not to continue to support economic reform programs, the risk of nationalization or expropriation of assets, lack of uniform auditing and accounting standards, less publicly available financial and other information, less hedging instruments available, potential difficulties in enforcing contractual obligations, potential fewer opportunities for capital appreciation than other emerging market and limitations on the ability to distribute dividends due to currency exchange issues, which may result in risk of loss of favorable tax treatment.

The Shanghai Stock Exchange and Shenzhen Stock Exchange may have lower trading volumes when compared to exchanges in developed markets and the market capitalizations of many listed companies are small compared to those on exchanges in developed markets. Government supervision and regulation of China's securities markets and of quoted companies is also less developed than in many member countries of the Organisation for Economic Co-operation and Development. The above factors could negatively affect a Client Account's NAV, the ability to redeem shares in a Fund and the price at which such shares may be redeemed.

These risks may be more pronounced for the China A-share market than for Chinese securities markets, generally, because the China A-share market is subject to greater governmental restrictions and control.

China A-shares are traded in renminbi on the Shenzhen and Shanghai Stock Exchanges. China A-shares are issued by companies incorporated in mainland China and may only be purchased by Chinese domestic investors and qualified foreign institutional investors ("QFII").

An investment in the China A-shares for a Client Account will principally be made and held through a QFII quota. However, neither NBAL nor any of the Funds has exclusive use of a QFII quota through which to invest. China's QFII Investment Regulations apply to each QFII quota as a whole, and not simply to investments made on behalf of a Client Account. Thus investors

should be aware that violations of China's QFII Investment Regulations arising out of activities related to portions of the relevant QFII quota other than those which are utilized by a Client Account could result in the revocation of or other regulatory action in respect of the QFII quota as a whole, including any portion utilized by the Client Account.

Likewise, limits on investment in China A-shares, and the regulations relating to the repatriation of capital and profits are applied in relation to the QFII quota as a whole. Hence the ability of a Client Account to make investments and/or repatriate monies from the relevant QFII quota may be affected adversely by the investments, performance and/or repatriation of monies invested by other investors utilizing the relevant QFII quota. NBAL may invest through additional QFIIs with which it or a Client Account may enter into an arrangement.

China A-shares dealt on the Shanghai and Shenzhen stock exchanges are dealt and held in dematerialized form through the CSDCC. The securities trading account, to which securities purchased by a Client Account are recorded by the CSDCC as credited, may be a securities trading account maintained in the name of an intermediary and not directly in the name of the Client Account. The Client Account's interest in such investments will not be recognized by the CSDCC, the relevant licensed custodian bank or any China legal or regulatory body. Accordingly the Client Account's assets may not be as well protected as they would be if it were possible for them to be registered and held directly in the name of the Client Account or by a custodian or nominee of the Client Account.

The evidence of title of exchange-traded securities in China consists only of electronic book entries in the depository and/or registry associated with the exchange. These arrangements of the depositories and registries are new and not fully tested in regard to their efficiency, accuracy and security.

***Taxation in China.*** The taxation regulations in China are subject to change, possibly with retroactive effect. Changes in Chinese tax regulations could have a significant adverse effect on a Client Account and its investments, including reducing returns, reducing the value of the Client Account's investments and possibly impairing capital invested by the Client Account.

In addition, a Client Account's investment in China A-shares through any QFII quota will be affected by taxation levied against the relevant QFII or in respect of investments held in the relevant QFII quotas. China's taxation regime that will apply to QFIIs and investments made in or through QFII quotas is not clear. China's Investment Regulations are new and do not currently expressly contemplate the treatment of QFIIs and investment made through QFII quotas. It should be noted that the position with regard to China taxation of a Client Account and its gains and profits remains unclear. Until such time as the China taxation position is clarified, NBAL will arrange for all subscription and redemption requests to be processed based upon NAV calculations, determined through making a provision for China withholding tax of 10% on realized and unrealized gains, and with a provision for withholding tax of 10% on all dividend income received.

***Leverage.*** The use of leverage allows NBAL to control positions with a nominal value significantly more than its investment in such positions. As such, the amount that NBAL 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.

**Short Selling.** Short selling involves the risk of a theoretically unlimited loss from a theoretically 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. NBAL'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 NBAL.

**Trading in Futures.** NBAL 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; and (iii) futures trading may be illiquid. NBAL may sustain a total loss of 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 NBAL's position, NBAL may be required to deposit a substantial amount of additional margin, on short notice, in order to maintain its position. If NBAL does not provide the required margin within the prescribed time, its position may be liquidated at a loss, and NBAL will be liable for any resulting deficit in its account. The high degree of leverage that is often obtainable in futures trading because of the small margin requirements can work against NBAL 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 CFTC and may be subject to greater risks than trading on domestic exchanges. Futures markets may also be illiquid which could prevent NBAL from promptly liquidating unfavorable positions and adversely affect trading and profitability.

**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. NBAL 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. NBAL 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. NBAL will be subject to the risk of counterparty default on its swaps; if the

counterparty to the swap defaults, NBAL would lose the net amount of payments that it is contractually entitled to receive, as well as any collateral deposits made with the counterparty.

**Forward Trading.** Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit forward (and futures) trading to less than that which NBAL would otherwise recommend, to the possible detriment of a Client Account. Market illiquidity or disruption could result in significant losses to Client Accounts.

**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. NBAL will not seek to limit portfolio turnover when making investment decision. 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.

**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.

**Portfolio Management.** The performance of a Client Account depends on the skill of NBAL and its portfolio manager(s), or in the case of a Sub-Adviser, the skills of the Sub-Adviser and its portfolio managers, in making appropriate investment decisions.

**Market Events.** World financial markets may, from time to time, experience extraordinary market conditions. In reaction to these events, regulators in the U.S. and other countries may undertake extraordinary regulatory measures, such as bailout and liquidity programs. The U.S. government and securities regulators of other jurisdictions may also implement other measures seeking to stabilize and further regulate U.S. and global financial markets. Despite these efforts, global financial markets may remain volatile. NBAFM believes that certain Private Funds could be materially adversely affected by such market volatility.

**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 NBAL interacts on a daily basis.

Separate Account clients should look to their investment advisory agreements with NBAL and other client materials provided, and Fund investors should look to the Offering Document for a more complete description of the risks involved with the strategies offered by NBAL. Clients should not rely solely on the descriptions provided above.

Acquiring interests in the NB Greater China Long/Short Equity Funds is intended for sophisticated investors who can accept a high degree of risk in their portfolio, do not need regular current income from their investment with NBAL and can accept a potential loss of their entire investment.

### **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. NBAL has no items to disclose.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker-Dealer or Registered Representative**

NBAL is not a registered broker or dealer. Some of NBAL's management personnel are registered representatives of NB LLC, a FINRA member broker-dealer.

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

NBAL is exempt from registration as a futures commission merchant, commodity pool operator or commodity trading advisor. With respect to the operation of certain NB Greater China Long/Short Equity Funds, NBAL operates as if it were exempt from registration as a CPO pursuant to the exemptions in CFTC rules 4.13(a)(4).

Several of NBAL's management personnel may be associated persons with the NFA through their affiliation with affiliates of NBAL.

### **C. Material Relationships**

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

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

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

In providing services to its clients, NBAL draws upon the operational and administrative resources of NB LLC and other affiliates. NBAL 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 NB Greater China Long/Short Equity Funds for NBAL. See Item 14.

In addition, NBAL advisory personnel may also be registered representatives of NB LLC. In such capacity, they may sell or provide similar services as the services offered by NBAL. The existence of these relationships may create a conflict of interest. See Item 6, Item 11.B.8 and Item 11.D.6.

NBAL may utilize placement agents in offering the 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 (“**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.

## **2. Investment Company or other pooled investment vehicle**

NBAL is investment manager of each of the NB Greater China Long/ Short Equity Funds and the sub-investment manager of the NB China Equity Fund.

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

## **3. Other investment adviser or financial planner**

NBAL has relationships that are material to its advisory business with the following Advisory Affiliates :

### ***SEC-Registered Advisers***

Neuberger Berman LLC

Neuberger Berman Fixed Income LLC (“**NBFI**”)

NB Alternative Investment Management LLC

NB Alternative Fund Management LLC (“**NBAFM**”)

### ***Non-SEC-Registered Advisers***

Neuberger Berman Australia Pty Limited (“**NB Aus**”)

Neuberger Berman Europe Ltd. (“**NBEL**”)

Neuberger Berman Japan Ltd. (“**NBJ**”)

Neuberger Berman Investment Management Consulting (Shanghai) Company Limited (“**NB Shanghai**”)

In providing services to its Client Accounts, NBAL may draw upon the portfolio management, trading, research, operational and administrative resources of the Advisory Affiliates. It employs the research of NB Shanghai, its Participating Affiliate in servicing Client Accounts.

Neither NBAL nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Client Account. NBAL and its related persons intend to devote as much time as they deem necessary for the conduct of each Client Account’s management and will allocate investment opportunities in accordance with NBAL’s Trade

Allocation and Aggregation 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 certain clients of NBAL.

NBAL may engage any of these Advisory Affiliates as a sub-adviser to manage its Client Accounts (see Item 10.D) and has engaged NBEL to act as sub-adviser to NB Greater China Long/Short Equity Master Fund, Ltd. in order to provide certain foreign exchange hedging services.

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

The Firm has established Procedures reasonably designed to prevent the misuse by the Firm and its personnel of material non-public information. See Item 11.D.1.

Certain employees of NB Aus, NBEL and NBJ may provide marketing and/or other client-related services in connection with NBAL's investment strategies.

**4. Futures commission merchant, commodity pool operator, or commodity trading adviser**

NB LLC is registered as a Commodity Trading Adviser, Commodity Pool Operator and Futures Commission Merchant. NBFi and NBAFM are registered as Commodity Trading Advisers.

**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**

An affiliate of NBAL is the managing member of NB Greater China Fund Long/Short Equity Fund LLC, for which NBAL acts as investment manager. In addition, affiliates of NBAL may serve as the general partner or investment manager to one or more of the Affiliated Funds. See Item 10.C.2.

### **D. Selection of Other Investment Advisers**

NBAL may engage other advisers, including its Advisory Affiliates, to act as sub-advisers or managers for its Client Accounts. NBAL performs detailed 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. NBAL'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 NBAL has delegated the discretionary day-to-day management of certain strategies to Advisory Affiliates, the due diligence conducted may not include all components of the standard due diligence program.

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

### **A. Code of Ethics**

NBAL has adopted a Code of Ethics (the “**Code**”), which governs the activities of all NBAL employees. Employees are required not only to comply with this Code but with all applicable laws and regulations.

The Code contains certain policies on (1) Personal Investment Policy and Procedures, (2) Gifts and Entertainment, (3) Outside Business Activity, and (4) Prohibition Regarding the Use of Material Non-Public Information (5) Whistleblowing Policy, which support NBAL’s fiduciary duty to place the interests of the Firm’s clients before the interests of the Firm and its employees. Each employee must avoid any activity or relationship that may reflect unfavorably on the Firm as a result of a possible conflict of interest, the appearance of such a conflict, the improper use of confidential information or the appearance of any impropriety.

In managing assets for clients, NBAL has a fiduciary responsibility to treat all clients fairly. This duty requires a course of conduct, consistent with other statutory obligations, that seeks to be prudent and in the client’s best interest. The nature of NBAL’s fiduciary obligations necessarily requires some restrictions on the investment activities of its employees and their domestic dependents.

#### **Amendments to the Code**

If amendments are made to the Code other than on an annual basis and determined to be material, employees will be required to submit a written acknowledgement that they have received, read and understood the amendments.

#### **Administration of the Code**

Compliance will receive and review all reports submitted pursuant to the Code and determine whether the investment or business activities of employees are consistent with requirements and restrictions set forth in the Code and do not otherwise indicate any improper activities. Compliance will also ensure that all books and records relating to the Code are properly maintained. NBAL will maintain the following records in a readily accessible place:

- A copy of each Code that has been in effect at any time during the past five years;
- A record of all written acknowledgements of receipt, review and understanding of the Code and amendments for each person who is currently, or within the past five years was, an employee;
- A record of each report made by an employee, including any brokerage confirmations and brokerage account statements obtained from employees;

- A list of the names of persons who are currently, or within the past five years were, employees; and
- A record of any decision for approving the acquisition of securities by employees in private placements and hedge funds for at least five years after the end of the fiscal year in which approval was granted.

### **Reporting Violations**

Employees must immediately report any violation of the Code to Compliance. All reports will be treated confidentially and investigated promptly and appropriately. Compliance will keep records of any violation of the Code, and of any action taken as a result of the violation. Violations of the Code may lead to disgorgement of profits, suspension of trading privileges for the particular Employee, or disciplinary action up to and including termination.

## **B. Participation or Interest in Client Transactions**

NBAL may participate or have an interest in client transactions as described below. NBAL 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 NBAL or its affiliated broker-dealer, NB LLC, bought securities for its own inventory from a NBAL advisory client or sold securities from its inventory to a NBAL advisory client. NB LLC, however, does not have its own inventory of securities and therefore will not engage directly in principal transactions with NBAL clients.

Where NBAL, 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, where such Client Account "crosses" with another Client Account, the transaction may be considered a principal transaction.

A principal transaction presents 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, NBAL does not engage in principal transactions with Client Accounts. With respect to certain Funds, NBAL may be permitted to engage in principal transactions in accordance with applicable federal law. The conflicts of interest are disclosed in the Fund's Offering Document. Approval by an independent ad hoc committee, as set forth in the Funds' Offering Document, 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 NBAL's Client Accounts through NB LLC and a non-discretionary account client for which NB LLC acts as broker. NB LLC and NBAL do not intend to engage in agency cross transactions with any NBAL Client Account.

## **2. Cross Transactions**

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

## **3. Affiliated Brokers**

NBAL is affiliated with NB LLC, but does not effect any transactions in securities or other instruments for Client Accounts through NB LLC. See Item 12.

## **4. Financial Interests in Securities or Investment Products**

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

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

## **5. Employee Investment in NBAL Products**

NBAL advisory personnel may be investors in the Funds and/or the Affiliated Funds. Any such investments are made in conformity with the Code, which has procedures regarding the use of confidential information and personal investing.

## **6. Buying and Selling Securities That Are Recommended to Clients**

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

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

## **7. Other Interests in Client Transactions**

NBAL 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 NBAL. The views and opinions of NBAL, 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**

The Code contains NBAL's Personal Investment Policy & Procedures ("**PIP**"). Key aspects of the PIP include:

#### **Pre-Approval of Personal Investment Accounts and Transactions**

Employees or other parties named in an employee-related account must obtain prior approval from Compliance before opening an outside brokerage account and subsequently, before placing an order for a covered transaction. Transaction approvals are valid for 24 hours.

#### **Holding Periods**

Employee and employee-related accounts must hold investments for a minimum of thirty (30) calendar days after purchase.

#### **Specific Investment Restrictions**

- Employee and employee-related accounts are prohibited from trading any classes of instrument that are part of the investment universe of any portfolios managed by NBAL.
- Short sales are permitted, but are strongly discouraged.
- Employee and employee-related accounts are prohibited from receiving allocations of initial equity public offerings.
- Any employee who wishes to invest in a hedge fund, limited partnership, closely held corporation or other outside private investment must obtain pre-approval from Compliance.

#### **Reporting and Certification Requirements**

##### ***Initial***

On commencing employment at NBAL, employees are required to disclose their outside broker accounts. The Outside Broker Letter is prepared by Compliance instructing the brokers to send duplicate confirmations and/or monthly statements to Compliance.

### ***Approval to open new outside brokerage accounts***

When an existing employee wishes to open a new outside brokerage account, it is compulsory for the employee to obtain pre-approval from Compliance. Upon approval, the employee receives a copy of a letter informing the outside broker that the employee has been approved to open the account with them, and requesting duplicate monthly statements and confirmations to be sent directly to Compliance.

### ***Annual***

Employees are required to declare annually on or before January 30 of each year that: they have read, understand, and complied with the Code; they have reported all employee and employee-related accounts to Compliance; the transactions executed in these accounts have been approved as necessary; and, they have obtained the required approval and submitted the required reporting for any Outside Business Activities.

## **D. Other Conflicts of Interests**

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

The Firm has established policies and procedures (“**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 Procedures are designed to be in accordance with the requirements of the Advisers Act and other federal securities laws. In general, under the 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 NBAL 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 NBAL may purchase or potentially limiting the ability of NBAL to sell such securities. Similarly, where the Firm declines access to (or otherwise does not receive) material non-public information regarding an issuer, NBAL may base its investment

decisions with respect to assets of such issuer solely on public information, thereby limiting the amount of information available to NBAL 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 and Entertainment**

Gifts and Entertainment provided or received by NBAL's employees to/from clients, prospective clients, vendors, suppliers, consultants and others with whom NBAL conducts business can strengthen business relationships yet may also create actual or apparent conflicts of interest. Therefore, in accordance with its Gifts and Entertainment policy, all NBAL employees are required to follow the following guiding principles:

- No gifts or entertainment may be solicited
- No cash or cash equivalents should be offered or accepted
- All gifts and entertainment received or offered should be for a clear business purpose
- All gifts and entertainment should not be excessive, inappropriate or intended to influence recipients inappropriately.

In addition to the above, NBAL imposes certain specific restrictions on providing and receiving gifts and entertainment, including the imposition of monetary limits and requiring employees to report to, and, in certain circumstances, to obtain prior approval from, Compliance.

In particular, all gifts and entertainment intended for government officials must be appropriate, must not be lavish, must be made lawfully under the U.S. Foreign Corrupt Practices Act of 1977 and local law, must have a concrete business purpose and must be pre-approved by Compliance.

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. and NBAL employees are reminded to be alert to such additional restrictions.

Compliance is responsible for monitoring practices on giving gifts, including travel, entertainment and contributions, and carries out ongoing monitoring of NBAL's practices

## **3. Political Contributions**

No employee may make or solicit political contributions for the purpose of influencing or inducing the obtaining or retaining of Municipal Securities Business (as defined below) or any other business for the Firm. The Firm, and all municipal finance professionals, as such term is defined in Municipal Securities Rulemaking Board ("MSRB") Rule G-37, employed by it, compete for the award of Municipal Securities Business on the basis of merit.

Specifically, it is the Firm's policy to comply with MSRB Rule G-37 and its record-keeping retention rules under Rule G-8. To insure compliance with this Policy, the Firm has mandated pre-clearance of political contributions by all employees and their spouses, as well as corporate

contributions by the Firm. Any Firm employee, *or any affiliated company* who engages or intends to engage in the solicitation of Municipal Securities Business is included in this class.

Finally, all employees are required (1) to comply with the limitations on volunteer activity set forth below so as not to cause an in-kind contribution by the Firm, and (2) to keep records of their political contributions.

#### **4. Outside Business Activities**

Given the nature of NBAL's business, employees who engage in outside business activities may face numerous and significant conflicts of interest. Under NBAL's Outside Business Activities policy, "outside business activities" include service as an employee, consultant, board member, partner, officer, director, owner or trustee of an organization that is not an affiliate of NBAL. Prior to pursuing any outside business activity, an employee must:

- receive written approval from his/her manager;
- receive written approval the Compliance; and
- complete the Outside Business Activities form

#### ***General Guidelines***

When engaged in an approved outside business activity, an employee must always:

- act in the best interest of NBAL in the event a potential conflict of interest arises;
- remain aware of how personal activities can lead to conflicts, such as taking a second job with, or making an investment in, a customer, vendor or competitor;
- discuss with his/her manager any situation that could be perceived as a potential conflict of interest; and
- pro-actively address situations that may put his/her interests or those of a family member or friend in potential conflict with NBAL's.

#### ***Service on Outside Boards***

Compliance determines procedures to prevent the misuse of material non-public information which may be acquired through outside board service, as well as other procedures or investment restrictions which may be required to prevent actual or potential conflicts of interest.

In addition to complying with the policies and procedures set forth in the Code, employees must be vigilant in identifying and managing the potential conflicts of interest that may arise by virtue of their service on outside boards. Depending on the circumstances, these conflicts may require the employee to recuse him or herself from deliberations of the board. In some cases, it may be necessary to resign from the Board entirely. Employees are encouraged to seek guidance from Legal as to how these potential conflicts may be best addressed.

## **5. Outsourcing/Service Providers**

The Firm must conduct appropriate due diligence on any outside vendor that provides products or services to the Firm and enter into an appropriate contract. The Firm's relationships with outside vendors must be 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**

NBAL and its personnel may also have differing investment or pecuniary interests in different Client Accounts managed by NBAL, and the personnel may have differing compensatory interests with respect to different accounts. NBAL faces a conflict of interest when (i) the actions taken on behalf of one Client Account may impact other similar or different accounts advised by NBAL (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) NBAL and its personnel have differential interests in such accounts (e.g., where NBAL or its related persons are exposed to different potential for gain or loss through differential ownership interests or compensation structures) because NBAL may have an incentive to favor certain accounts over others that may be less lucrative. Such conflicts may present particular concern when, for example, NBAL places, or allocates the results of, securities transactions that NBAL believes could more likely result in favorable performance, engages in cross trades or executes potentially conflicting or competing investments.

To mitigate these conflicts, NBAL'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 NBAL's (or such personnel's) pecuniary, investment or other financial interests. NBAL and its Advisory Affiliates have procedures designed to allocate investment opportunities fairly 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 stock, when a manager sells a stock short, he/she is typically doing so with the expectation that the stock will decline in value. Depending on a number of conditions, including, but not limited to, the stock'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 NBAL have adopted procedures which would permit such transactions, under certain circumstances and subject to the approval of the Advisory Affiliate's Office of the 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 NBAL, and those of its affiliates and research departments may differ from one another. As a result, products managed by NBAL 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.

Clients who receive brokerage, custody or other services from other broker dealers including but not limited to related persons of NBAL may not benefit from some or all of these policies.

See Item 12.B. regarding NBAL's Trade Allocation and Aggregation policy.

## **Item 12: Brokerage Practices**

### **A. Criteria for Selection of Broker-Dealers**

Except where NBAL has delegated investment discretion to a Sub-Adviser, NBAL has discretion to select the broker-dealer for securities transactions for each Client Account. NBAL looks to the overall quality of service provided by the broker-dealer and will consider many factors when making a selection for execution. The broker-dealer's ability to provide best execution is of paramount importance in NBAL's selection of the broker-dealer. Best execution is not determined solely based on obtaining the lowest commission costs, but is an evaluation of a number of quantitative and qualitative factors. In selecting a broker-dealer, NBAL considers the broker-dealer's execution capabilities, including block positioning, research, financial stability, ability to maintain confidentiality, delivery and ability to obtain best execution.

In selecting a broker for each specific transaction for a Client Account, NBAL will use its best judgment to choose the broker most capable of providing the brokerage services necessary to obtain the best available price and most favorable execution. The full range of brokerage services applicable to a particular transaction will be considered when making this judgment. Such services may include: competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers, and provision of information on the particular security or market in which the transaction is to occur. Applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is affected, and the extent to which it is possible to select from among multiple brokers capable of effecting the transaction.

#### **Prime Brokers**

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

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

##### ***Use of Soft Dollars***

NBAL may consider research and other services in making brokerage decisions and, as it deems appropriate, may use a portion of the commissions generated when executing transactions for Client Accounts (commonly referred to as "soft dollars") to acquire research and brokerage services ("soft dollar benefits") in a manner consistent with the "safe harbor" provided by Section 28(e) of the Securities Exchange Act of 1934. Under the safe harbor, as it has been



interpreted by the SEC, NBAL may use soft dollars to pay for soft dollar benefits, even where such benefits may also be available for cash, to the extent appropriate and permitted by law, when such benefits assist NBAL in meeting clients' investment objectives or in managing clients' accounts. A client may also request or direct NBAL to effect all or a portion of transactions through particular broker-dealers. Such requests may result in broker-dealers paying a portion of their commissions for expenses that are outside the soft dollar safe harbor of Section 28(e) of the Exchange Act.

The use of soft dollars to receive research and services benefits NBAL by allowing NBAL, at no cost to it, to (i) supplement and enhance its own research and analysis activities, (ii) receive the views and information of individuals and research staff of other securities firms, and (iii) gain access to persons having special expertise on certain companies, industries, areas of the economy and market factors. Subject to NBAL's policies and procedures, NBAL takes into account the value of permissible soft dollar benefits provided by a broker-dealer, as long as such consideration is not inconsistent with the objective of seeking best execution for client transactions, and clients may pay a higher commission to a broker-dealer in recognition of such soft dollar benefits than might otherwise be obtained in the absence of such considerations.

When appropriate under its discretionary authority and consistent with the duty to seek best execution, NBAL may execute brokerage transactions for Client accounts through broker-dealers who provide NBAL with useful soft dollar benefits and may pay to those broker-dealers an amount or rate of commission that is higher than might have been paid absent the receipt of soft dollar benefits. NBAL may select broker-dealers based on its assessment of each broker-dealer's ability to provide quality executions and their belief that the research, information and other services provided by such broker-dealer may benefit Client Accounts. Often, it is not possible to place a dollar value on the quality of executions or on the soft dollar benefits NBAL receives from broker-dealers effecting transactions in portfolio securities. Accordingly, broker-dealers selected by NBAL may be paid commissions for effecting portfolio transactions for Client Accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions, if NBAL determines in good faith that such amounts are reasonable in relation to the value of the soft dollar benefits provided by those broker-dealers, viewed either in terms of a particular transaction or NBAL's overall duty to discretionary accounts.

NBAL may use soft dollars to pay for any specific service or for any portion of a "mixed use" benefit (e.g., products or services that provide both research and non-research benefits). In such instances, and where a cash value is affixed to the service or benefit (whether by the broker-dealer, NBAL or a third-party), NBAL may use soft dollars for the eligible portion and pay cash for the remainder. Although the allocation between soft dollars and cash is not always capable of precise calculation, NBAL will make a good faith effort to make the allocation reasonably. Records of any such allocations and payments will be prepared and maintained by NBAL. Additionally, where a cash value is affixed to a particular service or benefit, NBAL may use available soft dollar credits and pay cash to make up any difference.

NBAL may use a research service supplied by a broker-dealer for accounts that did not place the order with that broker-dealer. It is also possible that the account that places the order may not benefit directly from a particular research service.

### ***Allocation of Soft Dollar Research***

Research obtained with soft dollars will not always be utilized by NBAL for the specific account that generated the soft dollars. It should be noted that the value of many soft dollar benefits cannot be measured precisely, and commissions paid for such services certainly cannot always be allocated to Clients in direct proportion to the value of the services to each client. Because, as discussed below, NBAL may aggregate or “bunch” client transactions, brokerage commissions attributable to one or more Client Accounts may be allocated to brokers who provide statistical data and other research used by NBAL in managing the accounts of other clients, and vice versa, and NBAL may use “step outs” to obtain soft dollar benefits. A step out occurs when NBAL directs a broker-dealer, who executes a trade, to allocate (or “step out”) a portion of the trade to another broker-dealer for clearance and settlement. NBAL primarily uses step-outs for block trades and believes that this practice assists in seeking best execution.

A factor in the allocation of brokerage is NBAL’s evaluation of the quality of the brokers’ research, meaning the extent to which such brokerage benefits some or all accounts. For purposes of evaluating such research, points are awarded in several categories and the allocation to brokerage business is made based upon the number of points each broker receives. Research is often received on an unrequested basis from brokers who are not awarded points. Often research received from others is not used. Brokers who are not being awarded points for research are nonetheless sometimes used in the interest of securing best execution.

Commissions paid by one account may, in effect, subsidize services that benefited another account. However, any distortions should balance out over time as NBAL’s various sources of research and brokerage services enable NBAL to make better investment decisions and execute more effective trades. Therefore, NBAL does not usually attempt to allocate the relative costs or benefits of research or brokerage services among Client Accounts. NBAL believes that, in the aggregate, the services it receives benefit clients and assist NBAL in fulfilling its overall fiduciary duty to clients.

NBAL may receive directives from certain clients to make a “best effort” attempt to transact business with a client-designated broker in consideration of services received solely by that client from the broker. In such instances, only the particular client’s own soft dollars are used. Unless contrary written instructions are provided by the client, primary consideration is still given to seeking best execution of such transactions.

### ***Types of Soft-Dollar Products and Services***

Research services provided by a broker-dealer can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third party (created by a third party but provided by broker-dealer). NBAL may use soft dollars to acquire either type of research or any permissible brokerage services. NBAL has received the following soft-dollar products and services during the last fiscal year: current and historical data concerning particular companies, industries and the financial economy as a whole, as well as information and analysis thereof, technical and statistical studies and data

dealing with various investment opportunities, risks and trends, and analysis involving special situations. NBAL may also choose to place a trade with a particular broker when, for example, a research analyst at that broker has furnished NBAL with valuable perspective or advice regarding a specific company or security or its trading market.

### ***Directed Brokerage for Soft Dollar Services***

NBAL will not enter into any agreement or understanding with a broker-dealer that would obligate NBAL to direct a specific amount of brokerage transactions or commissions in return for such research (or brokerage) services. Nonetheless, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent. In some cases, NBAL may enter into a commission sharing arrangement pursuant to which soft dollars generated are held in an account for the benefit of NBAL, and credits from that account may be used to acquire soft dollar items. NBAL also may, but is not obligated to, pay cash for soft dollar items.

### **Brokerage for Client Referrals**

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

### **Directed Brokerage**

NBAL does not have any directed brokerage clients.

### **Other Fees in Connection with Trading**

In an effort to achieve best execution of portfolio transactions, NBAL 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. NBAL may pay these fees directly to the provider of the service or these fees may be included in the execution price of a security. NBAL'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, NBAL will consider the speed of the transaction, the price of the security, the research it receives, its ability to block the transaction and other factors discussed in this Brokerage Practices section.

### **Trade Errors**

On occasion, an error may be made in a Client Account. For example, a security may be erroneously purchased for a Client Account instead of sold. In these situations, NBAL generally seeks to rectify the error by placing the Client Account in a similar position as it would have been had no error occurred. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, and/or reimbursing the account. While NBAL will generally compensate Client Accounts for actual losses suffered as a result of a trade error caused through the fault of NBAL, NBAL does not compensate its clients

for lost investment opportunities (e.g., the failure to take advantage of investment or market improvements).

## **B. Aggregation of Orders/Allocation of Trades**

### **Aggregation**

Transactions for each Client Account generally will be effected independently from each other. However, there may be occasions when NBAL decides to purchase or sell the same security or financial instrument for several Client Accounts at approximately the same time. NBAL may (but is not obligated to) combine or “bunch” such orders in order to secure certain efficiencies and results with respect to execution, clearance and settlement of orders.

This aggregation of orders across client accounts could lead to a conflict of interest in the event an order cannot be entirely fulfilled and NBAL is required to determine which accounts should receive executed shares and in what order. NBAL has an incentive to allocate shares received first to its Client Accounts or to the accounts from which it receives fees. To mitigate such conflicts, NBAL has adopted allocation procedures, reasonably designed to treat all participating accounts fairly (see below).

NBAL is not obligated to include every Client Account in an aggregated trade. A variety of factors is used to determine whether a particular Client Account may or may not participate in a particular aggregated transaction. These include investment objectives and strategies, position weightings, cash availability, and risk tolerance.

NBAL will aggregate and allocate orders only in a manner designed to ensure that no Client Account is favored or disfavored and that participating Client Accounts are treated in a fair and equitable manner over time. NBAL may not intentionally allocate profitable trades at each day's end so as to favor disproportionately certain clients without appropriate disclosure.

When a bunched order is filled in its entirety, each participating Client Account will participate at the average price paid or received, per share or unit, on that day for the bunched order, and share in any associated transaction costs, based upon the initial amount requested for the account (subject to certain size- or cost-related exceptions). When price averaging is used, some Client Accounts will get a better price and some Client Accounts will get a worse price than they would have received if price averaging was not used.

When a bunched order is partially filled, the order will be allocated in accordance with NBAL's written aggregation and allocation procedures. These procedures are described generally below.

NBAL will receive no additional compensation or remuneration of any kind as a result of the aggregation of client trades.

### **Allocation of Investment Opportunities**

NBAL provides investment management services to a number of Client Accounts and may deal with conflicts of interest when allocating investment opportunities among such Client Accounts. For example: (i) NBAL receives different investment management fees in respect of different Client Accounts; (ii) the performance records of some Client Accounts are more public than the performance records of other clients; and (iii) NBAL and its affiliates, owners, officers and employees have invested substantial amounts of their own capital in some Client Accounts (notably the NB Greater China Long/Short Equity Funds), but do not invest their own capital in every Client Account. The majority of NBAL's clients pursue specific investment strategies, many of which are similar. NBAL expects that, over long periods of time, most Client Accounts employing 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 NBAL may not purchase or sell a given security on behalf of all Client Accounts employing similar strategies; (iii) price and timing differences when buying or selling securities; (iv) the size of the Client Account and (v) each Client Account's own different investment restrictions. The trading policy for NBAL is designed to minimize possible conflicts of interest in trading for Client Accounts.

NBAL considers many factors when allocating securities and financial instruments among Client Accounts, 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 or the size of an existing position or weighting in an account. Client Accounts are not assured of participating equally or at all in particular investment allocations. The nature of a Client Account'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.

NBAL attempts to allocate limited investment opportunities, including IPOs, among Client Accounts in a manner that is fair and equitable when viewed over a considerable period of time and involving many allocations. NBAL follows detailed procedures allocating shares in equity and fixed income IPOs and in secondary offerings. The factors taken into account in allocating shares of IPOs include whether the account's investment objectives fall primarily within the market capitalization of the issuer of securities to be allocated, cash available and legal restrictions on the account. Once those requirements are met, shares are generally allocated on a *pro rata* basis based on total AUM of each participating manager and thereafter based on the AUM of each account under management.

Compliance is responsible for monitoring and interpreting these policies. Any exceptions to these policies require the prior written approval of Compliance, in conjunction with NBAL's Senior Portfolio Manager.

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

### **A. Periodic Reviews**

NBAL's portfolio managers, research analysts and trader conduct daily morning meetings to review each Client Account and market conditions. On a monthly basis, core positions are reviewed in depth. On a quarterly basis, intensive profit and loss analysis and core positions are analyzed. Portfolio attribution, volatility, turn-over and liquidity are also reviewed.

Compliance reviews transactions for compliance with investment guidelines, possible conflicts and adherence to the Code and regulatory obligations, on a regular basis. Reviews may be in the form of trade data and exception reports. Topics covered in the review include, but are not limited to, trading on the basis of material, non-public information and trading in affiliated securities.

For the Funds, reviews are also performed regularly by the Fund Accounting & Administration team, in conjunction with the Portfolio Management team, Operations and the respective fund administrator.

### **B. Non-Periodic Reviews**

Other than the periodic review of accounts described above, a review of individual Client Accounts will also be triggered by anomalies in the investment strategy (e.g., performance numbers do not look right for the portfolio). Accounts reviews may also take place as a result of major changes in macro- or micro-economic conditions, and material market, economic or political events. Further, changes in regulation may cause us to review client accounts.

### **C. Client Reports**

#### **Separate Accounts**

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

#### **Funds**

Investors in the Funds receive such reports as are provided for in the Fund's Offering Document (or as otherwise negotiated with NBAL).

To comply with the Custody Rule provisions of the Advisers Act, where NBAL is deemed to have custody of a Fund's assets, Fund audited financial statements are prepared in accordance with Generally Accepted Accounting Principles (or "GAAP") or International Financial Reporting Standards ("IFRS") and distributed to investors within 120 days after the end of the Fund's fiscal year .

Depending on the Fund, investors may also receive some of the following regular reports:

- Monthly commentary from NBAL
- Monthly/ Quarterly statement from the fund administrator
- Monthly investor report from NBAL
- Monthly Fact Sheet
- Annual letter from NBAL

Clients should carefully review any statements or other reports that they receive from a custodian and compare them to the client reports provided by NBAL.

## **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 NBAL. 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, NBAL may retain and compensate third parties for introducing new clients to NBAL. The compensation to such parties generally represents a percentage of the management fee, and may include a percentage of the incentive fees, paid by the client to NBAL.

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.

From time to time, NBAL may refer a client to unaffiliated financial institutions or other professional service providers for purposes of rendering certain services to a NBAL client. These services are generally not directly provided by NBAL. The referral may result in the client allocating additional assets to NBAL for management.

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



## **Item 15: Custody**

### **Separate Accounts**

NBAL will not maintain possession or custody of the funds or securities that a client transfers to a Separate Account. The assets transferred by a client will typically be deposited with a qualified custodian selected in accordance with NBAL's investment management agreement with the client. Under the investment management agreement, NBAL may cause management fees to be paid out of the account by the qualified custodian. When it does so, NBAL will send the client and custodian an invoice stating the fee and the calculation it was based on. The fees charged will be included in the statement sent to the client by the respective custodian. The client must instruct the Custodian to pay NBAL. In addition, as described in Item 13.C above, the qualified custodian will provide clients with account statements. Separate Account clients should carefully review the account statements received from NBAL against reports received from the qualified custodian.

### **Funds**

NBAL or its affiliates will not maintain physical possession of the funds or securities of any Fund. However, for those Funds where an affiliate serves as managing member, the affiliate will have "legal custody" to access the 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 Custody Rule, with respect to such Fund, NBAL or the third-party administrator to the Fund will provide each investor, annually, with audited financial statements, prepared in accordance with GAAP or IFRS, within 120 days following the end of the Fund's fiscal year (See Item 13.C above).

Certain Funds have prime brokerage arrangements with certain Prime Brokers. As discussed in Item 12 above, a substantial amount of the brokerage of such Funds may be effected through the Prime Brokers. Under these arrangements, the Prime Brokers perform 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 Funds' bank accounts.

## **Item 16: Investment Discretion**

Except where NBAL has delegated investment discretion to a sub-adviser, NBAL 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 for a Client Account. NBAL's discretionary authority is derived from an express grant of authority under each Client Account's investment management agreement with NBAL.

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

Pursuant to the Firm's Procedures on 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.

## Item 17: Voting Client Securities

NBAL generally has voting power with respect to securities in its Client Accounts. NBAL has adopted written Proxy Voting Policies and Procedures (the “**Proxy Policy**”) which are designed to reasonably ensure that it votes proxies prudently and in the best interest of its Client Accounts.

The Proxy Policy provides for the process by which proxy voting decisions are made, handling of material conflicts of interest, disclosing the Proxy Policy to clients, maintaining appropriate books and records relating to proxies, and proxy voting guidelines for common proxy proposals.

The NB Greater China Investment Operations Oversight Group’s Proxy Voting Sub-Group (“Proxy Voting Sub-Group”) is responsible for developing, authorizing, implementing and updating the Proxy Voting Policy, overseeing the proxy voting process, and engaging and overseeing any independent third-party vendors as voting delegate to review, monitor and/or vote proxies. In order to apply the Proxy Voting Policy noted above in a timely and consistent manner, the Proxy Voting Sub-Group utilizes Glass, Lewis & Co. LLC (Glass Lewis) to vote proxies in accordance with the Proxy Voting Sub-Group’s voting guidelines.

The Proxy Voting Sub-Group retains final authority and fiduciary responsibility for proxy voting. The Proxy Voting Sub-Group believes that this process is reasonably designed to address material conflicts of interest that may arise between the Proxy Voting Sub-Group and a client as to how proxies are voted.

In the event that an investment professional at NBAL believes that it is in the best interest of a client or clients to vote proxies in a manner inconsistent with the Proxy Voting Sub-Group’s proxy voting guidelines or in a manner inconsistent with Glass Lewis recommendations, the Proxy Voting Sub-Group will review information submitted by the investment professional to determine that there is no material conflict of interest between NBAL and the client with respect to the voting of the proxy in that manner.

If the Proxy Voting Sub-Group determines that the voting of a proxy as recommended by the investment professional presents a material conflict of interest between NBAL and the client or clients with respect to the voting of the proxy, the Proxy Voting Sub-Group shall: (i) take no further action, in which case Glass Lewis shall vote such proxy in accordance with the proxy voting guidelines or as Glass Lewis recommends; (ii) disclose such conflict to the client or clients and obtain written direction from the client as to how to vote the proxy; (iii) suggest that the client or clients engage another party to determine how to vote the proxy; or (iv) engage another independent third party to determine how to vote the proxy.

## **Item 18: Financial Information**

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

Not applicable.

### **B. Impairment of Contractual Commitments**

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

### **C. Bankruptcy Petitions**

NBAL has not been the subject of a bankruptcy proceeding.