
NB Alternatives Advisers LLC

Client Brochure

March 29, 2019

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This Brochure provides information about the qualifications and business practices of NB Alternatives Advisers LLC (“NBAA”). If you have any questions about the contents of this Brochure, please contact us at (214) 647-9583 or by email at: pe_ir@nbalternatives.com.

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

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

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

Item 2: Material Changes

The following is a summary of the material changes set forth herein that have been made to this Brochure since the last annual update, other than the update on December 17, 2018. The brochure has been updated to provide additional disclosures concerning Fees and Compensation (Item 5); Methods of Analysis, Investment Strategies and Risk of Loss (Item 8); Code of Ethics, Participation or Interest in Client Transactions and Personal Trading (Item 11); and Brokerage Practices (Item 12).

This Brochure will be updated at least annually and we may further provide ongoing disclosure information about material changes as necessary.

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Item 4: Advisory Business

A. Description of the Firm

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

NBAA is directly owned by NB Alternatives Holdings LLC and Neuberger Berman AA LLC, each of which is a subsidiary of Neuberger Berman Group LLC (“**NBG**”).

NBAA provides alternative investment strategies directly or indirectly to, among others, large public and private pension funds, academic and charitable institutions, registered closed-end investment companies and vehicles, and other sophisticated investors. NBAA’s advisory business is focused on providing services to (i) private investment funds (including both comingled funds and funds-of-one); (ii) separate accounts for third-party clients; and (iii) registered funds.

Indirect Ownership Background—Neuberger Berman Group

NBG is a holding company the subsidiaries of which (collectively referred to herein as the “**Firm**” or “**Neuberger Berman**”) provide a broad range of global investment solutions – equity, fixed income, multi-asset class and alternatives – to institutions and individuals through products including separately managed accounts, mutual funds and private investment vehicles. As of December 31, 2018, Neuberger Berman had approximately \$304 billion under management.¹

NBG’s voting equity is wholly owned by NBSH Acquisition, LLC (“**NBSH**”). NBSH is owned by current and former employees, directors, consultants and, in certain instances, their permitted transferees. Each employee that owns an equity stake has entered into an agreement that provides strong incentives to continue with the organization, and has a number of restrictive covenants in the event the employee leaves the Firm.

Neuberger Berman is headquartered in New York, New York. As of December 31, 2018, Neuberger Berman had approximately 2080 employees in 34 cities around the world.

NBAA’s investment management services are further discussed below.

¹ Firm assets under management figures reflect the collective assets for the various affiliated investment advisers that are subsidiaries of NBG.

B. Types of Advisory Services

NBAA currently provides the following types of investment management services:

Private Investment Vehicles

NBAA acts as the investment manager or sub-adviser providing discretionary investment management services to privately offered investment vehicles (collectively, “**Private Funds**”). The Private Funds are organized or “sponsored” by NBAA or an affiliate of NBAA, and an affiliate of NBAA generally acts as the managing member or general partner (each, a “**General Partner**”) of the Private Funds.

Unlike open and closed-end mutual funds that are registered with the SEC under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), the Private Funds are not registered as investment companies with the SEC and are therefore not subject to various provisions of the Investment Company Act. Interests in the Private Funds are not registered for sale under the Securities Act of 1933, as amended (the “**Securities Act**”) and are instead sold to qualified investors on a private placement basis in “closed” offerings. Most of the Private Funds managed by NBAA require that investors be (1)(a) “accredited investors” as defined under Regulation D under the Securities Act (“**Regulation D**”); and (b) “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act (“**Qualified Purchasers**”) or “knowledgeable employees” under Rule 3c-5 of the Investment Company Act (“**knowledgeable employees**”); or (2) not “U.S. persons” as defined under Regulation S of the Securities Act.

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

NBAA has the overall responsibility for implementing the investment strategies of each Private Fund and has the authority to select investments within the stated investment strategies and objectives of each Private Fund. The Private Funds generally invest in private equity securities, such as venture capital partnerships, special situations partnerships, buyout private equity partnerships, and international private equity partnerships (collectively, “**Portfolio Funds**”), as well as direct/co-investments in privately held operating companies, mezzanine investments, minority interests in asset managers, brand royalties, Italian direct investments, income-generating instruments in the broader healthcare sector, the debt of private equity-backed companies and insurance-linked securities (collectively, including Portfolio Funds, “**Private Equity Securities**”).

Separately Managed Accounts

NBAA provides ongoing discretionary investment management services to institutional clients in a separate account format. These investment management services may include services to single client limited partnerships that were organized by affiliates of NBAA for which an NBAA affiliate serves as general partner (collectively, “**Separate Accounts**”). These accounts are managed based on individual investment objectives or guidelines, time horizon, risk tolerance, policies and

limitations of such clients. NBAA helps to establish investment objectives and monitor the achievement of such objectives through investments in Private Equity Securities.

All Separate Account clients must qualify as (1)(a) “accredited investors” as defined under Regulation D; and (b) Qualified Purchasers; or (2) not “U.S. persons” as defined under Regulation S of the Securities Act.

Registered Funds

NBAA acts as a sub-adviser to affiliated registered closed-end investment companies (collectively, the “**Registered Funds**”) pursuant to sub-advisory agreements entered into between NBAA and Neuberger Berman Investment Advisers LLC (“**NBIA**”), the investment adviser of the Registered Funds. The Registered Funds managed by NBAA require that investors be (1) accredited investors as defined under Regulation D under the Securities Act; and (2) qualified clients under the Advisers Act (“**Qualified Clients**”). Please refer to NBIA’s Client Brochure for further details about the services provided in respect of the Registered Funds.

Furthermore, NBAA acts as the investment manager providing discretionary investment management services to a non-US-based closed-end investment company registered under the laws of Guernsey and listed on the London Stock Exchange. For additional information concerning this entity, please see the fund’s formation and other offering documents.

The Private Funds, the Separate Accounts and the Registered Funds are collectively referred to as the “Client Accounts.”

In addition, from time to time, NBAA provides certain additional services to clients, including the review of non-NBAA managed investments; portfolio modeling; as well as training and knowledge transfer.

C. Client Tailored Services and Client Tailored Restrictions

NBAA generally offers the same type of investment management services to its Client Accounts. Client Accounts may be subject to certain restrictions or guidelines. See Item 16.

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

NBAA generally enters into discretionary investment management agreements with its Separate Account clients. Clients may impose restrictions on investing in certain securities or types of securities in accordance with their particular investment objectives or needs.

Finally, NBAA enters into sub-advisory agreements with NBIA pertaining to the Registered Funds. Each Registered Fund sub-advised by NBAA is managed in accordance with the investment objectives, policies and strategies of the Registered Fund, as described in its prospectus (each, a “Prospectus”).

D. Wrap Programs

Not applicable.

E. Assets Under Management

<u>Discretionary Amounts:</u>	<u>Non-Discretionary Amounts:</u>	<u>Date Calculated:</u>
\$ 68,326,450,436	\$0	12/31/2018

Item 5: Fees and Compensation

A. Fee Schedule

I. PRIVATE FUNDS

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

Each Private Fund generally pays to NBAA (or its affiliate) semi-annual or quarterly advisory fees (“**Management Fees**”) equal to (i) a certain percentage of the total capital commitments (regardless of whether such capital has been invested) of the partners of the applicable Private Fund; (ii) a certain percentage of the total invested capital of the applicable Private Fund; or (iii) a certain percentage of the net asset value of the Private Fund. Management Fees may be negotiable under certain circumstances, including for affiliates of NBAA. NBAA or its affiliate acting as general partner or managing member of a Private Fund, in its discretion, may waive or reduce the Management Fee applicable to all or any of the investors in each Private Fund or agree with an investor to waive or alter the Management Fee as to that investor.

An affiliate of NBAA is also generally apportioned carried interest distributions from each Private Fund (“**Carried Interest**”) based on the net cash proceeds attributable to Private Fund investments. NBAA or its affiliate, acting as the General Partner of a Private Fund, in its discretion, may waive or reduce the Carried Interest applicable to all or any of the investors in each Private Fund or agree with an investor to waive or alter the Carried Interest as to that investor. The Carried Interest may be subject to a “clawback”, in each case in accordance with such Private Fund’s Offering Documents.

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

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

II. SEPARATE ACCOUNTS

Separate Accounts pay a management fee which is generally based on a percentage of the market value of assets held in the account. Some Separate Accounts also pay a fee based on the performance of the account. Fees are negotiable and set forth in the investment management agreement with the client. All U.S. Separate Account clients of NBAA are Qualified Purchasers and

those charged a performance fee must be eligible to enter into a performance fee arrangement under the Advisers Act.

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

III. REGISTERED FUNDS

NBAA's fee with respect to its services as sub-adviser to the Registered Funds is set forth in the sub-advisory agreements entered into between NBAA and NBIA. Each Registered Fund generally pays NBAA a fee based on the performance of the Registered Fund. Fees are set forth in the relevant Prospectus.

B. Payment Method

Calculation and Payment of Fees:

Private Funds—The Management Fee generally will be paid by and deducted from the assets of each Private Fund quarterly (and in some cases, semi-annually) in advance, and will generally be prorated for partial periods with regard to each Management Fee period. The Carried Interest for each Private Fund is generally paid out as a distribution of the net cash proceeds attributable to dispositions of portfolio investments of such Private Fund.

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

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

Registered Funds—The sub-advisory fee paid to NBAA is paid by NBIA in accordance with the sub-advisory agreements entered into between NBAA and NBIA and as set forth in the relevant fund's Prospectus.

Valuation of Assets—The market values of the assets of the Client Accounts are generally based upon fair-value as determined by the General Partner, or its delegate, which could be NBAA in accordance with the procedures set forth in the Offering Documents, Prospectus or advisory agreement, as applicable, and is presented to a valuation committee for approval. In addition, where significant issues regarding valuation arise that cannot be addressed by the methods described above, NBAA will consult with a central valuation committee of the Firm to evaluate the issues and seek prompt resolution thereof.

The Client Accounts retain third-party service providers to provide various administrative services to the Client Accounts. This includes assisting NBAA in calculating each Client Account's net asset value ("NAV"), as well as other administrative services on behalf of the Client Accounts.

C. Other Fees and Expenses

In addition to any Management Fee and Carried Interest or other performance-based fee paid to NBAA or its affiliates, Client Accounts pay other fees and expenses associated with their accounts and investments. Such fees and expenses may include the following:

Custodial Fees— Private Funds and Separate Account clients may elect to have account assets held in the custody of a bank, trust company, broker-dealer or other entity selected by the Private Fund or the client (as applicable). The Private Fund (and therefore the Private Fund's investors indirectly) or the client will bear any custodial fees associated with such account, and such fees will be in addition to the fee payable to NBAA for the account. See Item 15.

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

Issuers of Private Equity Securities are typically structured as partnerships or limited liability companies. As such, these entities typically incur fees and expenses that are charged to investors in those entities. These "portfolio-level fees" will be incurred by Client Accounts and are in addition to the fees and expenses otherwise charged by the Client Account or NBAA. Investors in the Client Accounts frequently will, in effect, be paying two sets of fees and expenses, one directly at the Client Account level to NBAA and one indirectly through the Private Equity Security investments to the general partner or managing member of such investments.

In addition to the additional fees and expenses described above, investors in the Client Accounts will incur other fees and expenses associated with their investments. Client Account fees and expenses are described in the respective Offering Documents, Prospectus or advisory agreement. These fees and expenses will generally include, but are not limited to, all organizational and operating expenses, transaction-related costs, broken-deal expenses, insurance premiums and the fees and expenses of other service providers to these Client Accounts, such as custodians, transfer agents, administrators, valuation agents, auditors and counsel.

Commissions, Expenses or Consideration. From time to time, certain Client Accounts pay commissions, expenses or other compensation to (i) third parties, and (ii) certain employees of Neuberger Berman and its affiliates (if they are not otherwise involved in the management of the Client Accounts) for identifying investments made by the Client Accounts. See Item 10.C.

The Business Services Program (Dyal Capital Partners). The Business Services Platform (the "BSP") is a team within the Dyal Capital Partners platform focused on providing client development, talent management, operational advisory and other services to the partner managers in which certain of the Dyal Funds invest. Pursuant to their Offering Documents, the Dyal Funds have agreed to bear certain fees and expenses incurred by the BSP. No other

businesses of NBAA utilize the BSP (or a similar model) nor allocate the expense associated with the BSP to such other NBAA-advised funds.

Expense Allocation Policies and Procedures. NBAA has policies and procedures to allocate expenses (i) between NBAA and the Client Accounts and (ii) among Client Accounts (where applicable). The policies include reimbursement principles concerning potential Client Account expenses, including consultation with the relevant Offering Documents, Prospectus or advisory agreement, as applicable, and requirements that expenses be allocated in a fair and equitable manner consistent with NBAA's fiduciary obligations.

D. Prepayment of Fees and Refunds

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

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

Registered Funds—As described in Item 5.B, the sub-advisory fee paid to NBAA is paid by NBIA in accordance with the sub-advisory agreements entered into between NBAA and NBIA.

E. Sales Compensation

NBAA's products and strategies are marketed by the Firm's central salesforce which also markets the products and strategies of NBAA's affiliates. Certain members of the central salesforce are registered representatives of Neuberger Berman BD LLC ("**NBBD**"), an affiliate of NBAA and a registered investment adviser and broker-dealer and member of the Financial Industry Regulatory Authority ("**FINRA**"). Subject to applicable law, certain of those members are entitled to a sales commission if NBAA is engaged to provide investment management services for a Separate Account or if an investment is made in a Private Fund. The commission is generally a percentage of the management fee paid to NBAA for a specified number of years, payable to the salesperson on the same basis as NBAA is paid, subject to the terms and conditions of the applicable sales compensation plan and contingent compensation program. Investor fees will not be increased due to a sales commission to an NBAA affiliate.

Given that the salespersons generally market a wide range of products offered by NBAA and its affiliates, with differing sales compensation, the salespersons 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. To prevent conflicting duties of salespersons, NBBD has adopted procedures requiring supervisory review of salespersons'

recommendations against investors' investment objectives. Salespersons are also required to undergo product specific training for all products they market.

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

NBAA will also utilize unaffiliated placement agents in offering Private Funds to investors, as described more fully in the applicable Offering Documents. The U.S. placement agents are registered as broker-dealers with the SEC and are FINRA members. A placement agent may receive a portion of NBAA's Management Fee with respect to interests placed by such placement agent.

Certain placement agents enter into sub-placement agreements with affiliates and unaffiliated third parties, some of which charge an investor, on a fully disclosed basis, a fee in connection with the purchase of shares in the Private Fund. In the discretion of a placement agent, all or a portion of its 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.

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

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

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

As discussed in Item 5.A, NBAA generally charges performance-based fees in connection with the management of its Client Accounts. Clients should look to the Offering Documents, advisory agreement or Prospectus for a more complete description of performance-based fees.

Some of NBAA's portfolio managers are investment advisory personnel of one or more of NBAA's affiliated advisers. See Item 10.C.3 for a list of such affiliated advisers.

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

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

Item 7: Types of Clients

NBAA's clients include the Private Funds and clients who open Separate Accounts. Separate Account clients include U.S. and non-U.S. institutional clients, including public and private pension plans.

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

Private Funds

Investors in the Private Funds that are U.S. persons generally must be accredited investors under Regulation D under the Securities Act; Qualified Purchasers or knowledgeable employees under the Investment Company Act; and Qualified Clients eligible to be charged performance fees under the Advisers Act.

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

Separate Accounts

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

Registered Funds

Investors in the Registered Funds generally must be accredited investors under Regulation D under the Securities Act and Qualified Clients eligible to be charged performance fees under the Advisers Act. Please refer to the Client Brochure for NBIA for information pertaining to the Registered Funds.

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

A. Methods of Analysis

Security Analysis

NBAA's security analysis methods may include:

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

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

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

ESG and Impact analysis --involves the analysis of ESG and impact factors and their implications on valuation, risk and sustainable growth, with a view towards socially responsive investing.

Climate-related analysis -- involves the incorporation of financially material environmental factors over a given time horizon with a focus on climate-related catastrophe and climate resiliency.

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

Operational Due Diligence – involves an independent due diligence review of asset managers to identify operational risks and evaluate the effectiveness of the control environment in place a given organization.

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

Sources of Information

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

- reviews of private corporate documents (including business plans, financial records and projections);
- legal documents and customer agreements, and industry research and reviews;
- interviews with key officers, customers, suppliers and competitors;
- site visits to portfolio companies to examine operations, technologies, products and market opportunities; and

- outside consultants and advisors having special expertise in relevant fields.

NBAA compiles the foregoing information and employs a variety of financial analysis tools and methodologies in valuing and evaluating potential investments. Following an investment, NBAA will continue to monitor the progress and suitability of the investment as well as market and economic outlook, although most investments made by the Client Accounts will be illiquid investments that may be difficult or impossible to sell.

Please refer to the Client Brochure for NBIA for information pertaining to the Registered Funds.

B. Investment Strategies

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

Private Equity Co-investment Platform

NB Private Equity's Co-investment platform's investment strategy is to invest in co-investments alongside leading private equity firms by (i) partnering with premier private equity firms in their core areas of expertise; (ii) leveraging the global platform at Neuberger Berman to source, evaluate and execute co-investment opportunities; (iii) investing on favorable terms alongside lead financial sponsors; (iv) maintaining a disciplined investment philosophy; and (v) building a diversified portfolio of co-investments.

Private Equity Investment Portfolios

NB Private Equity's Private Investment Portfolios seeks to identify and select top performing managers and diversify appropriately across asset classes, vintage years and pace of capital deployment, maturity and stage of companies, geographies, industries and generalist versus industry specific funds. The team may also invest opportunistically into co-investments and secondaries. In addition, when determining proper diversification, NB Private Equity analyzes the private equity marketplace and seeks to appropriately weight capital allocations to those sectors with the most promising opportunities. The team manages portfolios in various formats, including commingled funds, separate accounts and registered funds. This strategy may be diversified or focus on a particular area, including, but not limited to, emerging managers; energy and infrastructure; and impact investing.

Private Equity Secondary Platform

NB Private Equity's Secondary platform's strategy is to acquire seasoned private equity investments through secondary market transactions at attractive valuations from investors desiring liquidity or through GP-led transactions. This strategy includes (i) leveraging the

Neuberger Berman global network of relationships with private equity firms, corporations, endowments and foundations, institutional investors and high net worth individuals to source proprietary investment opportunities; (ii) capitalizing on secondary market inefficiencies to invest at attractive valuations; (iii) leveraging access to private equity firms and the broader Neuberger Berman platform to support the team's evaluation of investments; and (iv) actively managing investments post-acquisition. Sub-strategies include real estate secondary transactions.

Dyal Capital Partners Platform

NB Private Equity's Dyal Capital Partners platform seeks to achieve income and capital appreciation through minority equity partnerships with established asset management companies or to generate attractive risk-adjusted returns through providing long-dated loans (and/or preferred equity or structured investments) to the same or similar firms, in each case diversified by asset class, strategy and geography.

Athyrium Opportunities Platform

The investment strategy of NBAA's Athyrium Opportunities platform is to make income-generating investments in the broader healthcare sector. The strategy focuses on small to mid-size healthcare companies with relatively high costs of capital and substantial intellectual property and other assets, lending to them using various credit-oriented structures designed to enhance downside protection while creating yield for investors, as well as upside opportunity (e.g., warrants).

Private Credit Platform

NBAA's Private Credit team invests in sponsor-backed credit. The Private Credit business is focused on (i) the origination of senior secured, second lien, and mezzanine debt in conjunction with the financing activities of private equity firms, including new buyouts, recapitalizations, and add-on acquisitions and (ii) credit opportunities investment activities mainly in secondary market transactions, where the team seeks to capitalize on dislocations in the credit market by investing in less liquid, misunderstood, and mispriced senior and junior debt of private equity-backed companies.

Marquee Brands Partners Platform

NB Private Equity's Marquee Brands platform is a global brand acquisition, licensing and development strategy. The platform seeks to acquire the intellectual property of select consumer brands and license out the brands to wholesale and retail licensee partners in exchange for royalty payments.

Italian Direct Investing Platform

NB Private Equity's Italian Direct Investing platform seeks to invest primarily in international mid-market companies headquartered in Italy with a global consumer base and a strong export-oriented approach. The team is flexible in structuring investments, with the ability to make lead, active minority and co-lead investments (with appropriate protections and rights).

NB ILS Platform

NBAA's NB ILS investing platform seeks to achieve risk-adjusted returns that are uncorrelated with traditional asset classes. The platform invests in a diversified portfolio of insurance linked securities ("NB ILS") that focus on natural catastrophe risks. The strategy may utilize other forms of investments to achieve its objective including, but not limited to, derivatives such as swaps, options and other instruments.

Direct Access Platform

NBAA's Direct Access investing platform seeks to construct a diversified portfolio of co-investments sourced primarily from alternative investment managers. The platform expects to co-invest with its partner alternative investment funds primarily in corporate and structured credit securities and holdings, with more limited investments in equity securities and holdings.

In addition, NBAA manages Private Funds and Separate Accounts which pursue unique investment strategies based on the individual investment objectives or guidelines, time horizon, risk tolerance, policies and limitations of the clients. Certain of these investment strategies may be similar to the investment strategies pursued by the comingled Private Funds.

Please refer to the Client Brochure for NBIA for information pertaining to the investment strategies for the Registered Funds.

C. Material Risks

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

The following is a summary of the principal risks associated with investments by the Client Accounts as discussed in Item 8.B. This is a summary only and not every strategy may invest in each type of security or other asset discussed below nor will all accounts be subject to all the risks below. Separate Account clients should look to their investment advisory agreements with NBAA and other client materials and Private Fund or Registered Fund clients should look to their Offering Documents or Prospectus, as applicable, for a more complete description of these risks. Clients should not rely solely on the descriptions provided below. Any references to a General Partner, NBAA or Neuberger Berman in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees.

The following is a summary of material risks that may apply to NBAA's various investment strategies. Please note that certain risks, other than *Risk of Loss*, may not apply to all NBAA strategies or apply to a material degree.

Risk of Loss. Clients should understand that all investment strategies and the investments made pursuant to such strategies involve risk of loss, including the potential loss of the entire investment in the Client Accounts, which clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or

guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for Client Accounts will be subject to various market, liquidity, currency, economic, political and other risks, and will not necessarily be profitable and may lose value. Past performance of Client Accounts is not indicative of future performance.

- **General Risk.** There is no assurance that the investments held by a Client Account will be profitable, that there will be proceeds from such investments available for distribution, or that a Client Account will achieve its investment objectives. Private Equity Security investments are speculative and involve a high degree of risk, including highly volatile performance, and there can be no assurance that projected or targeted returns will be achieved. As a result, a Client Account could incur a total or substantial loss of the principal investment.
- **Illiquidity Risk.** Interests in the Client Accounts or Private Equity Securities that are interests in limited partnerships or limited liability companies are illiquid and cannot be transferred without the consent of the general partner or managing member. Further, these investments typically cannot be transferred or redeemed for a substantial period of time, and there may be little or no near-term cash flow available to investors in the interim. Likewise, a Client Account may not receive any distributions representing the return of capital for an indefinite period of time.
- **Restrictions on Transfer and Withdrawal.** Investments in partnership interests and in investment funds indirectly held by partnerships have not been and will not be registered under the Securities Act or applicable state securities laws. As such, there is no secondary market for interests in a partnership, and such a market is not expected to develop. Further, transfers of partnership interests are subject to numerous restrictions, including obtaining consent of the partnership's general partner or managing member to transfer interests or withdraw.
- **Absence of Regulatory Oversight.** The Private Funds and the Portfolio Funds may not be registered as investment companies under the Investment Company Act, and investors in these funds, will not have the benefit of the protection afforded by the Investment Company Act to investors in registered investment companies (which, among other protections, require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company).
- **Performance-Based Fees and Allocations.** The general partners or managers of the Client Accounts and/or the Portfolio Funds may receive performance-based fees or allocations, including certain specified carried interests or other special allocations based on the returns to its investors. Such performance-based fees or allocations may create incentives for the general partners or managers of the Client Accounts and/or the Portfolio Funds to make more risky or speculative investments, or otherwise make investment

decisions due to such incentives, than they would otherwise make. In addition, to the extent a Client Account makes its investment indirectly through one or more Portfolio Funds, an investor in such Client Account may be subject to two sets of such performance fees or allocations. Consequently, the returns to investors will be lower than returns to a direct investor in the Portfolio Funds.

- **Investment Strategy and Portfolio Management Risk.** There can be no assurance that an investment strategy will produce an intended result, or would not result in losses to an investor, including, potentially, a complete loss of principal. The performance of a strategy depends on the skill of NBAA, the General Partner and its portfolio manager(s) in making appropriate investment decisions. Subjective decisions made by NBAA, the General Partner or a portfolio manager may cause a Client Account to incur losses or to miss profit opportunities on which it may otherwise have capitalized.
- **Lack of Operating History.** Partnerships and investment funds, including the Client Accounts and/or the Portfolio Funds, that are newly formed have no operating history. As such, there is no guarantee that a partnership or investment fund will achieve its investment objectives.
- **Sector Risk.** Partnerships and investment funds, including the Client Accounts and the Portfolio Funds, typically make a limited number of investments. As such, their returns as a whole may be substantially affected by the unfavorable performance of a single investment. In addition, certain partnerships and investment funds may invest exclusively or primarily in a particular asset type or category, which may reduce a Client Account's or Portfolio Fund's overall diversity of assets and increase risk.
- **Leverage Risk.** Investment funds or limited partnerships, including the Client Accounts and the Portfolio Funds, may employ leverage in connection with certain investments or participate in investments with highly leveraged capital structures. The use of leverage involves a high degree of financial risk and may increase the exposure of such investments to factors such as rising interest rates, downturns in the economy, or deterioration in the condition of assets underlying such investments. Additionally, an investment fund's or partnership's borrowings may in certain cases be secured by the capital commitments of the funds, which may increase the risk of loss of such assets.
- **Subscription Lines of Credit Risk.** In the event that an investment fund or partnership, including a Client Account or a Portfolio Fund, uses a credit facility, it is expected that interest will accrue on any outstanding borrowings at a rate lower than the preferred return, which does not accrue on such borrowings and will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually advanced by limited partners. As a result, the use of a credit facility with respect to investments and ongoing capital needs may reduce or eliminate the preferred return received by the limited partners and accelerate or increase distributions of carried interest to the general partner.

- **Interest Rate Risk.** The market value of many types of investments is sensitive to changes in interest rates. In general, when interest rates rise, the fixed-income security's market value declines and when interest rates decline, its value rises. Normally, the longer the remaining maturity of a security, the greater the effect of interest rate changes on the market value of the security. In addition, changes in the ability of an issuer to make payments of interest and principal and in the market's perception of an issuer's creditworthiness affect the market value of an issuer's investments.
- **Competition Risk.** The Client Accounts and Portfolio Funds may face competition for investments from numerous other entities engaged in investment activities. As such, there can be no guarantee that a sufficient quantity of suitable investment opportunities will be found. Competition for underlying investment interests may also increase costs, thereby reducing investment returns. Similarly, while the Client Accounts seek to maintain excellent relationships with the general partners and managing members of limited partnerships and investment funds, there can be no assurance that they will be able to secure interests in all of the investment opportunities identified.
- **Time Required to Maturity of Investments Risk.** There is generally a period of at least two to four years before a Client Account or Portfolio Fund has completed making its investments. Similarly, investments may take a significant period of time to reach a state of maturity allowing for realization of a return. This creates a risk that there will be no significant return, if any, from a Client Account's or Portfolio Fund's investments until a substantial number of years have passed.
- **Less Established Companies Risk:** Investments in less established companies may involve greater risks than those associated with more established companies. For example, less established companies may have shorter operating histories on which to judge future performance and may have negative cash flow. In the event that a Client Account or Portfolio Fund may invest in a start-up enterprise, there are risks that the company may not have significant operating revenues and a higher susceptibility to irregular accounting or other fraudulent practices.
- **Foreign Securities and Emerging Markets Risk.** To the extent that a Client Account or Portfolio Fund invests in opportunities located outside of the United States, there is a risk that these securities can be more volatile than U.S. securities. Many foreign investments may be less liquid than U.S. securities and the exchange rates between U.S. dollar and foreign currencies might fluctuate, which could negatively affect the value of foreign investments.

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

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

- **Non-Controlling Investments and Limited Rights as Shareholders Risk.** If a Client Account makes a co-investment, it may hold non-controlling interests in certain companies. As such, there may be limited opportunities to protect its interest in such companies and to influence such companies' management. Co-investments made through joint ventures create conflicts of interest issues if third parties involved take actions in a manner contrary to a Client Account's investment objectives. There can be no assurance that the Client Account will have shareholder rights adequate to protect their interests.
- **Passive Interest Risk.** The Client Accounts will generally not have any right to participate in the day-to-day management of the entities in which they invest. The valuation of an entity's assets will be controlled by its respective general partners, managing members or other management, and the Client Accounts may have limited access to quarterly and annual reports, financial statements, and other information.
- **Reliance on Key Personnel Risk.** The Client Accounts' and Portfolio Funds' management teams will identify, select and manage its investments and the success of such investments is contingent on their continued employment. Similarly, the success of a limited partnership or investment fund is also likely to be substantially dependent on certain key personnel. Should key personnel cease to participate in management activities, investment performance could be adversely affected. There can be no assurance that these key personnel will continue to be associated with or available throughout the term of an investment in a limited partnership or investment fund.
- **General Market Risk.** General fluctuations in the prices of securities may affect the value of an investment. A limited partnership's or investment fund's ability to refinance debt securities may also be contingent on its ability to sell new securities in the public high-yield debt market or otherwise.
- **ESG and Impact Investing Risk.** The General Partners may consider ESG and impact factors when managing Client Accounts. A Client Account could underperform similar accounts that do not take into account ESG and impact factors. Specifically, the use of ESG and impact factors could result in selling or avoiding stocks that subsequently perform well or purchasing stocks that subsequently underperform.
- **Recent Market Conditions.** Events in certain sectors historically may result, in an unusually high degree of volatility in the financial markets, both domestic and foreign. These events have included, but are not limited to: bankruptcies, corporate restructurings, and other events related to the sub-prime mortgage crisis in 2008; governmental efforts to limit short selling and high frequency trading; measures to address U.S. federal and state budget deficits; social, political, and economic instability in Europe; economic stimulus by the Japanese central bank; sudden shifts in oil prices; dramatic changes in currency

exchange rates; and China's economic slowdown. Reduced liquidity in fixed income and credit markets may negatively affect many issuers worldwide, which may have an adverse effect on Client Accounts. For example, in the summer of 2015, stock markets in China suffered a significant downturn, which reduced the risk appetite for many investors in China. State involvement in the economy and stock markets in China is such that it has proven difficult to predict or gauge the growth prospects for the markets or economy, but the official statistics indicate a recent growth rate significantly lower than that in the early part of the decade.

Some economists have expressed concern about the potential effects of global climate change on property values in coastal flood zones. A rise in sea levels and/or a storm-driven increase in coastal flooding could cause such properties to lose value or become unmarketable altogether. These losses could adversely affect mortgage lenders, the value of mortgage-backed securities, the bonds of municipalities that depend on tax revenues and tourist dollars generated by such properties, and insurers of the property and/or municipal or mortgage-backed securities. Since these issues are driven largely by buyers' perceptions, it is difficult to know the time period over which they might unfold. Economists warn that, unlike previous declines in the real estate market, properties in coastal flood zones may not ever recover their value.

The situation in the financial markets following the 2008 financial crisis resulted in the U.S. and other governments and the Federal Reserve and certain non-U.S. central banks taking steps to support financial markets. In some countries where economic conditions have somewhat recovered, they are nevertheless perceived as still fragile. Withdrawal of government support, failure of efforts in response to the crisis, or investor perception that such efforts have not succeeded could adversely impact the value and liquidity of certain securities. The severity or duration of adverse economic conditions may also be affected by policy changes made by governments or quasi-governmental organizations, including changes in tax laws. The impact of financial regulation legislation on the markets and the practical implications for market participants may not be fully known for some time. Regulatory changes are causing some financial services companies to exit long-standing lines of business, resulting in dislocations for other market participants. In addition, political events within the U.S. and abroad, may affect investor and consumer confidence and may adversely impact financial markets and the broader economy, perhaps suddenly and to a significant degree. High public debt in a number of countries creates ongoing systemic and market risks and policymaking uncertainty. The numerous countries struggling under such public debt has brought to the forefront tension within the European economic structure that, if not handled skillfully, could result in economic disruption in the Eurozone, which could occur abruptly. The precise details and the resulting impact of the United Kingdom's vote to leave the European Union (the "EU"), commonly referred to as "Brexit," are discussed below.

These events and the potential for continuing market turbulence may have an adverse effect on Client Accounts. Because the impact on the markets has been widespread, it may be difficult to identify both risks and opportunities using past models of the interplay of market forces, or to predict the duration of these market conditions. Changes in market

conditions will not have the same impact on all types of securities. Interest rates have been unusually low in recent years in the U.S. and abroad. However, the Federal Reserve has raised the target range for the federal funds rate several times. These rate increases, and the possibility that the Federal Reserve may continue with such rate increases, among other factors, could cause markets to experience continuing high volatility. The U.S. is also considering significant new investments in infrastructure and national defense which, coupled with lower federal tax revenues following the passage of the Tax Cuts and Jobs Act, could lead to increased government borrowing and higher interest rates. A significant increase in interest rates may cause a decline in the market for equity securities. Also, regulators have expressed concern that rate increases may contribute to price volatility. In addition, there is a risk that the prices of goods and services in the U.S. and many non-U.S. economies may decline over time, known as deflation (the opposite of inflation). Deflation may have an adverse effect on stock prices and creditworthiness and may make defaults on debt more likely. If a country's economy slips into a deflationary pattern, it could last for a prolonged period and may be difficult to reverse.

- **Brexit.** On June 23, 2016, the United Kingdom voted to leave the EU and the UK Government invoked article 50 of the Lisbon Treaty relating to withdrawal on March 29, 2017. Under article 50, the Treaty on the EU and the Treaty on the Functioning of the EU cease to apply in the relevant state from the date of entry into force of a withdrawal agreement or, failing that, two years after the notification of intention to withdraw, although this period may be extended in certain circumstances.

There are a number of areas of uncertainty in connection with the future of the United Kingdom and its relationship with the EU and the negotiation of the United Kingdom's exit terms and related matters may take several years. As such, it is difficult to assess the precise impact of Brexit on U.S.-based and other private equity funds and investors such as the Client Accounts. This uncertainty may adversely impact the global economic climate and may impact companies or assets, including with respect to opportunity, pricing, regulation, value or exit, considered for prospective investment by a Client Account, including in particular companies based in, doing business in, or having service or other significant relationships in, the UK or the EU. The future application of EU-based legislation generally, and to banking, financial services and insurance industries in particular, will ultimately depend on how the UK renegotiates its relationship with the European Union. There can be no assurance that any renegotiated terms or regulations will not have an adverse impact on the Client Accounts, NBAA, a General Partner, or Neuberger Berman, including the ability of a Client Account to achieve its investment objective.

- **MiFID II Risks.** There is a risk that certain Client Accounts may be subject to non-U.S. regulations that are inconsistent with NBAA's standard trading practices. For example, recent revisions to the EU Markets in Financial Instruments Directive ("**MiFID II**") and related regulations limit a manager's ability to receive Products and Services from executing brokers (as such terms are defined therein). While NBAA is not directly subject to these regulations, NBAA may adjust its standard trading practices on a case-by-case basis to accommodate compliance with MiFID II and other non-U.S. regulations by certain Client

Accounts and affiliates. These accommodations may include, but are not limited to: expanded use of client commission arrangements, commission sharing arrangements and similar arrangements; enhanced reporting on client commissions and the Services and Products obtained; and non-participation in the generation of soft dollar credits. NBAA expects the effective commission rates in these circumstances to be substantially similar to those paid by similarly situated Client Accounts. However, as a result of these accommodations, investors in Client Accounts from certain jurisdictions may account for a lower percentage of soft dollar credits than otherwise similar investors (in such Client Accounts or otherwise) from other jurisdictions.

- **Distressed Securities Risk.** Investments in distressed securities may be exposed to greater risks than investments in higher-grade securities. Distressed securities are issued by companies that are, or might be, involved in reorganizations or financial restructurings, either out of court or in bankruptcy. As a result, it is often difficult to obtain information as to the true condition of financially distressed securities.
- **Lower-Rated Debt Securities Risk.** Debt securities receiving below investment grade ratings (i.e., “junk bonds”) may have speculative characteristics, and, compared to higher-grade securities, may have a weakened capacity to make principal and interest payments in economic conditions or other circumstances. High-yield, high risk, and lower-rated securities are subject to additional risk factors, such as increased possibility of default, decreased liquidity and fluctuations in value due to public perception of the issuer of such securities. In addition, both individual high-yield securities and the entire high-yield bond market can experience sharp price swings due to a variety of factors, including changes in economic forecasts, stock market activity, large sustained sales by major investors or a higher profile default.
- **Hedging Policies/Risk.** The Client Accounts and Portfolio Funds may employ hedging techniques, which involve the risk of unanticipated changes in interest rates, securities prices or currency exchange rates. These risks may result in a partnership’s or investment fund’s poorer overall performance.
- **New Fund Risk.** A new fund may not be successful in implementing its investment strategy, and its investment strategy may not be successful under all future market conditions, either of which could result in the Client Account or Portfolio Fund being liquidated at some future time without shareholder approval, where applicable, or at a time that may not be favorable for certain shareholders. New funds may not attract sufficient assets to achieve investment, trading or other efficiencies.
- **Valuation Risk.** Due to the illiquid nature of investments in limited partnerships and investment funds, any approximation of their value of the Client Accounts and the Portfolio Funds will be based on a good-faith determination as to the fair value of those interests. There can be no assurance that these values will equal or approximate the price at which the investments may be sold or otherwise liquidated or disposed of.

- **Risk of Investor Default.** Any limited partner in a partnership that fails to timely make capital contribution payments will be in default and subject to consequences that include the forfeiture of interest. The default of a limited partner may result in a Client Account or Portfolio Fund being unable to fulfill its capital commitments to other investors. This could have a material detrimental effect on investor returns.
- **Tax Reform Risks.** On December 22, 2017, the President of the United States signed into law new tax legislation, commonly referred to as the Tax Cuts and Jobs Act. Many provisions of the Tax Cuts and Jobs Act are complex and, in certain cases, additional guidance will be necessary to interpret certain of the provisions. Although some U.S. Treasury Regulations and other guidance have been issued, it is expected that further U.S. Treasury Regulations or other guidance will be issued to provide additional clarification. The timing of any such guidance is not known. As a result, the effects that the Tax Cuts and Jobs Act will have on investments in Client Accounts, and on the investment activities of Client Accounts, remain uncertain.
- **Tax Risk.** An investor's U.S. federal income tax liability with respect to income and gains of a limited partnership or investment fund may exceed its overall return for such a year. Further, investors may face limitations with respect to its ability to use its allocable share of deductions and losses from its investments in a limited partnership. There are additional tax issues that may impact investors that invest in offshore limited partnerships and investment funds. Investors should consult their own tax advisors to determine the potential tax-related consequences of investing in a Client Account.
- **Terrorism Risk.** Terrorist attacks may lead to increased short-term market volatility and may have long-term effects on United States and world economies and markets. Terrorist attacks also may adversely impact interest rates, auctions, secondary trading, ratings, credit risk, inflation and other factors relating to a Client Account's securities and adversely affect such account's service providers and operations.
- **EU Directive on Alternative Investment Fund Managers.** Since July 2013, the EU Directive on Alternative Investment Fund Managers ("AIFMD") has applied to alternative investment fund managers ("AIFMs") that manage and/or actively market alternative investment funds ("AIFs") within the European Union. A Client Account may be subject to certain requirements under AIFMD to the extent that interests in such Client Account are offered in the European Economic Area ("EEA"). AIFMD requires certain disclosures for prospective Investors that are domiciled or that maintain a registered office in the EEA. If a Client Account becomes subject to these requirements, it will provide AIFMD-required disclosure to all existing and prospective investors.
- **Cybersecurity Risks.** The Client Accounts, the General Partners and NBAA and their respective service providers will depend on information technology systems and, notwithstanding the diligence that Client Accounts, the General Partners and NBAA may perform on its or the Client Accounts' service providers, it may not be in a position to verify the risks or reliability of such information technology systems. The Client Accounts, the General Partners and NBAA and their service providers will be subject to risks associated

with a breach in cybersecurity. "Cybersecurity" is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. The Client Accounts', the General Partners' and NBAA's service providers, and their information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although NBAA and its affiliates have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Client Accounts, the General Partners and/or NBAA may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Client Accounts, the General Partners, and NBAA operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm NBAA's or a Client Account's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to the Client Account or individual investors by interfering with the operations of the General Partner, NBAA, their respective affiliates and/or the funds sponsored or managed by NBAA or Neuberger Berman. A Client Account may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose one or more of a Client Account, a General Partner or NBAA to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and a Client Account may be required to indemnify a General Partner and NBAA against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

- **Special Risks associated with Portfolio Funds.** Certain Client Accounts will consist of Portfolio Funds which will hold securities issued primarily by privately held companies, and operating results for the portfolio companies in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses and may include the following risks:
 - **Buyout Funds.** Buyout transactions may result in new enterprises that are subject to extreme volatility, require time for maturity and may require additional capital. In addition, they frequently rely on borrowing significant amounts of capital, which can increase profit potential but at the same time increase the risk of loss. Leveraged companies may be subject to restrictive financial and operating covenants. The

leverage may impair the ability of these companies to finance their future operations and capital needs. Also, their flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money was not used. Although these investments may offer the opportunity for significant gains, such buyout investments involve a high degree of business and financial risk that can result in substantial losses, which risks generally are greater than the risks of investing in public companies that may not be as leveraged.

- **Venture Funds.** Venture capital funds primarily invest in private companies that have limited operating history, are attempting to develop or commercialize unproven technologies or to implement novel business plans or are not otherwise developed sufficiently to be self-sustaining financially or to become public. Although these investments may offer the opportunity for significant gains, such investments involve a high degree of business and financial risk that can result in substantial losses, which risks generally are greater than the risks of investing in public companies that may be at a later stage of development.
- **Special Situations.** The special situations asset class will likely invest a significant portion of its assets in Portfolio Funds that invest in portfolio companies that may be in transition, out of favor, financially leveraged or troubled, or potentially troubled and may be or have recently been involved in major strategic actions, restructurings, bankruptcy, reorganization, or liquidation. These companies may be experiencing, or are expected to experience, financial difficulties that may never be overcome. The securities of such companies are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. Such investments could, in certain circumstances, subject a Portfolio Fund to certain additional potential liabilities. For example, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated, or disallowed, or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments by such companies to us could be required to be returned if any such payment is later determined to have been a fraudulent conveyance or a preferential payment. Numerous other risks also arise in the workout and bankruptcy contexts. In addition, there is no minimum credit standard that is a prerequisite to a Portfolio Fund's investment in any instrument and a significant portion of the obligations and preferred stock in which a Portfolio Fund may invest may be less than investment grade.
- **Special Risks Associated with Investments in Debt and Credit.** Certain Client Accounts will invest in debt and credit (both public and private). Such investments involve a high

degree of business and financial risk that can result in substantial losses and may include the following risks

- **Leveraged Companies.** Client Account and Portfolio Fund investments may consist primarily of investments in companies whose capital structures have significant leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase carrying costs of assets and will increase the exposure of the companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. In markets characterized by tight credit, portfolio companies may be unable to refinance existing indebtedness at rates and on terms that are attractive, and, as a consequence, may incur higher than expected borrowing costs. Such increased costs would reduce or eliminate returns payable to the Client Accounts and Portfolio Funds. Additionally, the debt obligations acquired may be subordinated to other debt obligations and capital in what may be a complex capital structure, and thus subject to greater risk of loss compared to other more senior debt obligations. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the Client Accounts and Portfolio Funds may suffer a partial or total loss of capital invested with respect to such portfolio company.
- **Prepayment and Extension Risk.** Client Accounts and Portfolio Funds performance could be affected if borrowers pay back principal on certain debt securities, such as mortgage- or asset-backed securities, before or after the market anticipates such payments, shortening or lengthening their duration. Due to a decline in interest rates or an excess in cash flow, a debt security might be called or otherwise converted, prepaid or redeemed before maturity. As a result, Client Accounts and Portfolio Funds may have to reinvest the proceeds in an investment offering a lower yield, may not benefit from any increase in value that might otherwise result from declining interest rates and may lose any premium it paid to acquire the security. Higher interest rates generally result in slower payoffs, which effectively increase duration, heighten interest rate risk, and increase the potential for price declines. The prices of variable and floating rate securities (including loans) can be less sensitive to prepayment risk.
- **Senior Secured Credit.** Certain Client Accounts and Portfolio Funds will make senior secured debt investments. When a senior secured loan is made to a portfolio company, it will generally take a security interest in the available assets of the portfolio company, including the equity interests of its subsidiaries, which should help mitigate the risk that the Client Accounts and Portfolio Funds will not be repaid. However, there is a risk that the collateral securing the loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise, and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. In some circumstances, the lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company's financial

condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that the Partnership will receive principal and interest payments according to the loan's terms, or at all, or that the Client Accounts and Portfolio Funds will be able to collect on the loan should it be forced to enforce its remedies.

- **Mezzanine Securities.** The Client Accounts and Portfolio Funds may invest in unsecured securities that are senior to common stock or other equity securities ("**Mezzanine Securities**"). Mezzanine Securities are subordinated to substantial amounts of senior debt, all or a portion of which may be secured. As a result, holders of Mezzanine Securities are generally not entitled to receive any payments in bankruptcy or liquidation until senior creditors are paid in full. In addition, the legal remedies available to holders of Mezzanine Securities are normally limited by restrictions benefiting senior creditors. In the event a company in which the Client Accounts and Portfolio Funds holds Mezzanine Securities cannot generate adequate cash flow to meet senior debt service, the Client Accounts and Portfolio Funds may suffer a partial or total loss of capital invested. Because issuers of Mezzanine Securities are often highly leveraged, their relatively high debt-to-equity ratios create increased risks that their operations cannot generate adequate cash flow to meet senior debt service.
- **Second-Lien Debt.** The Client Accounts and Portfolio Funds' investments in second lien loans will entail risks, including (i) the subordination of the liens securing the claims to a senior lien in terms of the coverage and recovery of the collateral, and (ii) the prohibition of, or limitation on, the right to foreclose on a second lien or exercise other rights as a second-lien holder (including unsecured creditors' rights). In certain cases, therefore, no recovery may be available from a defaulted second lien loan. The level of risk associated with investments in second lien loans increases to the extent such investments are loans of distressed or below-investment-grade companies.
- **Corporate Debt Securities.** The Client Accounts and Portfolio Funds may invest in a variety of bonds and related debt obligations of varying maturities issued by U.S. and non-U.S. companies, banks and other corporate entities. Corporate debt securities include bills, notes, debentures, money market instruments and similar instruments and securities, and are generally used by corporations and other issuers to borrow money from investors for such purposes as working capital or capital expenditures. The issuer pays the investor a variable or fixed rate of interest and normally must repay the amount borrowed on or before maturity. Certain bonds are "perpetual" in that they have no maturity date.

The investment return of corporate debt securities reflects interest earnings, changes in the market value of the security and the expected principal recovery amount. The market value of a corporate debt obligation may be expected to rise and fall inversely with interest rates generally. Debt securities with longer

maturities tend to be more sensitive to interest rate movements than those with shorter maturities. In addition to interest rate risk, corporate debt securities also involve the risk that the issuers of the securities may not be able to meet their obligations on interest or principal payments at the time called for by an instrument. The rate of return or return of principal on some debt securities may be linked or indexed to the level of exchange rates between the U.S. dollar and a foreign currency or currencies. Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

- **Public Debt.** In the event that the Client Accounts and Portfolio Funds acquire fixed income securities and/or other instruments that are publicly traded, the Client Accounts and Portfolio Funds may be subject to certain inherent risks. In some circumstances, the Client Accounts and Portfolio Funds may be unable to obtain financial covenants or other contractual rights, including management rights, which it might otherwise be able to obtain in making privately-negotiated debt investments. Moreover, the Client Accounts and Portfolio Funds may not have the same access to information in connection with investments in public instruments, either when investigating a potential investment or after making an investment, as compared to a privately-negotiated debt investment.
- **Catastrophic Risk Market.** NB ILS has exposure to the catastrophe risk market, which is historically cyclical, and opportunities to capture gains from price inefficiencies may decline or disappear entirely. Demand for protection against catastrophic risks and, hence, industry loss warranties are influenced significantly by underwriting results of primary insurers and prevailing general economic and market conditions, all of which affect insurance and reinsurance companies' decisions as to the amount or portion of risk that they retain for their own accounts and consequently the terms of the securities or other investments through which they seek to hedge their risk. The supply of protection against catastrophe risks is related to prevailing prices, the levels of insured losses and levels of industry surplus that, in turn, may fluctuate in response to changes in rates of return on investments being earned in the reinsurance and catastrophe risk protection industry. The cyclical trends in the reinsurance and protection industry and the industry's profitability can also be affected significantly by volatile and unpredictable developments, including changes in the political, social, legal or economic environment, natural disasters (such as catastrophic hurricanes, windstorms, tornadoes, earthquakes and floods), fluctuations in interest rates, changes in the investment environment that affect market prices of and returns on investments, and inflationary pressures that may tend to affect the size of losses experienced by primary issuers. NB ILS or NB Re (as defined below), cannot predict whether market conditions will improve, remain constant, or deteriorate. Unfavorable market conditions may negatively impact the ability of NB Re to locate investments or write insurance policies at rates that it considers appropriate relative to the risk assumed. If NB Re fails to locate investments or write insurance policies at favorable rates, its ability to produce investment returns would be significantly and adversely affected and the results of NB ILS in turn would also be significantly and adversely affected.

- **Investments in Italy.** Certain of the Client Accounts' investments will be primarily concentrated in Italy. This geographic concentration will increase the vulnerability to the risk of adverse social, political or economic events in Italy and the Client Accounts' investments may be subject to unexpected regulatory requirements and risk of political or economic instability. Additionally, the capital markets of Italy are smaller, less liquid, and less developed than the capital markets of other jurisdictions. Compared to more developed capital markets, market capitalization and trading volume in Italy is typically concentrated in a limited number of issuers and industries. As a consequence, prices may be substantially more volatile, more vulnerable to adverse events that affect the markets generally, and subject to greater influence by the trading practices of large investors. Further, a Client Account's investments may be concentrated in portfolio companies with a high dependence on exports. As a result, the portfolio companies may depend on international trade and be unusually sensitive to developments in the economies of their principal trading partners. Finally, there may be less government supervision and regulation of securities and securities issuers than in other countries. The government retains significant control over the economy. Thus, there is a risk that future government actions, especially with respect to nationally important portfolio companies, could have a material adverse effect on a Client Account's performance. In addition, existing laws and regulations governing capital markets, business organization, bankruptcy and insolvency may provide less protection to creditors and shareholders in Italy than in other jurisdictions.

Please refer to the Client Brochure for NBIA for additional information pertaining to the Registered Funds.

Item 9: Disciplinary Information

On December 17, 2018, the SEC announced that NBAA, without admitting or denying any wrongdoing, consented to the entry of an order (the “Order”) by the SEC focused solely on certain expense allocations relating to Dyal Capital Partner’s Business Services Platform (the “BSP”), a team within Dyal focused on providing client development, talent management, operational advisory and other services to the partner managers in which the Dyal Funds invest. No other businesses of NBAA utilize the BSP (or a similar model) nor allocate the expense associated with the BSP to NBAA-advised funds. The SEC Order had no finding of intentional wrongdoing or fraud, and found that the issues relating to the BSP expenses ceased in 2017. According to the Order, with respect to certain of the Dyal Funds, the Dyal Funds’ manager did not appropriately allocate a portion of the BSP expenses to certain Dyal Funds and did not have proper policies and procedures in place to ensure that all allocations were related to the utilization of the BSP. The Order required NBAA to cease and desist from committing or causing any violations and future violations of Sections 206(2) and 206(4) of the Advisers Act, as amended, and Rules 206(4)-7 and 206(4)-8 thereunder. NBAA agreed as part of the settlement to pay disgorgement of \$2,073,988 (plus prejudgment interest of \$284,620) to certain Dyal Funds covering 2012-2016, and pay a civil monetary penalty of \$375,000 to the SEC.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer or Registered Representative

NBAA is not a registered broker or dealer. Some of NBAA's management personnel are registered representatives with FINRA through their affiliation with NBAA's registered broker-dealer affiliate, NBBB. In such capacity, subject to applicable law, they may receive sales commissions in connection with the sale of interests in the Private Funds. See Items 5.E and 10.C.1.

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

NBAA is registered as a Commodity Pool Operator ("CPO") with the Commodity Futures Trading Commission ("CFTC") and has filed a notice of exemption pursuant to CFTC Rule 4.7 from certain reporting and disclosure obligations otherwise applicable to registered CPOs, on the basis that it manages pools consisting of certain sophisticated investors. Notwithstanding NBAA's registration as a CPO, NBAA generally manages its accounts and pools as an exempt CPO, in reliance on available exemptions under CFTC Rules 4.13(a)(3) and CFTC No Action Letter 12-38. NBAA is exempt from registering with the CFTC as a Commodity Trading Advisor ("CTA").

Certain of NBAA's management personnel are principals and/or associated persons of the NFA with respect to NBAA as CPO and may also be associated persons and/or principals with the NFA through their affiliation with affiliates of NBAA.

C. Material Relationships

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

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

NBAA is affiliated with NBBB, a U.S. registered broker-dealer. In addition, some of NBAA advisory personnel are registered representatives with FINRA through their affiliation with NBBB.

Registered representatives of NBBB and unaffiliated broker-dealers solicit certain investors in the Private Funds and Separate Account clients for NBAA. From time to time, certain Client Accounts pay commissions, expenses or other compensation to (i) third parties, and (ii) certain employees of Neuberger Berman and its affiliates (if they are not otherwise involved in the management of the Client Accounts) for identifying investments made by the Client Accounts. See Item 5.E and Item 14.B.

In providing investment management services to its clients, NBAA draws upon the trading, operational, administrative and research resources of NBBD and other affiliates. NBAA utilizes Anti Money Laundering services provided by NBBD.

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

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

2. Investment Company or other pooled investment vehicle

NBAA acts as adviser to certain Private Funds where a related party acts as General Partner. Affiliates of NBAA act as general partners, managing members or advisers to other pooled investment vehicles ("**Affiliated Funds**"). Certain management persons of NBAA act as directors or officers of Affiliated Funds.

3. Other investment adviser or financial planner

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

SEC-Registered Advisers:

Neuberger Berman BD LLC
Neuberger Berman Investment Advisers LLC
Neuberger Berman Asia Limited
Neuberger Berman Europe Limited
Neuberger Berman Singapore Pte. Limited
Neuberger Berman Loan Advisers LLC
Neuberger Berman Breton Hill ULC
BHC Macro Investment Management LLC (Exempt Reporting Adviser)
Neuberger Berman AIFM Limited (Exempt Reporting Adviser)

Non-SEC-Registered Advisers:

NB Reinsurance Ltd.
Neuberger Berman East Asia Limited
Neuberger Berman Australia Pty Limited
Neuberger Berman Investment Management Shanghai Limited
Neuberger Berman Overseas Investment Fund Management (Shanghai) Limited
Neuberger Berman Taiwan (SITE) Limited

In providing investment management services to its clients, NBAA draws upon the resources of certain of its affiliates. For example, NBAA may use security analysis and research reports prepared by NBIA's dedicated research department or by other affiliated entities. Where required, personnel of the non-SEC-registered advisers involved in NBAA's advisory activities are deemed "associated persons" of NBAA and are subject to certain NBAA policies and procedures as well as supervision and periodic monitoring.

Certain NBAA portfolio management personnel are also officers or otherwise affiliated with some of these Advisory Affiliates but are not engaged in providing investment management services to the clients of such Advisory Affiliates.

NBAA may act as sub-adviser to certain Separate Account clients of third-party and Advisory Affiliates. In addition, NBAA may serve as sub-adviser to Non-U.S. Registered Funds and Private Funds advised by Advisory Affiliates.

Neither NBAA nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular client. See Item 6 and Item 11.B.8. with respect to side-by-side management.

The views and opinions of NBAA, and those of these Advisory Affiliates and their research departments, may differ from one another. As a result, Client Accounts managed by NBAA or its Advisory Affiliates may hold securities or pursue strategies that reflect differing investment opinions or outlooks at the time of their acquisition or subsequent thereto. See Items 11.B.7 and 11.D.6

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

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

NBBD is registered as a CTA and CFTC Introducing Broker. In addition, BHC Macro Investment Management LLC is registered as a CPO and CTA, and Neuberger Berman Breton Hill ULC is registered as a CPO. NBAA does not have a material relationship with these entities in such capacities.

5. Banking or thrift institution

None.

6. Accountant or accounting firm

None.

7. Lawyer or law firm

None.

8. Insurance company or agency

Certain Neuberger Berman personnel currently provide ongoing consulting, advice and other support to NB Reinsurance, Ltd., a company formed under the laws of Bermuda ("**NB Re**"), which holds a Class 3 exempted insurance license in Bermuda. Such services include participation on and advice to NB Re's board of directors and investment committee and certain other matters in connection with NB Re's entry into reinsurance contracts or insurance-linked agreements with third parties, primarily through collateralized industry loss warranties as well as catastrophe bonds. The NB ILS funds will invest all or substantially all of their assets in NB Re. Neuberger Berman controls NB Re.

9. Pension consultant

None.

10. Real estate broker or dealer

None.

11. Sponsor or syndicator of limited partnerships

The Private Funds are generally organized or "sponsored" by NBAA, and an affiliate of NBAA acts as the managing member or general partner of the Private Funds, where applicable. See Item 10.C.2. Further information about the partnerships for which affiliates of NBAA serve as the General Partner is available in Section 7.B.(1) of Schedule D of Part 1A of NBAA and its affiliated SEC-registered investment advisers' Form ADVs.

12. Administrator

None.

D. Selection of Other Investment Advisers
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NBAA invests certain of its Client Accounts in pooled investment vehicles for which a third-party acts as general partner, managing member or adviser (collectively, the "**Underlying Managers**"). NBAA maintains an extensive due diligence process for the selection of Underlying Portfolio Managers, which it has developed throughout 27 years of private equity investing. The following items are examples of the qualitative and quantitative analyses conducted during due diligence of the Underlying Managers:

- Return attribution by general partner
- On-sheet and off-sheet reference calls
- Synthetic track records focused on prior investment history

- Key man clauses
- GP commitment amounts
- Succession planning
- General partner board seat activity
- Ability of the general partners to source attractive transactions
- Carry allocation
- Regulatory and disciplinary history

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

A. Code of Ethics

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

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

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

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

B. Participation or Interest in Client Transactions

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

1. Principal and Agency Transactions:

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, buys from, or sells any security to, an advisory client. A principal transaction

would occur if NBAA bought securities for its own inventory from an NBAA client or sold securities from its inventory to an NBAA client. In certain instances, it may also occur if an affiliate of NBAA bought or sold securities from or to an NBAA client.

Generally, NBAA does not engage in principal transactions. If NBAA were to consider entering into a principal transaction, NBAA will, in accordance with the Advisers Act, provide written disclosure to each client affected by the transaction and obtain such clients' consent prior to settlement of any principal transaction.

An "agency cross transaction" is defined as a transaction where an adviser acts as broker for both its advisory client and the party on the other side of the brokerage transaction. An agency cross transaction would also occur if the brokerage transaction is executed by an affiliate of the adviser. NBAA does not engage in agency cross transactions and would disclose the transaction to the client and obtain the client's consent in accordance with Section 206-3 of the Advisers Act.

2. Cross Transactions

Cross trades involve the transfer, sale or purchase of assets from one client to another client without the use of a broker-dealer. NBAA may engage in cross trading where permissible, if it determines that such action would be favorable to both clients and the conditions for the transaction are fair to both parties.

3. Affiliated Brokers

NBAA is affiliated with NBBB. NBAA does not execute transactions for its Client Accounts through NBBB. See Item 12.

4. Financial Interests in Securities or Investment Products

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

5. Employee Investment in NBAA Products

Certain Neuberger Berman employees and their family members invest in the Private Funds, either directly or indirectly. Any such investments are made in conformity with the Conflicts Procedures, which includes procedures governing the use of confidential information and

personal investing. Certain Private Funds elect to waive management and/or performance fees/allocation for employees of the Firm who invest in the Private Fund pursuant to the Firm's employee investment program.

6. Buying and Selling Securities That Are Recommended to Clients

NBAA or its affiliates serve as the General Partner, investment manager and/or investment adviser to the Client Accounts. NBAA or an affiliate has a material personal investment in each Client Account, including through the general partner or special limited partner of each Private Fund and as limited partners or affiliate of each Private Fund. In addition, NBAA may invest Client Accounts in Private Equity Securities in which NBAA, its affiliates or employees of either are also invested and the performance and management fees may be separately negotiated for such investments.

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

All such investments are made in conformity with the Conflicts Procedures and NBAA's Aggregation and Allocation Procedures (See Item 12.B).

7. Other Interests in Client Transactions

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

C. Personal Trading

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

NBAA's employees and those of its affiliates may participate directly or indirectly in Private Fund investments to the extent permitted by the terms of the relevant Private Fund's operating agreement. Such participation in each investment will be on substantially the same terms and conditions as provided for in the offering materials of the Private Funds. The sale or disposition

by NBAA or an employee or affiliate must also be consummated in accordance with internal policies and applicable law.

It is the Firm's policy to monitor and in some cases prohibit personal securities transactions for the Firm, its affiliates and their respective employees. The Conflicts Procedures contains employee trading policies and procedures that are closely monitored by the Legal and Compliance Department. Key aspects of the employee trading policies and procedures include:

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

The price switch/disgorgement policy attempts to address the potential conflict that could arise from employees owning the same securities as clients, or where the accounts of both enter the market at the same time. Subject to certain exclusions, employee trades that are executed on the same day and in the same security as a Client Account are reviewed to ensure that the employee does not receive a better price than the client. In the event that the employee does receive a better price, the employee's price is "switched" to that of the client's and the cash difference in the execution price is disgorged from the employee account. Disgorged proceeds are often allocated to Client Accounts in the form of revised execution prices. In some instances, however, a revised execution price may not be feasible and the proceeds will either be remitted to Client Accounts or donated to charity.

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

D. Other Conflicts of Interest

1. Conflicts of Interest

Various potential and actual conflicts of interest arise from the investment activities of the Client Accounts. The following briefly summarizes some of these potential and actual conflicts, but is not intended to be an exclusive list of all such conflicts. In addition, investors should consult their Offering Documents or Prospectus, as applicable, for a more complete list of conflicts. Any

references to a General Partner, NBAA or Neuberger Berman in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees.

If any matter arises that a General Partner or NBAA determines in its good faith judgment constitutes an actual conflict of interest, the General Partner or NBAA will take such actions as it determines in good faith may be necessary or appropriate to ameliorate the conflict. These actions may include, by way of example and without limitation, (i) disposing of the security giving rise to the conflict of interest; (ii) appointing an independent fiduciary to act with respect to the matter giving rise to the conflict of interest; (iii) with respect to a Private Fund, consulting with the limited partner advisory committee (each, an “**LP Advisory Committee**”) regarding the conflict of interest and/or obtaining a waiver or consent from the LP Advisory Committee of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by the LP Advisory Committee with respect to such conflict of interest; (iv) disclosing the conflict to the investors in the Client Account; or (v) implementing certain policies and procedures designed to ameliorate such conflict of interest. There can be no assurance that a General Partner or NBAA will identify or resolve all conflicts of interest in a manner that is favorable to any particular Client Account or any particular limited partner. NBAA will have the power to resolve, or consent to the resolution of, conflicts of interest on behalf of, and such resolution will be binding on, a Client Account, subject to the terms of the Offering Documents or Prospectus, as applicable. With respect to a Private Fund, if a General Partner consults with an LP Advisory Committee with respect to a specific conflict of interest and the LP Advisory Committee waives the conflict of interest or the General Partner acts in a manner, or pursuant to the standards and procedures, approved by the LP Advisory Committee with respect to a conflict of interest, then the General Partner, NBAA and their affiliates will not have any liability to the Client Account or investors for such actions, including actions in pursuit of their own interests. Finally, investors should be aware that members of an LP Advisory Committee may act in their own interests, and not in the best interests of the Private Fund.

Conflicts Relating to Other Neuberger Berman Activities

Neuberger Berman, which includes NBAA, is a large participant in the equity and fixed income markets and engages in a broad spectrum of activities including financial advisory services, research and sponsoring and managing public and private investment funds and accounts and other activities. In the ordinary course of its business operations, certain Neuberger Berman activities or strategies, or the activities or strategies used for other accounts or funds managed by Neuberger Berman, conflict with the transactions and strategies employed on behalf of a Client Account. Neuberger Berman’s trading activities, including those for other accounts and funds, are carried out without reference to positions held by a Client Account and may have an adverse impact on the value of the positions so held, or may result in Neuberger Berman having an interest in the issuer adverse to that of a Client Account (*e.g.*, Neuberger Berman may have a short position in a security held long by a Client Account). Neuberger Berman’s interests or the interests of its clients may conflict with certain interests of the investors in a Client Account, notwithstanding Neuberger Berman’s direct or indirect interest in the Client Account or participation in the Client Account’s investments.

Neuberger Berman manages and advises client accounts having objectives similar, in whole or in part, to those of certain Client Accounts, including those in which Neuberger Berman may have an equity interest. Neuberger Berman holds interests in, and furnishes advisory, consulting and/or management services to, other persons or entities with respect to investments similar to or different from investments of a Client Account. In addition, Neuberger Berman may form or advise one or more client accounts, which may have the same, similar or different investment strategies (including funds or accounts advised by Neuberger Berman). A Client Account generally will not have any rights to investment opportunities in relation to the rights of such other vehicles or accounts. Neuberger Berman may also furnish similar management, advisory and/or consulting services to certain separate accounts or make investments for its own account.

Neuberger Berman, including NBAA, may, from time to time, be presented with investment opportunities that fall within the investment objective of a Client Account. In such circumstances, there can be no assurance that the Client Account will have an opportunity to participate in such investments and Neuberger Berman will be under no obligation to make such investments available, in whole or in part, to the Client Account. NBAA's protocols with respect to allocations may be amended from time to time by Neuberger Berman in its discretion without notice to or the consent of the limited partners in the relevant Client Account or any other person.

The Investment Programs of the Client Accounts

Certain of the investment programs of the Client Accounts overlap in a number of material ways which give rise to potential and actual conflicts of interest. In general, NBAA works to resolve conflicts in a manner that it believes to be fair and equitable to each Client Account and limited partner involved, but there can be no assurance that any conflict will be resolved in a manner that is favorable to any particular Client Account or limited partner. The following briefly summarizes some potential and actual conflicts of interest due to the overlap of Investment Programs, but is not intended to be an exclusive list of all such conflicts:

- ***Portfolio Funds.*** Client Accounts invest in Portfolio Funds.
 - Certain Client Accounts make capital commitments to (i) Portfolio Funds in which another Client Account is an investor; and/or (ii) Portfolio Funds managed by NBAA and its affiliates;
 - Certain Client Accounts purchase interests in (i) Portfolio Funds in which another Client Account is an investor and/or (ii) Portfolio Funds managed by NBAA and its affiliates;
- ***Sponsor Accounts.*** Client Accounts invest in fund sponsors or their affiliates (each, a "**Sponsor**"), that, in turn, manage collective investment vehicles, managed accounts, and other funds (each, a "**Sponsor Account**");
 - Certain Client Accounts make capital commitments to Sponsor Accounts; and

- Certain Client Accounts make debt and/or equity co-investments in a portfolio company (a) in which a Sponsor Account is an investor; or (b) to which a Sponsor Account provides financing.
- **Portfolio Companies.** Client Accounts make debt and/or equity investments in portfolio companies.
 - Certain Client Accounts make debt and/or equity investments in portfolio companies (a) in which another Client Account is a co-investor; or (b) to which another Client Account provides financing.
 - In particular, different Client Accounts make investments in different parts of a portfolio company's capital structure or the same part of the capital structure at different prices. In addition, when negotiating the terms of a debt investment by one Client Account, NBAA and its affiliates may take actions that adversely affect the interests of another Client Account or Sponsor Account investing in that same portfolio company.
- **Follow-On Investments.** Certain Client Accounts make new or follow-on commitments to Portfolio Funds and investments in portfolio companies in which Client Accounts or Sponsor Accounts commit capital or invest in the equity and/or debt, as applicable.

By way of example, Client Account A could invest in Portfolio Fund I when Client Account B has already invested in the Sponsor of Portfolio Fund I. Client Account A would want the terms of Portfolio Fund I (including the compensation of the Sponsor) to be more favorable to the fund investors, while Client Account B would want those terms to be more favorable to the Sponsor. At the same time, Client Account C could lend money to a portfolio company of Portfolio Fund I, and the terms of that loan would be negotiated with the Sponsor of Portfolio Fund I. Client Account B would want the terms of that loan to be more favorable to the borrower, while Client Account C would want terms most favorable to the lender, both for the initial extension of credit as well as any refinancing. Concurrently, Client Account D could make a co-investment in the equity of the same portfolio company of Portfolio Fund I, but at a different price than the investment by Portfolio Fund I. Portfolio Fund I would want to maximize the price of the co-investment, while Client Account D would want a lower price. In the event of a default under the loan, Client Account C would want to pursue a resolution more favorable to the lenders, while Client Accounts A, B and D would want terms more favorable to the equity owners. Furthermore, sponsors have simultaneously offered investment opportunities to different Client Accounts. For example, a sponsor could simultaneously offer three different Client Accounts an opportunity to make (a) a commitment to Sponsor Account X; (b) an investment in the equity of portfolio company Y; and (c) an investment in the debt of portfolio company Z. In such instances, each Client Account would want the terms of its respective transaction to be more favorable, for example by minimizing the purchase price of its respective investments. In each such case, NBAA would be acting for all of the relevant Client Accounts (subject to its policies and procedures related to conflicts described below).

Portfolio Company Financial Distress

Furthermore, conflicts may arise when a Client Account makes an investment in a portfolio company in which another Client Account has also invested, including in a different part of the capital structure, and the issuer experiences financial or operational challenges. As a result the interest of NBAA, the General Partner or the Client Accounts in restructuring, exercising rights with respect to or realizations from an investment may materially differ.

Client Account Investments on Different Terms

When NBAA makes an investment or commitment on behalf of a Client Account, it is typically done on an independent basis from the prior capital commitments or investments made by the other Client Accounts or Sponsor Accounts. Accordingly, such capital commitments or investments can be done at different prices and on different terms and in different types of securities of such entity and thus provide for different rights and privileges.

Client Accounts and Sponsor Accounts: Fees and Expenses

From time to time, NBAA receives certain fees and expenses with respect to Client Accounts and Sponsor Accounts, including: (a) carried interest or profit interest with respect to an NBAA-managed or Sponsor-managed Portfolio Funds; (b) management fees with respect to an NBAA-managed or Sponsor-managed Portfolio Funds; and (c) interest payments with respect to debt investments. Except as set forth explicitly in a Client Account's Offering Documents or Prospectus, none of NBAA's or any other fees for any of the foregoing will be shared with a Client Account or reduce the Management Fee to which NBAA is entitled. The potential to receive such fees and expenses could be viewed as an incentive for NBAA to engage in such transactions on behalf of the Client Accounts.

Co-Investment with Client Accounts

From time to time and subject to legal, tax, regulatory and other considerations, NBAA permits certain limited partners and/or third parties to participate, on a preferred basis, in investment opportunities alongside certain Client Accounts. In this situation, investments will generally be allocated among the Client Account and the co-investors by NBAA in its sole discretion, taking into account such factors as the available capital, applicable diversification criteria, investment objectives, expected investment pipeline, whether the investment represents a follow-on investment for one of the entities, and legal, tax and regulatory considerations. Accordingly, the allocation of an investment to a Client Account may vary between the identification of an investment opportunity and the consummation of such investment opportunity. Where a Client Account co-invests alongside one or more co-investors, NBAA expects that investment-related expenses generally will be allocated between the Client Account and such co-investors pro rata on the basis of capital committed to such investment. The allocation of broken deal expenses incurred in respect of unconsummated investments, however, generally will not be pro rata and will be borne by a Client Account, and not by other anticipated co-investors, unless such other co-investors had committed to invest in such investment.

Affiliation with Registered Investment Companies

Certain Client Accounts, including the Registered Funds, are or may be subject to the Company Act and/or other applicable regulations or considerations that, due to the role of NBAA, could restrict, limit or materially impact either the ability of a Client Account to invest or co-invest in the same securities as such other clients or the terms of the Client Account's investment. Such laws and regulations may have the effect of limiting the investment opportunities available to a Client Account, or result in a modification or restriction of certain rights or a change in certain terms applicable to a Client Account's investment in an entity or underlying fund including, without limitation, a waiver or reduction of all or a portion of a Client Account's voting rights with respect to such investment. In such circumstances, NBAA may in its discretion restrict or limit transactions or the exercise of rights for a Client Account, or limit the amount of voting securities purchased for a Client Account or restrict the type of governance rights it acquires or exercises in connection with certain investments.

Allocation of Personnel; Other Activities

Investment team members for a General Partner typically work on other projects for Neuberger Berman from time to time. Members of an investment team have typically additional responsibilities to Neuberger Berman in their respective capacities as senior executives of Neuberger Berman. Additionally, other persons are involved with a Client Account, including investment professionals of NBAA that have other responsibilities for Neuberger Berman.

Finder's Fees

Certain Client Accounts pay, including to employees of Neuberger Berman, a "finder's fee" in connection with identifying investments for the Client Account. From time to time, Client Account(s) and Neuberger Berman may alter the terms on which this "finder's fee" is offered to such employees, or the Client Account or Neuberger Berman may discontinue such program in its entirety.

Diverse Group of Investors

Various investors in Client Accounts have conflicting investment, tax, regulatory and other interests with respect to their investments in the Client Account. The conflicting interest of individual individuals may relate to or arise from, among other things, the investment vehicles through which such investor invests, the nature of investments made by the Client Account, the structuring or the acquisition of investments, the timing of disposition of investments and liquidity strategies. As a consequence, potential and actual conflicts of interest may arise in connection with decisions made by the General Partner or NBAA that may be more beneficial for one investor than for another, especially with respect to an investor's individual tax situations. In selecting and structuring investments appropriate for a Client Account, the General Partner and NBAA will generally consider the investment and tax objectives of the Client Account and the investors as a whole, and not the investment, tax or other objectives of any investor individually. Certain investors, by virtue of the size of their investments or other special factors, negotiate special arrangements which may be more beneficial than those obtained by other investors in the Client Account. In a Private Fund, a General Partner may enter into a side letter or other similar

agreement with a particular investor without the approval of any other limited partner, which would have the effect of establishing rights under, altering or supplementing the terms of the Partnership Agreement with respect to such limited partner in a manner more favorable to such limited partner than those applicable to other limited partners.

Material Non-Public Information/Insider Trading

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

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

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

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

For a further discussion of conflicts of interest, please see the applicable fund’s Offering Documents or Prospectus, as applicable.

2. Firm Personnel - Gifts/Gratuities/Entertainment

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

Subject to applicable law, the Firm allows personnel to provide limited business gifts and entertainment to personnel/representatives of clients or prospective clients as detailed in more specific Firm policies and procedures. However, the Firm prohibits providing business gifts or entertainment that are excessive or inappropriate or intended to cause such personnel/representatives to act against the best interests of their employer, the client they represent or those to whom they owe a fiduciary duty.

In addition to the above prohibitions, the Firm imposes restrictions on providing gifts and entertainment to particular types of clients or client representatives, such as government officials at all levels and representatives of U.S. Labor Organizations. The Firm's Global Anti-Corruption Policy and Procedures also sets forth rules governing certain gifts and entertainment and imposes pre-approval or reporting requirements. Furthermore, other public, as well as private, institutions may have their own internal rules regarding the acceptance of gifts or entertainment by their personnel and other representatives. Neuberger Berman personnel are reminded to be aware that institutions with whom they deal may have certain additional restrictions.

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

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

3. Firm Personnel - Political Contributions

Due to the potential for conflicts of interest, the Firm has established policies and procedures relating to political activities which are designed to comply with applicable federal, state and local law. Each employee is required to seek preapproval before the employee, the employee's spouse or domestic partner, the employee's dependent children or any other person that the employee materially supports (where any such person is either a U.S. citizen or a green card holder) makes any political contribution or engages in other political activities, including, but not limited to, volunteering or fundraising for a campaign.

4. Firm Personnel - Outside Business Activities

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

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

Certain Firm personnel serve, under certain limited circumstances, serve as an executor, trustee, guardian or conservator with prior approval from the Legal and Compliance Department, irrespective of whether such service is personal in nature. Brokerage accounts under control of the employee as a result of their service as an executor, trustee, guardian or conservator must be disclosed in accordance with the Firm's Code of Ethics, even if the relationship is personal. The Firm generally permits employees to engage in philanthropic, charitable or other similar pursuits, subject to certain limitations and with prior approval from the Legal and Compliance Department.

5. Outsourcing/Service Providers

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

6. Side by Side Management of Different Types of Accounts

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

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

NBAA, on behalf of different Client Accounts, may make investments in different parts of an issuer's capital structure (e.g., equity or debt, or different positions in the debt structure), which may include situations where a single portfolio manager invests in different parts of an issuer's capital structure for its Client Accounts. Potential and actual conflicts may arise over items such as whether to make an investment, exercise certain rights, or take an action, proxy voting, corporate reorganization, how to exit an investment, or bankruptcy or similar matters (including, for example, whether to trigger an event of default or the terms of any workout). See Item 11.D.1.

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

See Item 12.B. regarding investment allocation procedures.

Item 12: Brokerage Practices

A. Criteria for Selection of Broker-Dealers

NBAA generally invests Client Accounts in Private Equity Securities which are investments directly with the issuers. Such trades are generally not placed through a broker-dealer.

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

If NBAA places trades through a broker-dealer (and subject to the paragraph below), NBAA generally looks to the overall quality of service provided by the broker and will consider many factors when making a selection for execution. It is NBAA's policy to use its best efforts to obtain the best price on every trade given all the relevant circumstances. However, in addition to price, traders may also consider the size of the transaction, liquidity of both the security and the market, the broker's ability to provide or find liquidity, time limitations, and confidentiality of the transaction. In addition, NBAA may consider research and other services in making brokerage decisions. Accordingly, Client Accounts may be able to obtain more favorable brokerage commission rates elsewhere. NBAA will also utilize electronic trading networks when they can provide liquidity and price improvement over and above what is available through traditional methods for execution.

In the event securities are distributed to the Client Accounts, NBAA generally relies on the broker-dealer with whom the securities account for such Client Account is held, which may include an affiliate of NBAA, for trade execution.

B. Aggregation of Orders/Allocation of Trades

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

Allocation of Investment Opportunities:

NBAA serves as investment adviser or sub-adviser to the Client Accounts. NBAA may be subject to potential and actual conflicts of interest when allocating investment opportunities among its various clients. For example: (i) NBAA receives different advisory fees and/or performance fees from different Client Accounts (including carried interest); and (ii) NBAA and its affiliates, owners, officers and employees may have invested substantial amounts of their own capital in some Client Accounts (including the Private Funds) but do not invest their own capital in every Client Account. The majority of NBAA's clients pursue specific investment strategies, many of which are similar.

NBAA has developed policies and procedures that provide that it will allocate investment opportunities and make purchase and sale decisions among the Clients Accounts in a manner that it considers, in its discretion and consistent with its fiduciary obligations to its clients, to be reasonable. In many cases, these policies result in the *pro rata* allocation of limited opportunities across Client Accounts, but in many other cases, the allocations may reflect numerous other factors based upon NBAA's good faith assessment of the best use of such limited opportunities relative to the objectives, limitations and requirements of each of its clients and applying a variety of factors, including those described herein, the Offering Documents and the Prospectuses. NBAA seeks to treat all clients reasonably in light of all factors relevant to managing its Client Accounts, and in some cases, the application of the factors described herein and therein result in allocations in which certain Client Accounts may receive an allocation when other Client Accounts do not. NBAA reserves the right to amend such policies from time to time without notice to, or the consent of, the investors in the Client Accounts, or any other person.

Item 13: Review of Accounts

A. Periodic Reviews

NBAA reviews the accounts of the Client Accounts on a periodic basis, consistent with the account's needs. In reviewing accounts, NBAA may take into consideration factors, including the investment strategies set forth in the Offering Documents, Prospectus or advisory agreement, as applicable.

B. Non-Periodic Reviews

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

C. Client Reports

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

Investors in Private Funds receive such reports as described in the Private Fund's Offering Documents (or as otherwise negotiated with NBAA). To comply with Rule 206(4)-2 of the Advisers Act (the "**Custody Rule**"), where NBAA is deemed to have custody of a Private Fund's assets, Private Fund financial statements are prepared in accordance with Generally Accepted Accounting Principles (or "**GAAP**") and distributed to investors within 120 days after the end of the fund's fiscal year for its direct investing accounts and 180 days of the fund's fiscal year for its fund of funds accounts. Generally, investors also receive at least quarterly reports containing information on the Private Fund's portfolio holdings, valuation of their interests in the Private Fund and cash distributions. These reports may include or be accompanied by information with respect to the performance of the Private Fund, other information about the investor's capital account and certain tax-reporting information (e.g., Form K-1).

Please refer to the advisory agreements for information pertaining to the Separate Accounts.

Please refer to the Client Brochure for NBIA for information pertaining to the Registered Funds.

Item 14: Client Referrals and Other Compensation

A. Compensation by Non-Clients

Not applicable

B. Compensation for Client Referrals

From time to time, in accordance with 206(4)-3 of the Advisers Act, NBAA retains and compensates certain third parties for introducing new investment advisory clients or investors in the Private Funds to NBAA. The compensation to such parties generally represents a percentage of the management fees paid by the client to NBAA. Clients do not pay a higher fee than they would otherwise pay due to the solicitor's involvement in the introduction. In addition to referrals from external sources, Firm employees are eligible to earn an account referral commission for referring a potential client to NBAA that engages NBAA to provide investment management services.

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

Item 15: Custody

Private Funds

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

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

In order to comply with the Custody Rule, these Private Funds undergo an annual audit performed by an independent accounting firm registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB). The audited financial statements, prepared in accordance with GAAP, are distributed to all Private Fund investors within 120 days of the end of the fund’s fiscal year for its direct investing accounts and 180 days of the fund’s fiscal year for its fund of funds accounts.

Separate Accounts

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

Registered Funds

Please refer to the Client Brochure for NBIA for information pertaining to the Registered Funds. Neither NBAA nor its affiliates maintain physical possession of the assets of any Registered Fund, including any securities. The assets of each Registered Fund are held in an account of a qualified custodian in accordance with the requirements of the Investment Company Act

Item 16: Investment Discretion

NBAA generally has the authority to determine, for the Client Accounts, without obtaining specific client consent, the securities to be bought or sold, the amount of securities to be bought or sold, and, if applicable, the broker dealer to be used and commission rates paid. NBAA's discretionary authority is derived from an express grant of authority under each Client Account's investment advisory agreement with NBAA or pursuant to a sub-advisory agreement, as applicable.

Purchases and sales must be suitable for the particular client and limitations may be imposed as a result of instructions from the client or as set forth in the Offering Documents, Prospectus or relevant advisory agreement.

Pursuant to the Firm's MNPI Procedures, when NBAA is in possession of material non-public information related to the issuer of any security, whether acquired unintentionally or otherwise, NBAA is not 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 NBAA has is no longer deemed to be material non-public information. As such, there may be circumstances which will prevent the purchase or sale of securities for Client Accounts for a period of time. See Item 11.D.1.

Item 17: Voting Client Securities

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

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

Clients may obtain a copy of the Proxy Voting Policy or obtain information about how NBAA voted their specific proxies upon request.

Please refer to the Client Brochure for NBIA for information pertaining to the Registered Funds.

Item 18: Financial Information

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

Not applicable.

B. Impairment of Contractual Commitments

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

C. Bankruptcy Petitions

NBAA has not been the subject of a bankruptcy proceeding.