

Neuberger Berman Loan Advisers LLC

Client Brochure

March 29, 2019

190 South LaSalle Street
Chicago, Illinois 60603
www.nb.com

This Brochure provides information about the qualifications and business practices of Neuberger Berman Loan Advisers LLC (“**NBLA**”). If you have any questions about the contents of this Brochure, please contact us at 212-476-9000 or by email at: NBLA.ADVINFO@nb.com.

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

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

* * * *

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

Item 2: Material Changes

This Brochure dated March 29, 2019, has been prepared in accordance with rules adopted by the U.S. Securities and Exchange Commission. This Brochure will be updated at least annually and we may further provide other ongoing disclosure information about material changes as necessary. This Brochure was last updated on March 29, 2018. There have been no material changes to NBLA's qualifications and business practices since the last update.

Item 3: Table of Contents

ITEM 1:	COVER PAGE	i
ITEM 2:	MATERIAL CHANGES	II
ITEM 3:	TABLE OF CONTENTS.....	III
ITEM 4:	ADVISORY BUSINESS	1
	A. Description of the Firm.....	1
	B. Types of Advisory Services.....	3
	C. Client Tailored Services and Client Tailored Restrictions.....	4
	D. Assets under Management.....	4
ITEM 5:	FEES AND COMPENSATION	5
	A. Fee Schedule.....	5
	B. Payment Method	5
	C. Other Fees and Expenses.....	6
	D. Prepayment of Fees and Refunds.....	7
	E. Sales Compensation	8
ITEM 6:	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	9
ITEM 7:	TYPES OF CLIENTS.....	10
ITEM 8:	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS ..	11
ITEM 9:	DISCIPLINARY INFORMATION	46
ITEM 10:	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	47
	A. Registration as a Broker-Dealer or Registered Representative	47
	B. Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor or Associated Person.....	47
	C. Material Relationships.....	47
ITEM 11:	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	52
	A. Code of Ethics	52
	B. Participation or Interest in Client Transactions.....	52
	C. Personal Trading.....	56
	D. Other Conflicts of Interest.....	57
ITEM 12:	BROKERAGE PRACTICES.....	64
	A. Criteria for Selection of Broker-Dealers.....	64
	B. Aggregation of Orders/Allocation of Trades.....	65

ITEM 13:	REVIEW OF ACCOUNTS.....	67
A.	Periodic Reviews.....	67
B.	Non-Periodic Reviews.....	67
C.	Client Reports	67
ITEM 14:	CLIENT REFERRALS AND OTHER COMPENSATION	69
A.	Compensation by Non-Clients	69
B.	Compensation for Client Referrals	69
ITEM 15:	CUSTODY	70
ITEM 16:	INVESTMENT DISCRETION	71
ITEM 17:	VOTING CLIENT SECURITIES	73
ITEM 18:	FINANCIAL INFORMATION	75
A.	Prepayment of Fees (Six or more months in advance).....	75
B.	Impairment of Contractual Commitments	75
C.	Bankruptcy Petitions.....	75

Item 4: Advisory Business

A. Description of the Firm

Neuberger Berman Loan Advisers LLC (“**NBLA**”) is a Delaware limited liability company, formed in November 2015 that commenced operations in January 2017. NBLA’s affiliates date back to the founding of Neuberger & Berman in 1939, the predecessor to Neuberger Berman BD LLC (formerly Neuberger Berman LLC). NBLA’s principal office is located in Chicago, Illinois. NBLA is directly owned by Neuberger Berman Loan Advisers Holdings LP, a Cayman Islands exempted limited partnership (“**Holdings**”). Class A Interests in Holdings are held by Neuberger Berman Investment Advisers LLC (“**NBIA**”), a Delaware limited liability company and an investment adviser registered with the SEC. NBIA is an indirect wholly-owned subsidiary of Neuberger Berman Group LLC (“**NBG**”). Class B Interests in Holdings are held by Neuberger Berman Loan Advisers Holdings (Delaware) LP, a Delaware limited partnership (the “**Delaware Issuer**”), and Neuberger Berman Loan Advisers Holdings (Cayman) LP, a Cayman Islands exempted limited partnership (the “**Cayman Issuer**”).

NBLA’s primary business consists of (i) acting as the named collateral manager of a number of collateralized loan obligations transactions, including any type of short-term or long-term warehouse or repurchase agreement facilities in connection therewith (referred to collectively herein as “**CLOs**”); (ii) engaging in trading activities including, but not limited to, holding loans on its own account as an “originator” for purposes of the EU Risk Retention Rules (as defined in Item 11.B.4); (iii) directly, or indirectly through one or more subsidiaries, acting as the holder of EU Retention Interests (as defined in Item 11.B.4) and any interests that may have been required pursuant to the U.S. Risk Retention Rules (as defined in Item 11.B.4) (collectively, the “**Retention Interests**”) in the CLOs; and (iv) acting as the holder of the Preferred Return Notes and Performance Notes (each as defined in Item 5.A) issued by each CLO in respect of which NBLA holds a Retention Interest.

NBLA has established a separate series (each a “**Series**”, and together, the “**Series**”) for (1) CLO collateral management activities (the “**Management Series**”), (2) EU risk retention “origination” activities, if any (the “**EU Originator Series**”), and (3) holding the Retention Interests, the Performance Notes and the Preferred Return Notes (the “**Risk Retention Series**”). The interests in each Series are held by Holdings.

NBLA is managed by a board of directors (the “**Board of Directors**” or the “**Board**”) consisting of at least two directors appointed by Holdings (as directed for these purposes by the holders of the Class A Interests in Holdings (the “**Class A Investors**”). The directors are Brad Tank, Joseph Amato, Robert Eason, Lawrence Kohn and Stephen Wright. The Board is the “manager” of NBLA under the Delaware Limited Liability Company Act with the ultimate responsibility over the business and affairs of NBLA. A director may be removed by a majority vote of the Board of Directors or by Holdings, as directed for these purposes by the Class A Investors. If a director is removed or resigns for any reason, then Holdings (as directed for these purposes by the Class A Investors) shall appoint a replacement director.

The Board of Directors has appointed, and delegated authority to make investment decisions within certain pre-defined investment parameters in respect of a CLO and NBLA’s assets, to an

investment committee consisting of certain of the employees of NBLA and subject to the general supervision and oversight of the Board of Directors (the “**Investment Committee**”). NBLA is able to enter into transactions, including engagement letters with respect to new warehouse and CLO transactions, collateral management agreements, credit agreements, purchase and sale agreements, risk retention letters, subscription agreements and other documentation, on the instruction of the Investment Committee but without prior approval of the Board of Directors or the NBLA investors if such transactions are consistent with NBLA’s investment parameters. The sponsorship of a new CLO or warehouse facility outside of the investment parameters requires the consent of Holdings, as directed for these purposes by a supermajority-in-interest of the Class B Investors.

NBIA (in such capacity, the “**Sub-Advisor**”) acts as sub-advisor to NBLA with respect to all CLOs managed by NBLA pursuant to a Sub-Advisory Agreement between the Sub-Advisor and NBLA (the “**Sub-Advisory Agreement**”). The Sub-Advisor assists NBLA by, among other things, providing research and credit analysis services, sourcing assets and making recommendations regarding assets to be acquired and sold by NBLA in its capacity as collateral manager for the CLOs, and making recommendations regarding whether and when to close CLOs or refinance or reprice the notes issued by the CLO issuers. The Sub-Advisor advises NBLA with regard to all or substantially all of its investment and other activities; *provided* that, in connection with each CLO, the Investment Committee shall retain final responsibility for: (i) approving the collateral management parameters for the CLO issuer, (ii) participating in the credit review of all assets proposed to be acquired by the CLO issuer, and (iii) approving the purchase and sale of any asset by any CLO issuer. For a more complete discussion of NBIA, please refer to NBIA’s Form ADV which is publicly available at www.adviserinfo.sec.gov.

NBIA (in such capacity, the “**Staff and Services Provider**”) provides (i) certain middle and back-office services (including legal, compliance and execution) (collectively, “**Support Services**”), (ii) other administrative services, infrastructure and shared office space (collectively, “**Administrative Services**”), and (iii) the services of Shared Employees (as defined below) to NBLA pursuant to a Staff and Services Agreement between the Staff and Services Provider and NBLA (the “**Staff and Services Agreement**”).

The investment management activities of NBLA, and the day-to-day management of the business and affairs of NBLA, are performed by NBLA’s officers and employees, with ultimate credit and investment decision-making authority resting with the Investment Committee.

Certain employees of NBLA (“**Shared Employees**”) are jointly employed by NBLA and the Staff and Services Provider pursuant to the Staff and Services Agreement, but such employees are under the direction and supervision of the Board of Directors in the performance of their duties related to NBLA. In addition, NBLA may hire certain employees that are not employees of the Staff and Services Provider. All of the employees of NBLA have entered into employment agreements with NBLA, in addition to any provision for such employees in the Staff and Services Agreement.

Background – Neuberger Berman Group

NBG is a holding company the subsidiaries of which (collectively referred to herein as the “**Firm**”) 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, registered funds and private investment vehicles. As of December 31, 2018, the Firm 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 who 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.

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

NBLA's investment management services are further discussed below.

B. Types of Advisory Services

NBLA serves as the collateral manager to CLOs, providing discretionary collateral management services. NBLA's investment services are limited to CLOs. CLOs typically issue rated senior and mezzanine notes and unrated subordinated notes in private placement transactions only to persons or entities that are (i) both "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act of 1933, as amended (the "**Securities Act**"), and "qualified purchasers" within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), provided that certain notes may be issued to persons or entities that are both "accredited investors" as defined in Section 501(a) of Regulation D under the Securities Act and either qualified purchasers or "knowledgeable employees" within the meaning of Rule 3c-5 under the Investment Company Act, or (ii) not "U.S. Persons" in offshore transactions under Regulation S under the Securities Act.

NBLA provides investment services that may include, among other things, (i) approving the collateral management parameters for the CLO issuer, (ii) participating in the credit review of all assets proposed to be acquired by the CLO issuer, and (iii) approving the purchase and sale of any asset by any CLO issuer. Clients should refer to each CLO's offering circular, indenture and other constitutional and offering documents (collectively, the "**CLO Offering Materials**") for additional information.

NBLA's primary business consists of (i) acting as the named collateral manager of CLOs; (ii) engaging in trading activities including, but not limited to, holding loans on its own account as an "originator" for purposes of complying with the EU Risk Retention Rules; (iii) directly, or indirectly through one or more subsidiaries, acting as the holder of Retention Interests in the CLOs; and (iv) acting as the holder of the Preferred Return Notes and Performance Notes issued by each CLO in respect of which NBLA holds a Retention Interest.

The loans and interests therein held by the CLOs in which NBLA invests consist primarily of non-investment grade loans or interests in non-investment grade loans ("**Collateral Obligations**"),

¹ Firm assets under management figures reflect the collective assets for the various subsidiaries of NBG.

together with certain related assets and cash equivalents (collectively, the “**Assets**”). Clients should refer to the applicable CLO Offering Materials for additional information.

The CLOs rely on Section 3(c)(7) of the Investment Company Act, or other applicable exceptions or exemptions under the Investment Company Act, as the basis for their exemptions from the registration requirements of the Investment Company Act.

The CLOs for which NBLA serves as collateral manager may also be collectively referred to herein as the “**Client Accounts**.”

C. Client Tailored Services and Client Tailored Restrictions

NBLA enters into discretionary collateral management agreements with the CLOs. Services are performed in accordance with the terms of each such agreement. Each CLO may impose investment restrictions as it deems appropriate. Such investment restrictions are typically set forth in the applicable CLO Offering Materials.

Each CLO has a Trustee and an independent board of directors that is responsible for providing oversight of the CLO. Each CLO and its Trustee and board of directors may have the ability to impose restrictions on investing in certain securities or types of securities.

Imposing investment restrictions may adversely affect account performance as compared to unrestricted accounts that NBLA and/or NBIA manages with the same investment strategy.

D. Assets under Management

As of December 31, 2018, NBLA had approximately \$3.6 billion in discretionary assets under management.

Item 5: Fees and Compensation

A. Fee Schedule

Pursuant to NBLA's collateral management agreement with each CLO, NBLA receives senior and subordinated management fees ("**Collateral Management Fees**"). Senior Collateral Management Fees are paid in each CLO's priority of payments after the payment of certain CLO expenses but prior to payments on any notes issued by the CLO. Subordinated Collateral Management Fees are paid in each CLO's priority of payments after the payment of certain CLO expenses and payments on the secured notes issued by the CLO, but prior to any payments on the CLO's equity.

NBLA may also receive a portion of certain subordinated fee notes being issued by a CLO for services rendered to the CLO issuer. Holders of subordinated fee notes are generally paid in each CLO's priority of payments at the same time as subordinated Collateral Management Fees.

Specific details of payment terms and compensation, including the method of calculation, will be set forth in the applicable CLO Offering Materials.

The Collateral Management Fees may be negotiable under certain circumstances.

NBLA, acting through the Risk Retention Series, purchases from each CLO managed by NBLA one or more notes (a "**Preferred Return Note**") entitling NBLA to a preferred return calculated as a percentage of the overall assets of such CLO, payable on a quarterly basis immediately prior to direct payments of interest and principal proceeds on the subordinated notes or other equity interests of such CLO, which percentage will equal at least one-ninth of the aggregate percentage used to calculate the senior and subordinated Collateral Management Fees payable to NBLA.

NBLA, acting through the Risk Retention Series, purchases from each CLO managed by NBLA a note (the "**Performance Note**") entitling NBLA to a performance return, payable on a quarterly basis immediately prior to distributions on the equity of such CLO, expected to equal 20% of amounts remaining that would otherwise be available to be paid to the holders of the CLO's equity, once the cumulative distributions by the CLO to the holders of its equity are sufficient to generate an annual internal rate of return of 12%, compounded annually, on such holders' aggregate investment in the CLO (which performance return shall include, for the avoidance of doubt, any amounts that would otherwise be payable as an incentive fee or incentive allocation by such CLO).

B. Payment Method

Calculation and Payment of Fees:

Generally, the Collateral Management Fees, the Preferred Return Note and the Performance Note are payable quarterly directly by each CLO pursuant to the priority of payments effected on each

quarterly payment date, except to the extent that NBLA elects to waive any Collateral Management Fees. Investors should refer to the applicable CLO Offering Materials with respect to the calculation and payment of the Collateral Management Fees, the Preferred Return Note and the Performance Note.

Valuation for Fee Calculation Purposes:

Assets that are not in default or subject to certain other specified impairments are generally valued at their outstanding principal balance for purposes of calculating the Collateral Management Fees and the payments on the Preferred Return Note, while amounts payable under the Performance Notes are payable based on amounts paid to equity investors. Investors should refer to the applicable CLO Offering Materials for more information with respect to the valuation of assets.

C. Other Fees and Expenses

In addition to the Collateral Management Fees paid to NBLA, CLOs pay other fees and expenses associated with their accounts and investments, as described in the applicable CLO Offering Materials. Such fees and expenses may include the following:

Administrative Expenses — Each CLO bears its own organizational, operating and offering expenses, which may include: fees and expenses of the trustee and its agents and counsel; bank fees and expenses; taxes or governmental fees (including annual return fees) owing by the CLO issuer or any of its subsidiaries; fees and expenses of independent accountants, agents (other than NBLA) and legal counsel of the CLO issuer; fees and expenses of rating agencies (including any annual fees, amendment fees and surveillance fees) in connection with any rating of the CLO's secured notes or in connection with the rating of (or provision of credit estimates in respect of) any Collateral Obligations; NBLA's fees and expenses, including reasonable expenses of NBLA (including fees and expenses for its accountants, agents and counsel) incurred in connection with the purchase or sale of any Collateral Obligations, any other expenses incurred in connection with the Collateral Obligations and certain amounts payable pursuant to the collateral management agreement but excluding the Collateral Management Fees; fees and expenses of the CLO's administrator, AML service provider and registered office; facility rating fees and all legal and other fees and expenses incurred in connection with the purchase or sale of any Collateral Obligations and any other expenses incurred in connection with the Collateral Obligations; fees and expenses relating to the listing of the CLO's notes on any stock exchange or trading system; indemnification expenses; other expenses incurred by NBLA or the CLO's collateral administrator or trustee in connection with any sales, liquidation or other disposition of any Assets; communication and notification expenses; fees and expenses relating to any refinancing, repricing or other issuance of new and/or additional notes; fees and expenses in connection with the appointment of any co-trustee; fees and expenses of any authentication agent; fees and expenses incurred by any subsidiaries; and reserves. All or a portion of the Administrative Expenses for any CLO may be capped, as detailed in the applicable CLO Offering Materials. Other than as stated above, the CLO issuer will bear, and will pay directly in accordance with its indenture, all other costs and expenses incurred by it or on its behalf in connection with its organization, operation or liquidation.

Petition Expenses — Each CLO bears the costs and expenses relating to the filing of an answer and any other appropriate pleading objecting to (i) the institution of any proceeding to have the CLO issuer, the CLO co-issuer or any subsidiary, as the case may be, adjudicated as bankrupt or insolvent or (ii) the filing of any petition seeking relief, reorganization, arrangement, adjustment or composition in respect of the CLO issuer, the CLO co-issuer or any subsidiary, as the case may be, under applicable bankruptcy law or any other applicable law.

NBLA Expenses — Each CLO issuer may be obligated to pay or reimburse NBLA (and in the case of clause (i)(x) below, on or about the CLO's closing date) for its payment of any and all reasonable costs and expenses incurred on behalf of the CLO issuer, including: (i) the costs and expenses of NBLA incurred in connection with (x) the negotiation and preparation of the applicable CLO Offering Materials and (y) any amendments or supplements thereto (including proposed amendments or supplements); (ii) any transfer fees necessary to register any Collateral Obligation in accordance with the CLO's indenture; (iii) any fees and expenses in connection with the acquisition, management or disposition of Assets or otherwise in connection with the CLO issuer or the notes issued by the CLO (including (a) investment related travel, communications and related expenses, (b) loan processing fees, legal fees and expenses and other reasonable and customary expenses of third-party professionals retained by NBLA on behalf of the CLO issuer, and (c) amounts in connection with the termination, cancellation or abandonment of a potential acquisition or disposition of any Asset that is not consummated); (iv) any and all taxes and governmental charges that may be incurred or payable by the CLO issuer; (v) any and all insurance premiums or expenses incurred in connection with the activities of the CLO issuer by NBLA; (vi) any and all costs, fees and expenses incurred in connection with the rating of the CLO's notes or obtaining ratings or credit estimates on Collateral Obligations, NBLA's communications with the holders (including charges related to annual meetings) and costs and expenses for services to the CLO issuer in respect of the Assets relating to specialty software licensing and development fees (which may be subject to a cap) (which software expenses will be allocated in an equitable manner among the CLO issuer and all other clients of NBLA and NBIA for whose benefit such software is utilized); (vii) any and all expenses incurred to comply with any law or regulation related to the activities of the CLO issuer and NBLA and, to the extent relating to the CLO issuer, NBLA and the Assets; and (viii) the fees and expenses of any independent advisor employed to value or consider Collateral Obligations.

Comparable Services— NBLA believes that the charges and fees offered for its collateral management services are competitive with those of alternative programs available through other firms offering a similar range of services; however, lower fees for comparable services may be available from other sources.

D. Prepayment of Fees and Refunds

None.

E. Sales Compensation

Each CLO will select an initial purchaser to act as sole manager and bookrunner with respect to the CLO's notes. In this capacity, the initial purchaser will generally purchase the CLO's notes, sell such notes in individually negotiated transactions at varying prices to be determined in each case at the time of sale and deliver or arrange for the delivery of such notes. The initial purchaser will receive from the applicable CLO issuer certain fees and reimbursement of certain expenses (including legal expenses) for its services as initial purchaser. Additional introducers may be selected by a specific CLO from time to time.

NBLA's products and strategies are marketed by the Firm's central salesforce, which also markets the products and strategies of NBIA and NBLA's other affiliates. Certain members of the central salesforce are registered representatives of Neuberger Berman BD LLC ("**NBB**D"), an affiliate of NBLA and a registered investment adviser and broker-dealer and member of the Financial Industry Regulatory Authority ("**FINRA**"). The commission payable to the Firm's salesforce is generally a percentage of the Collateral Management Fees paid to NBLA for a specified number of years, payable to the salesperson on the same basis as NBLA is paid, and subject to the terms and conditions of the applicable Firm sales compensation plan and contingent compensation program.

Given that the salespersons may market a wide range of products offered by NBLA, NBIA and their respective 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. NBIA or its affiliates train its employees, including members of this salesforce, regarding suitability and sales of securities products to investors, which NBLA believes mitigates this potential conflict. Salespersons are also generally required to undergo product specific training for all products that they market. See Item 11.D.7 for additional discussion regarding potential conflicts of interest relating to compensation arrangements.

The Firm's central salesforce also markets the advisory products and services of NBLA 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 NBLA.

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

CLOs may sell a Performance Note to NBLA.

In addition, members of the Investment Committee are investment advisory personnel of one or more of NBLA's affiliated investment advisers, including NBIA. See Item 10.C.3 for a list of such affiliates. In such capacity, they manage accounts (including CLOs) for which the affiliated investment adviser may receive performance fees.

To the extent that the members of the Investment Committee, in their capacity as Shared Employees, may manage accounts that charge only management fees as well as accounts that charge both management fees and performance fees, the members of the Investment Committee or NBBD salespersons may have a conflict of interest in that an account with a performance fee will offer the potential for higher profitability when compared to an account with only a management fee. Performance fee arrangements may create an incentive for NBLA, the members of the Investment Committee or NBBD salespersons to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Performance fee arrangements may also create an incentive to favor higher fee-paying accounts over other accounts in the devotion of time, resources and allocation of investment opportunities.

To manage those potential conflicts, NBLA has adopted a number of compliance policies and procedures. While the CLOs are not clients of NBIA, in view of the numerous roles and relationships of NBIA, its employees and affiliates with respect thereto, NBLA and NBIA have agreed that NBIA's investment allocation and conflict policies and procedures generally will be applied to NBLA. These policies and procedures include (i) the Neuberger Berman Code of Ethics (see Item 11), (ii) the NBLA Compliance Manual, (iii) trade allocation and aggregation policies that seek to ensure that investment opportunities are allocated fairly among the clients of NBLA, NBIA and their respective affiliates and that accounts are managed in accordance with their investment mandate, and (iv) allocation review procedures reasonably designed to identify unfair or unequal treatment of accounts. NBLA and NBIA do not consider fee structures in allocating investment opportunities. See also Item 11.D.6.

Item 7: Types of Clients

NBLA will serve as the collateral manager to CLOs, providing discretionary collateral management services. In general, as noted above, CLOs issue rated senior and mezzanine notes and unrated subordinated notes (equity) in private placement transactions only to persons or entities that are either (i) non-U.S. Persons in offshore transactions in reliance on Regulation S under the Securities Act, or (ii) both “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act and “qualified purchasers” within the meaning of Section 2(a)(51) of the Investment Company Act, provided that certain notes may be issued to persons or entities that are both “accredited investors” as defined in Section 501(a) of Regulation D under the Securities Act and either qualified purchasers or “knowledgeable employees” within the meaning of Rule 3c-5 of the Investment Company Act. NBLA anticipates that a broad range of institutional investors, which may include related entities of NBLA or the Firm, meeting the criteria set forth above, will invest in CLOs managed by NBLA.

The minimum investment required by an investor varies depending on the CLO. Investors should review the applicable CLO Offering Materials for further information with respect to minimum requirements for investment.

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

A. Methods of Analyses

Investment Analysis

NBLA's investment team employs distinct investment processes that incorporate various methods of analysis, including one or more of the following: cyclical, fundamental, macroeconomic, environmental, social and corporate governance ("**ESG**"), statistical, technical, qualitative, and quantitative/investment modeling.

- Cyclical analysis— involves the analysis of business and market cycles to find favorable conditions for buying or selling a Collateral Obligation.
- Fundamental analysis— involves the analysis of financial statements, the general financial health of companies, or the analysis of management or competitive advantages.
- Macroeconomic— involves reviewing the domestic or international economies as a whole, potentially including factors such as historical, present and estimated GDP, securities markets activity and valuations, other economic data such as unemployment, labor force participation, and productivity levels, geopolitical issues and domestic political issues.
- 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.
- Statistical analysis— involves the examination of data to draw conclusions or insights, and determine cause-and-effect patterns between events.
- Technical analysis— involves the analysis of past market data, primarily price and volume.
- Qualitative analysis— involves the subjective evaluation of non-quantifiable factors such as the quality of management, labor relations, and strength of research and development, factors not readily subject to measurement, in an attempt to predict changes based on that data.
- Quantitative analysis— uses computer, mathematical, or other types of models to capture and process data, including market data, industry information, and financial data for companies, in an attempt to forecast price activity or other market activity that is affected by that data.

No method of analysis can guarantee a particular investment result or outcome and the use of investment tools cannot and does not guarantee investment performance. The methods of analysis utilized by NBLA involve the inherent risk that any valuations, pricing inefficiencies, or other opportunities identified may not materialize or have the anticipated impact on a Collateral

Obligation. Prices of Collateral Obligations may rise, decline, underperform or outperform regardless of the method of analysis used to identify securities. Each method of analysis relies in varying degrees on information furnished from third-party and publically available sources. This presents the risk that methods of analysis may be compromised by inaccurate, incomplete, false, biased or misleading information. Prices of Collateral Obligations may be impacted by various factors independent of the methodology used to select Collateral Obligations. For example, the price of a Collateral Obligation may be influenced by the overall movement of the market, rather than any specific company or economic factors. In addition, certain methods of analysis, such as the use of quantitative/investment models, involve the use of mathematical models that are based upon various assumptions. Assumptions used for modeling purposes may prove incorrect, unreasonable or incomplete.

Proprietary research is a crucial element of NBLA's investment process, and is generally a key component for its investment decisions. NBLA's research discipline incorporates three broad steps: (1) understanding market expectations as they are priced, (2) developing its own outlook against which to evaluate market expectations, and (3) establishing a confidence level in its view that is supported by thorough fundamental analysis.

Sources of Information

In conducting its investment analysis, NBLA utilizes a broad spectrum of information, including one or more of the following:

- annual reports, prospectuses and filings with the SEC or with non-U.S. regulators
- contact with affiliated and outside analysts and consultants
- discussions and meetings with company management
- reviews of private corporate documents (including business plans, financial records and projections)
- discussions and meetings with third party research analysts
- discussions and meetings with industry contacts, including existing relationships and external contacts established through industry events and conferences
- financial publications and industry and trade journals
- issuer press releases, presentations and interviews (in person or by telephone)
- newspapers, magazines and websites
- personal assessment of the financial consequences of world events derived from general information
- rating services
- research materials prepared by internal staff or third parties
- timing services
- inspections of issuer activities
- such other material as is appropriate under the particular circumstances
- quantitative tools that assist in analyzing securities, including analysis of which securities are likely to financially benefit or suffer from changes in weather patterns, regulation or technology shifts

NBLA will rely on the research and portfolio management expertise of the Sub-Advisor and NBLA's affiliated investment advisers. See Item 10.C.3.

NBLA evaluates investments based on a variety of factors as described in the CLO Offering Materials.

In researching potential investments for clients, NBLA may collect publicly available data from websites, purchase consumer transaction data from third party vendors or otherwise obtain data from outside sources. Certain websites contain terms of service that prohibit collecting data from that site. Collecting data from a website that prohibits data collection could lead to civil liability to the owner of the site for copyright infringement or a similar legal theory of action (e.g., misappropriation) as well as possible criminal law actions. Neuberger Berman has adopted Data Collection Policies and Procedures that are designed to prevent NBLA from collecting data from a website in a manner that would expose NBLA to liability. Additionally, the data provided to NBLA by a vendor may include data that the vendor did not have the right to provide to NBLA or may be inconsistent with privacy laws. If NBLA were provided with such data, NBLA could face liability for its use of the data in its research. To mitigate this risk, Neuberger Berman has obtained representations from its data vendors that the vendor has the right to transmit the data being provided to Neuberger Berman and that Neuberger Berman's receipt of such data does not violate any laws including privacy laws.

B. Investment Strategies

Below is a summary of NBLA's investment strategies. Certain client portfolios may include customized investment features that may impact the specific investment strategy or strategies implemented for a particular client. As financial markets and products evolve, NBLA may invest in other securities or instruments, whether currently existing or developed in the future, when consistent with client guidelines, objectives and policies and applicable law.

Subject to firm-wide policies on suitability and conflicts of interest and compliance with securities laws and regulations, the purchase and sale of Collateral Obligations and other financial instruments for the CLOs is based upon the judgment of the members of the Investment Committee.

Certain material risks associated with these strategies are set forth in Item 8.C. This is a summary only. Clients should not rely solely on the descriptions provided below. The principal investment strategy for each CLO is more particularly described in the applicable CLO Offering Materials. Prospective investors should carefully read the applicable CLO Offering Materials and consult with their own counsel and advisers as to all matters concerning an investment in any CLO.

NBLA offers advice on a range of Collateral Obligations and other financial instruments including:

- Loan assets
- Money market instruments
- Collateralized loan obligations
- Participations, total return swaps and other synthetic exposure instruments relating to loan assets

NBLA strategies may also hold cash and cash equivalents. NBLA's investments may be denominated in currencies other than the U.S. dollar. Those assets may be issued by sovereign entities and corporations. NBLA may use investments in derivative instruments for hedging and non-hedging purposes. Derivative investments may only be entered into in accordance with a client's investment guidelines and applicable laws.

NBLA will invest in and manage CLOs, which will concentrate in debt obligations of non-investment grade obligors. The members of the Investment Committee are members of NBIA's non-investment grade credit team, and manage NBIA's floating rate loan strategy.

C. Material Risks

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

The following is a summary of the principal risks associated with the investment strategies employed by NBLA, as discussed in Item 8.B. This is a summary only and not every strategy may invest in each type of Collateral Obligation or other asset discussed below nor will all accounts be subject to all the risks below. Each client should review the investment strategy associated with its particular account. CLO investors should review the applicable CLO Offering Materials for further information relating to the strategies and risks associated with the particular CLO.

General Risks

The following is a summary of material risks that may apply to NBLA's investment strategies. Please note that certain risks, other than *Risk of Loss*, may not apply to all NBLA strategies or apply to a material degree. Investors should refer to the applicable CLO Offering Materials that may contain additional or different risk disclosure.

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 or accounts managed by NBIA is not indicative of future performance.

The risks listed below are listed in alphabetical order and not in order of importance. In addition to the risks listed here, there may be additional material risks associated with the types of products in which a Client Account invests. Clients should refer to the applicable CLO Offering Materials for a discussion of applicable risk factors for that particular investment.

- **Absence of Regulatory Oversight for CLOs.** The CLOs are not registered as investment companies under the Investment Company Act. Accordingly, investors in CLOs 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).

- **Bankruptcy of a Trustee.** Assets of a Client Account held by a trustee may be held in the name of the trustee in a securities depository, clearing agency or omnibus customer account of such trustee. To the extent that assets are held in the United States by a trustee in a segregated account or a customer account, such assets may be entitled to certain protections from the claims of creditors of the trustee. However, a Client Account with assets held in a segregated account by a trustee may experience delays and expense in receiving a distribution of such assets in the case of a bankruptcy, receivership or other insolvency proceeding of such trustee. Assets held by a broker-trustee in a customer account are entitled to certain protections from the claims of creditors of the trustee but may not have the same level of protection applicable to segregated accounts held by a non-broker trustee and thus may not be sufficient to satisfy the full amount of customer claims. Assets held by non-U.S. trustees may not be subject to the same regulations regarding the segregation of customer assets from the assets of the trustee, or from assets held on behalf of other customers of the trustee, and accordingly assets held by a non-U.S. trustee may not be protected from the claims of creditors of the trustee to the same extent as assets held by a U.S. trustee.
- **CLOs: Lack of Liquidity.** There is no public market for interests in the CLOs. Substantial transfer restrictions typically exist with respect to such interests. Investors can only transfer all or any permissible part of their investments in accordance with the applicable CLO Offering Materials.
- **Complex Tax Structures of CLOs.** CLOs may involve complex tax structures and there may be delays in distributing important tax information to investors.
- **Concentration Risk.** A strategy that concentrates its investments in a particular sector of the market (such as the utilities or financial services sectors) or a specific geographic area (such as a country or state) may be affected by events that adversely affect that sector or area, and the value of a Client Account using such a strategy may fluctuate more than that of a less concentrated Client Account.
- **Counterparty Risk.** To the extent that a Client Account enters into transactions on a principal-to-principal basis, the Client Account is subject to a range of counterparty risks, including the credit risk of its counterparty (i.e., counterparty default), the risk of the counterparty delaying the return of or losing collateral relating to the transaction, or the bankruptcy of the counterparty.
- **Currency Risk.** Currency fluctuations could negatively impact investment gains or add to investment losses. The value of Client Accounts may rise and fall due to currency exchange

rate fluctuations. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. The investments may be hedged utilizing non-U.S. currency forwards, non-U.S. currency swaps, non-U.S. currency futures, options on non-U.S. currency and other currency related instruments. However, currency hedging transactions, while potentially reducing the currency risks to which a Client Account would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty. Where a Client Account engages in non-U.S. exchange transactions which alter the currency exposure characteristics of its investments, the performance of such Client Account may be strongly influenced by movements in exchange rates as currency positions held by the Client Account may not correspond with the positions held. Where a Client Account enters into “cross hedging” transactions (e.g., utilizing currency different than the currency in which the security being hedged is denominated), the Client Account will be exposed to the risk that changes in the value of the currency used to hedge may not correlate with changes in the value of the currency in which the Collateral Obligations are denominated, which could result in losses in both the hedging transaction and the Client Account securities.

- **Dependence on NBLA and NBIA.** The performance of a Client Account depends on the skill of NBLA and the Investment Committee in making appropriate investment decisions. Any Client Account’s success depends upon NBLA’s ability to develop and implement investment strategies and to apply investment techniques and risk analyses that achieve the account’s investment objectives. Subjective decisions made by NBLA may cause the account to incur losses or to miss profit opportunities on which it may otherwise have capitalized. The use of a single advisor applying generally similar trading programs could mean the lack of diversification and consequently, higher risk.

NBIA and its affiliates will also provide a number of services to NBLA under the Sub-Advisory Agreement and the Staff and Services Agreement, which are essential to the success of NBLA. In addition, certain employees of NBLA are employed by NBLA and NBIA. If such services were no longer for any reason provided or able to be provided by NBIA, including if NBIA were terminated in its various roles at NBLA (including as Sub-Advisor and Staff and Services Provider) for any reason, this may have a material and adverse effect on the performance of a Client Account.

- **Derivatives Risk.** Derivatives are financial contracts whose value depend on, or are derived from, the value of an underlying asset, reference or index. In implementing certain of its investment strategies, NBLA may use derivatives, such as futures, options on futures, forward contracts and swaps, as part of a strategy designed to reduce exposure to other risks or to take a position in an underlying asset. Derivatives may involve risks different from, or greater than, those associated with more traditional investments. Derivatives can be highly complex, can create investment leverage and may be highly volatile, which could result in the strategy losing more than the amount it invests. Derivatives may be difficult to value and highly illiquid, and NBLA may not be able to close out or sell a derivative position at a particular time or at an anticipated price. NBLA is not required to engage in derivative transactions, even when doing so would be beneficial to the Client Account.

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) provided for a sweeping overhaul of the regulation of privately negotiated derivatives. The U.S. Commodity Futures Trading Commission (“**CFTC**”) has been granted broad regulatory authority over “swaps,” which term has been defined in the Dodd-Frank Act and related CFTC rules to include certain derivatives. Title VII may affect a Client Account’s ability to enter into certain derivative transactions, may increase the costs of entering into such transactions, or may result in Client Accounts entering into such transactions on less favorable terms than prior to the effectiveness of the Dodd-Frank Act.

In addition, NBLA may take advantage of opportunities with respect to derivative instruments that are not currently contemplated or available for use, but that may be developed, to the extent such opportunities are both consistent with the Client Account’s investment objectives and guidelines and legally permissible. Special risks may apply to such instruments that cannot be determined until such instruments are developed or invested in by the Client Account.

- **Derivative Counterparty Risk.** Derivatives are subject to counterparty risk, which is the risk that the other party to the derivative contract will fail to make required payments or otherwise to comply with the terms of the contract. This risk is generally regarded as greater in privately negotiated, over the counter (“**OTC**”) transactions, in which the counterparty is a single bank or broker-dealer, than in cleared transaction, in which the counterparty is a clearing organization comprised of many bank and broker-dealer members, but some level of counterparty risk exists in all derivative transactions.

If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Client Account could lose any gains that have accrued to it in the transaction and could miss investment opportunities or be required to hold investments it would prefer to sell, resulting in losses for the Client Account. If the counterparty defaults, a Client Account will have contractual remedies, but there can be no assurance that the counterparty will be able to meet its contractual obligations or that the Client Account will be able to enforce its rights. For example, the Client Account may be delayed or limited in enforcing its rights against any margin or collateral posted by the counterparty, which may result in the value of that collateral becoming insufficient. Also, because OTC derivatives transactions are individually negotiated with a specific counterparty, a Client Account is subject to the risk that a counterparty may interpret contractual terms (e.g., the amount payable to or by the Client Account upon a default or other early termination) in a manner adverse to the Client Account. The cost and unpredictability of the legal proceedings required to enforce a Client Account’s contractual rights may lead the Client Account to decide not to pursue its claims against the counterparty.

Counterparty risk may be greater for derivatives with longer maturities where events may intervene that prevent required payments from being made. Counterparty risk also may be greater when a Client Account has concentrated its derivatives with a single or small group of counterparties. To the extent a Client Account has significant exposure to a single counterparty, this risk may be particularly pronounced for the Client Account. The Client

Account, therefore, assumes the risk that it may be unable to obtain payments that NBLA believes are owed under an OTC derivatives contract or that those payments may be delayed or made only after the Client Account has incurred the costs of litigation. In addition, counterparty risk is pronounced during unusually adverse market conditions and is particularly acute in environments in which financial services firms are exposed to systemic risks. A Client Account may obtain only a limited recovery or may obtain no recovery upon a counterparty default.

- **Diversification Risk.** Client Accounts may not be diversified across a wide range of asset classes or issuers, which could increase the risk of loss and volatility than would be the case if the Client Account were diversified across asset classes or issuers, because the value of holdings would be more susceptible to adverse events affecting those asset classes or issuers.
- **ESG and Impact Investing Risk.** NBLA frequently considers 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. NBLA frequently takes ESG and impact factors into account when voting proxies, which may not always be consistent with maximizing performance of the issuer or the Client Account.
- **European Risk Retention and Other Regulatory Requirements.** Regulation (EU) 2017/2402 relating to a European framework for simple, transparent and standardised securitisation, as amended, varied or substituted from time to time including any implementing regulation, technical standards and official guidance related thereto (the “**EU Securitisation Regulation**”) came into force on January 1, 2019, and applies to certain parties involved in the establishment of EU regulated securitisations, the securities of which are issued on or after January 1, 2019, and to certain institutional investors therein. It should be noted that securitisations established prior to the application date of January 1, 2019 which involve the creation of a new securitisation position may also be subject to the Securitisation Regulation. Among other things, the EU Securitisation Regulation includes provisions harmonising and replacing the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to such investors.

The EU Securitisation Regulation places a requirement on originators, sponsors, original lenders and securitisation special purpose entities (“**SSPEs**”) established in the EU to, amongst other things, (i) retain on an on-going basis a material net economic interest in the securitisation of not less than 5% and (ii) make certain information available to holders of a securitisation position, competent authorities and (upon request) potential investors in accordance with the transparency requirements set out therein. Among other things, such requirements restrict a relevant investor from investing in securitizations unless: (i) such investor is able to demonstrate that it has carried out a due-diligence assessment in respect of various matters including the risk characteristics of the individual securitisation and its underlying exposures, (ii) the originator, sponsor or original lender in respect of the

relevant securitisation has explicitly disclosed to the investor that it will retain, on an ongoing basis, a material net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures and (iii) the originator, sponsor, original lender and SSPE has, where applicable, made available to the investor certain information in accordance with the transparency requirements therein. Further, the EU Securitisation Regulation requires that an institutional investor carry out a due diligence assessment which enables it to assess the risks involved prior to investing including but not limited to the risk characteristics of the individual investment position and the underlying assets and all the structural features of the securitisation that can materially impact the performance of the investment. In addition, pursuant to the EU Securitisation Regulation an institutional investor holding a securitisation position is subject to various monitoring obligations in relation to the investment, including but not limited to: (a) establishing appropriate written procedures to monitor compliance with the due diligence requirements and the performance of the investment and of the underlying assets; (b) performing stress tests on the cash flows and collateral values supporting the underlying assets; (c) ensuring internal reporting to its management body; and (d) being able to demonstrate to its competent authorities, upon request, that it has a comprehensive and thorough understanding of the investment and underlying assets and that it has implemented written policies and procedures for the risk management and as otherwise required by the EU Securitisation Regulation.

In addition, as of the date hereof, the technical standards relating to the detailed disclosure templates that are required to be completed with respect to the underlying exposures and in respect of quarterly investor reports have not yet been adopted. The European Commission indicated in a letter to the European Securities and Markets Authority published on December 18, 2018 that it will endorse such technical standards only once certain amendments are introduced. Accordingly, it is not clear what form the final regulatory technical standards and disclosure templates will take or whether or not a CLO issuer will be able to comply with the requirements therein.

Failure to comply with one or more of the requirements may result in various penalties being imposed on the relevant investor, originator, sponsor, lender or SSPE (as applicable), which may include NBLA. In addition, the EU Securitisation Regulation and any other changes in the law or regulation, the interpretation or application of any or regulation or changes in the regulatory capital treatment of a CLO's notes may negatively impact the regulatory position of individual investors and, in addition, may have a negative impact on the price and liquidity of the CLO's notes in the secondary market. Without limitation to the foregoing, no assurance can be given that the requirements of the EU Securitisation Regulation, or the interpretation or application thereof, will not change (whether as a result of the legislative proposals put forward by the European Commission or otherwise), and, if any such change is effected, whether such change would affect the regulatory position of a CLO or its investors.

In addition, the ability of a CLO issuer to reinvest in Collateral Obligations is restricted where such reinvestment would cause the retention holding to be (or to be likely to be) insufficient to comply with the EU Securitisation Regulation.

Investors should consult their own legal advisors to determine the potential consequences under the EU Securitisation Regulation of investing in a Client Account.

- **Fraudulent Conveyance Considerations.** Various laws enacted for the protection of creditors may apply to certain investments that are debt obligations, although the existence and applicability of such laws will vary from jurisdiction to jurisdiction. For example, if a court were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest or other lien securing such investment, and, after giving effect to such indebtedness, the borrower (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate such indebtedness and such security interest or other lien as a fraudulent conveyance, subordinate such indebtedness to existing or future creditors of the borrower or recover amounts previously paid by the borrower (including to a Client Account) in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, if an issuer in which a Client Account has an investment becomes insolvent, any payment made on such investment may be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year) before insolvency.

In general, if payments on an investment are voidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient or from subsequent transferees of such payments. To the extent that any such payments are recaptured from a Client Account, the resulting loss will be borne by the Client Account or, indirectly, by investors in a Client Account, as applicable.

- **Geographic Risk.** From time to time, based on market or economic conditions, a Client Account may invest a significant portion of its assets in one country or geographic region. If the Client Account does so, there is a greater risk that economic, political, social and environmental conditions in that particular country or geographic region may have a significant impact on the Client Account’s performance and that the Client Account’s performance will be more volatile than the performance of more geographically diversified accounts. The economies and financial markets of certain regions can be highly interdependent and may decline all at the same time. In addition, certain areas are prone to natural disasters such as earthquakes, volcanoes, droughts or tsunamis and are economically sensitive to environmental events. Alternatively, the lack of exposure to one or more countries or geographic regions may adversely affect performance.
- **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 NBLA and the Investment Committee in making appropriate investment decisions, and on the services provided by the Sub-Advisor and the Staff and Services Provider. Subjective decisions made by NBLA 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.** A CLO may be newly formed and have no operating history. As such, there is no guarantee that a CLO will achieve its investment objectives.
- **Leverage Risk.** The CLOs expect to use leverage and the use of leverage will result in fees, expenses and interest costs. Although the use of leverage may enhance returns and increase the number of investments that can be made, it may also substantially increase the risk of loss.

In certain cases, the financing used by the CLOs to leverage their portfolio may include leverage extended by brokers and dealers in the marketplace in which they will invest. While the CLO issuers expect to seek to negotiate the terms of these financing arrangements with such brokers and dealers, their ability to do so may be limited. Such entities are therefore subject to changes in the value that the broker-dealer ascribes to a given Collateral Obligation or position, the amount of margin required to support such Collateral Obligation or position, the borrowing rate to finance such Collateral Obligation or position and/or such broker-dealer's willingness to continue to provide any such credit to them. To the extent such entities employed substantial leverage of this nature, they could be forced to liquidate their portfolio on short notice to meet their financing obligations. In such circumstances, the forced liquidation of all or a portion of the portfolio at distressed prices could result in significant losses to the CLO issuers. In addition, borrowings will typically be secured by the Collateral Obligations and other assets of such entities. Under certain circumstances, a broker-dealer may demand an increase in the collateral that secures such obligations and if such entities were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy such obligations to the broker-dealer. Liquidation in such manner could have extremely adverse consequences.

- **Liquidity Risk.** Illiquid Collateral Obligations are Collateral Obligations that are not readily marketable, and, as a result, may be more difficult to purchase or sell at an advantageous price or time. A Client Account could lose money if it cannot sell a Collateral Obligation at the time and price that would be most beneficial to it. Further, the lack of an established secondary market may make it more difficult to value illiquid Collateral Obligations, which could vary from the amount the Client Account could realize upon disposition. From time to time, the trading market for a particular investment in which a Client Account invests, or a particular instrument in which a Client Account is invested, may become less liquid or even illiquid. During periods of substantial market volatility, an investment or even an entire market segment may become illiquid, sometimes abruptly, which can adversely affect the Client Account's ability to limit losses. Judgment plays a greater role in pricing these investments than it does in pricing investments having more active markets, and there is a greater risk that the investments may not be sold for the price at which they are carried. The sale of some illiquid Collateral Obligations may be subject to legal restrictions, which could be costly to the Client Account.

A Client Account may hold Collateral Obligations that are illiquid and 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 on an illiquid Collateral Obligation for an indefinite period of time. Unexpected episodes of illiquidity, including due to market factors, instrument or issuer-specific factors and/or unanticipated outflows, may limit a Client Account's ability to pay redemption and/or principal proceeds within the allowable time period.

- **Litigation.** Litigation is contentious and adversarial. It is by no means unusual for market participants to use the threat of, as well as actual, litigation as a negotiating technique. The expense of defending against such claims and paying any resulting settlements or judgments will generally be borne by the relevant Client Account. Any indemnification obligations would adversely affect such Client Account's returns.
- **Market Volatility.** Markets may at times be volatile and values of individual Collateral Obligations and other investments may decline significantly, and sometimes rapidly, in response to adverse issuer, political, regulatory, market, economic or other developments that may cause broad changes in market value, public perceptions concerning these developments, and adverse investor sentiment. Changes in the financial condition of a single issuer may impact a market as a whole. If a Client Account sells a portfolio position before it reaches its market peak, it may miss out on opportunities for better performance.
- **MiFID II Risks.** There is a risk that Certain Client Accounts may be subject to non-U.S. regulations that are inconsistent with NBLA'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 NBLA is not directly subject to these regulations, NBLA 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. NBLA 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.
- **Model Valuations Risk.** Certain investments made by NBLA will be based, in part, on complex models used by NBLA and NBIA that incorporate a range of different inputs. Inadequate or incorrect factual information, misstated assumptions, as well as unforeseeable changes in economic factors can cause these models to yield materially inaccurate valuations — even if the model is fundamentally sound. Moreover, there can be no assurance that NBLA's and NBIA's models are fundamentally sound or contain fully

accurate data. The models used by NBLA and NBIA will typically require certain market forecasts that are based on analytical models and assumptions. There can be no assurance that such models are accurate or that assumptions are not oversimplified, which would adversely affect market forecasts leading to potential losses and cash flow insufficiencies.

- **Non-U.S. Collateral Obligations.** Non-U.S. Collateral Obligations involve risks in addition to those associated with comparable U.S. Collateral Obligations and can be more volatile and experience more rapid and extreme changes in price than U.S. Collateral Obligations. Additional risks include exposure to less developed or less efficient trading markets; social, political or economic instability; fluctuations in non-U.S. currencies; nationalization or expropriation of assets; settlement, custodial or other operational risks; less stringent auditing, accounting, financial reporting and legal standards; excessive taxation; and exchange control regulations. Adverse conditions in a particular region could negatively affect securities of countries whose economies appear to be unrelated or not interdependent. Compared to the United States, non-U.S. governments and markets often have less stringent accounting, disclosure and financial reporting requirements. As a result, non-U.S. Collateral Obligations can fluctuate more widely in price, and may also be less liquid, than comparable U.S. Collateral Obligations. Markets of countries other than the U.S. are generally smaller than U.S. markets with a limited number of issuers representing fewer industries. In many countries, there is less publicly available and lower quality information about issuers than is available in the reports and ratings published about issuers in the U.S., and non-U.S. issuers may not be subject to uniform accounting, auditing and financial reporting standards. Many non-U.S. Collateral Obligations may be less liquid than U.S. Collateral Obligations, which could affect the investments under a strategy that utilizes these types of Collateral Obligations. The exchange rates between U.S. dollar and non-U.S. currencies might fluctuate, which could negatively affect the value of the strategy's investments.
- **Operational Risk.** NBLA and NBIA use service providers from time to time in connection with their products. A Client Account's ability to transact with NBLA may be negatively impacted due to operational risks arising from, among other problems, systems and technology disruptions or failures, or cybersecurity incidents. The occurrence of any of these problems could result in a loss of information, regulatory scrutiny, reputational damage and other consequences, any of which could have a material adverse effect on NBLA or its clients. NBLA and NBIA, through their monitoring and oversight of service providers, endeavor to determine that service providers take appropriate precautions to avoid and mitigate risks that could lead to such problems. However, it is not possible for NBLA, NBIA or their service providers to identify all of the operational risks that may affect NBLA or to develop processes and controls to completely eliminate or mitigate their occurrence or effects.

Specifically, since the use of technology has become more prevalent in the course of managing Client Accounts, NBLA and the Client Accounts it manages may be more susceptible to operational risks through breaches in cybersecurity. A cybersecurity incident may refer to either intentional or unintentional events that allow an unauthorized party to gain access to client assets, customer data, or proprietary information, or cause

NBLA to suffer data corruption or lose operational functionality. A cybersecurity incident could, among other things, result in the loss or theft of Client Account data or funds, clients or employees being unable to access electronic systems (“denial of services”), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or remediation costs associated with system repairs. Any of these results could have a substantial impact on Client Accounts. For example, if a cybersecurity incident results in a denial of service, service providers for a particular Client Account could be unable to access electronic systems to perform critical duties for such Client Account, such as trading, net asset value calculation or other accounting functions. Further, Client Accounts could also be exposed to losses resulting from unauthorized use of their personal information. Cybersecurity incidents could cause NBLA or one of its service providers to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, or financial loss of a significant magnitude. Cybersecurity incidents may also cause NBLA to violate applicable privacy and other laws. NBLA and NBIA have established risk management systems that seek to reduce the risks associated with cybersecurity, and business continuity plans in the event there is a cybersecurity breach. However, there is no guarantee that such efforts will succeed, and NBLA and NBIA do not directly control the cybersecurity systems of the issuers of securities in which Client Accounts invest or NBLA’s service providers. In addition, such incidents could affect issuers in which a Client Account invests, and thereby cause a Client Account’s portfolio investments to lose value.

- **Performance Notes.** NBLA, acting through the Risk Retention Series, will purchase from each CLO managed by NBLA a Performance Note. The Performance Notes may create incentives for NBLA to make more risky or speculative investments than it would otherwise make.
- **Projections.** NBLA will make investments relying, in part, upon projections it and NBIA have developed concerning an issuer or its Collateral Obligations or other assets’ future performance, cash flow, recovery value and other factors. Projections are inherently uncertain and subject to factors beyond the control of NBLA or NBIA. The inaccuracy of certain assumptions, the failure of an issuer to satisfy certain financial requirements and the occurrence of unforeseen events could cause any such projection to be materially inaccurate. Investors should therefore carefully examine the assumptions behind a particular projection or targeted return.
- **Proxy Contests and Unfriendly Transactions.** A Client Account may purchase securities of a company that is the subject of a proxy contest in the expectation that new governance will be able to improve the company’s performance or effect a sale or liquidation of its assets so that the price of the company’s securities will increase. If an incumbent board of a targeted company is not defeated or if new board members are unable to improve the company’s performance or sell or liquidate the company, the market price of the company’s securities (or those that use the company as a reference) may fall, which may cause the Client Account to suffer losses. In addition, where an acquisition or restructuring transaction or proxy fight is opposed by the subject company’s management, the transaction may become the subject of litigation. Such litigation involves substantial

uncertainties and may impose substantial cost and expense on the company participating in the transaction.

- **Recent Market Conditions.** Events in certain sectors historically have resulted, and may in the future 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.

In addition, global economies and financial markets are becoming increasingly interconnected, which increases the possibilities that conditions in one country or region might adversely impact issuers in a different country or region.

As a result of the financial crisis that started in 2008, the U.S. and other governments and the Federal Reserve and certain non-U.S. central banks took 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 Collateral Obligations. 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 new 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 and outside the U.S. 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. Political and military events, including in North Korea, Venezuela, Syria, and other areas of the Middle East, and nationalist unrest in Europe, also may cause market disruptions. See also "*UK Referendum on Membership in the European Union*" in this Item 8.C.

Those and other 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 Collateral Obligations. Interest

rates have been unusually low in recent years in the U.S. and abroad. However, the Federal Reserve has recently raised the target range for the federal funds 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 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.

- **Recent Regulatory Events and Government Intervention.** The situation in the financial markets has resulted in increased regulation, and the need of many financial institutions for government help has given lawmakers and regulators increased leverage. The Dodd-Frank Act, among other things, granted U.S. regulatory authorities broad rulemaking and enforcement authority to implement and oversee various provisions of the Dodd-Frank Act, including comprehensive regulation of the OTC derivatives and consumer credit markets. The Dodd-Frank Act covers a broad range of topics, including (among many others) a reorganization of U.S. federal financial regulators; a process intended to improve financial systemic stability and the resolution of potentially insolvent financial firms; new rules for derivatives trading; the creation of a consumer financial protection watchdog; the registration and additional regulation of hedge and private equity fund managers; and new federal requirements for residential mortgage loans. The U.S. government or its agencies may also acquire distressed assets from financial institutions and acquire ownership interests in such institutions. The implications of government ownership and disposition of these assets are unclear and such a program may have positive or negative effects on liquidity, valuations and performance of Client Accounts. Instruments in which Client Accounts may invest, or the issuers of such instruments, may be affected in ways that are unforeseeable. Accordingly, the extensive changes to the regulation of various markets and market participants required by the Dodd-Frank Act and increased regulation arising out of the recent financial crisis could have an adverse effect on Client Accounts.

The Dodd-Frank Act included certain amendments to the Securities Exchange Act of 1934 pursuant to which various federal agencies issued the U.S. Risk Retention Rules. NBLA was established in part to enable NBLA to satisfy certain requirements of the U.S. Risk Retention Rules with respect to CLOs for which it acted as “sponsor” pursuant to the U.S. Risk Retention Rules. However, on February 9, 2018, the United States Court of Appeals for the District of Columbia ruled that the U.S. Risk Retention Rules did not apply to managers of so-called “open-market CLOs” (such ruling, the “**Circuit Court Ruling**”), and on April 5, 2018, the U.S. District Court for the District of Columbia issued an order implementing this decision and vacating the U.S. Risk Retention Rules with respect to managers of open-market CLOs. The deadline for the regulators to appeal the Risk Retention Decision to the

U.S. Supreme Court expired on May 10, 2018, and as a result, the U.S. Risk Retention Rules no longer apply to managers of open-market CLOs.

The results of the Circuit Court Ruling are difficult to predict at this time. For example, NBLA does not expect to continue to take affirmative steps to comply with the U.S. Risk Retention Rules, which could lead to NBLA holding positions that are smaller than the 5% interests described in Item 11.B.4 with respect to the U.S. Risk Retention Rules. In addition, it is possible that the Circuit Court Ruling could increase the number of managers of CLOs and thereby increase the competition for leveraged loans and other investments held by these CLOs.

The election of Donald Trump as President of the United States heralded significant changes in certain policies, among them proposals for less stringent prudential regulation of certain players in the financial markets. While these proposed policies are going through the political process, markets may react strongly to expectations, which could increase volatility, especially if a market's expectations for changes in government policies are not borne out.

Client Accounts are also subject to the risk of local, national and global economic disturbances based on unknown conditions in the market in which an account invests. In the event of such disturbances, issuers of Collateral Obligations held by a Client Account may suffer significant declines in the value of these assets and even terminate operations. Such issuers also may receive government assistance accompanied by increased control and restrictions or other government intervention. It is not clear whether the U.S. government will intervene in response to such disturbances and the effect of any such intervention is unpredictable.

- **Recent Regulatory Actions in Japan.** On March 15, 2019, the Japanese Financial Services Agency (the "**Japanese FSA**") published final rules and related FAQs implementing risk retention and disclosure requirements for certain Japanese financial institutions (such as investors, "**Japanese Affected Investors**") seeking to invest in securitization transactions (collectively, the "**JFSA Final Rules**"). Among other things, the JFSA Final Rules require Japanese Affected Investors to apply for regulatory capital purposes a risk weighting of 1,250% to securitization exposures they hold unless (i) the applicable "originator" (as defined in the JFSA Final Rules) commits to hold a retention piece of at least 5% of the total underlying assets in the securitization transaction or (ii) the Japanese Affected Investor determines that the assets collateralizing the securitization transaction were "not inappropriately formed," a concept that includes due diligence on the underwriting and servicing of the assets and/or the holding of the required risk retention in the aggregate by one or more of the originator, its parent or other entities "deeply involved" in the origination of the securitization (the "**Japanese Retention Requirement**").

While NBLA holds Retention Interests in CLOs it manages, it may or may not continue to hold Retention Interests in each such CLO, nor is it certain that the Retention Interests held by NBLA will satisfy the Japanese Retention Requirement, given the differing requirements of the JFSA Final Rules, the U.S. Risk Retention Rules and the EU Risk Retention Rules. It is

difficult to predict the impact of the JFSA Final Rules on the CLO market and NBLA's business at this time. Japanese investors currently constitute the largest share of investors in senior, AAA-rated notes issued by CLOs backed by broadly-syndicated loans and, if Japanese Affected Investors were to reduce their investments in CLO notes as a result of the JFSA Final Rules, it may have a material adverse effect on liquidity, valuations and performance of Client Accounts.

- **Reliance on Corporate Management and Financial Reporting.** NBLA will select investments for Client Accounts in part on the basis of information and data filed by issuers of Collateral Obligations with various government regulators, publicly available or made directly available to NBLA and/or NBIA by such issuers or third parties. Although NBLA and/or NBIA will evaluate this information and data and seek independent corroboration when it considers it appropriate and reasonably available, NBLA and/or NBIA will not always be in a position to confirm the completeness, genuineness or accuracy of such information and data. NBLA and NBIA are dependent upon the integrity of the management of such issuers and of such third parties as well as the financial reporting process in general. Client Accounts may incur material losses as a result of corporate mismanagement, fraud and accounting irregularities relating to issuers of securities or other assets they hold.
- **Sector Risk.** To the extent a Client Account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political or regulatory events. A Client Account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.
- **Systemic Risk Generally.** Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as banks, securities firms and exchanges, with which NBLA interacts on a daily basis.
- **Systemic Risk – European Sovereign Debt Crisis.** The ongoing European sovereign debt crisis has raised questions concerning the financial stability of certain European Union, and Eurozone members, including the continued viability of the Eurozone's single currency and increased the risk of a possible failure of the euro or the exit of one or more countries from the Eurozone (see *"United Kingdom's Withdrawal from the European Union"* in this Item 8.C). Europe is experiencing increasing challenges as a result of certain member-countries' financial difficulties and the uncertainty around their fiscal and monetary policy direction. These developments may exacerbate the risks resulting from a Client Account's exposure to euro-related currency fluctuations. Investments that are denominated in a non-U.S.

currency, such as euros, will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Volatility in the currency markets may result in a Client Account's investment portfolio incurring higher costs and may adversely impact the profitability and cash flows from operations of its portfolio companies. As a result, a decline in the value of the euro may reduce a Client Account's returns from exits of euro-dominated investments. The potential adverse fluctuations in non-U.S. currency exchange rates and the costs associated with conversion of investment principal and income from one currency into another may adversely impact a Client Account's returns. Although it is difficult to forecast all of the consequences of a failure of the euro or the exit of one or more countries from the Eurozone, one possible outcome is a rise in interest rates on the sovereign debt of one or more troubled European nations, which could lead to a failure or series of failures in performance of sovereign debt. Given the high degree of exposure to European sovereign debt by European financial institutions, this may increase the risk of a failure by one or more European financial institutions. Any such failure could have a material adverse effect on one or more of a Client Account's portfolio investments or the Client Account itself. A Client Account may have exposure, directly or indirectly (including through portfolio investments) to counterparties that have significant exposure to, or themselves are, European financial institutions.

- **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.** Tax laws and regulations applicable to a Client Account are subject to change, and unanticipated tax liabilities could be incurred by investors as a result of such changes. A strategy's U.S. federal income tax liability with respect to income and gains on an investment may exceed its overall return for such a year. Further, a strategy may face limitations with respect to its ability to use its allocable share of deductions and losses from its investments in certain securities. The tax treatment of some strategies is uncertain. 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 Collateral Obligations and adversely affect such account's service providers and operations.
- **Total Return Swaps.** NBLA may enter into total return swaps ("TRS") to obtain exposure to a Collateral Obligation without owning or taking physical custody of such Collateral

Obligation. Thus, a Client Account may be either a total return receiver or a total return payer. Generally, the total return payer sells to the total return receiver an amount equal to all cash flows and price appreciation on a defined Collateral Obligation or asset payable at periodic times during the swap term (i.e., credit risk) in return for a periodic payment from the total return receiver based on a designated index (e.g., the London Interbank Offered Rate, known as LIBOR) and spread, plus the amount of any price depreciation on the reference security or asset. The total return payer does not need to own the underlying Collateral Obligation or asset to enter into a total return swap. The final payment at the end of the swap term includes final settlement of the current market price of the underlying reference Collateral Obligation or asset, and payment by the applicable party for any appreciation or depreciation in value. Usually, collateral must be posted by the total return receiver to secure the periodic interest-based and market price depreciation payments depending on the credit quality of the underlying reference Collateral Obligation and creditworthiness of the total return receiver, and the collateral amount is marked-to-market daily equal to the market price of the underlying reference Collateral Obligation or asset between periodic payment dates.

TRS agreements may be used to obtain exposure to a Collateral Obligation without owning or taking physical custody of such Collateral Obligation. TRS may effectively add leverage to a Client Account because, in addition to the net assets of the Client Account, the Client Account would be subject to investment exposure on the notional amount of the swap. If a Client Account is the total return receiver in a TRS, then the credit risk for an underlying asset is transferred to the Client Account in exchange for its receipt of the return (appreciation) on that asset. If a Client Account is the total return payer, it is hedging the downside risk of an underlying asset but it is obligated to pay the amount of any appreciation on that asset.

- **United Kingdom's Withdrawal from the European Union.** 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 impossible to know for sure at this point. On March 29, 2017, Prime Minister Theresa May provided formal notification of the United Kingdom's intention to withdraw from the EU pursuant to Article 50 of the Treaty of Lisbon to the European Council. This formal notification began a two-year period of negotiations about the terms of the United Kingdom's exit from the EU. 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, the final outcome of how Brexit will take effect cannot be known at this time, and it is difficult to assess the precise impact of Brexit on the Client Accounts. The effect on the United Kingdom's economy will likely depend on the nature of trade relations with the EU and other major economies following its exit, which are matters to be negotiated. 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. The decision may cause increased volatility and have a significant adverse impact on world financial markets, other international trade agreements, and the United Kingdom and European economies, as well as the broader global economy for some time. There can be no assurance that any renegotiated terms or regulations will not have an adverse impact on the Client Accounts, NBLA or Neuberger Berman, including the ability of a Client Account to achieve its investment objective. There may be detrimental implications for the value of the investments of the Client Accounts and/or NBLA's ability to implement its investment program.

- **Valuation Risk.** The price at which a Client Account could sell any particular investment may differ from the Client Account's valuation of the investment. Such differences could be significant, particularly for illiquid Collateral Obligations and Collateral Obligations that trade in relatively thin markets or markets that experience extreme volatility. If market or other conditions make it difficult to value some investments, the Client Account may value these investments using more subjective methods, such as fair value methodologies. A Client Account's ability to value its investments in an accurate and timely manner may be impacted by technological issues or errors by third party service providers, such as pricing services or accounting agents.
- **When-Issued and Delayed Delivery Transactions Risk.** When-issued and delayed-delivery transactions occur when Collateral Obligations are purchased or sold by a Client Account with payment and delivery taking place in the future to secure an advantageous yield or price. These transactions may expose the Client Account to counterparty risk of default as well as the risk that Collateral Obligations may experience fluctuations in value prior to their actual delivery. Purchasing Collateral Obligations on a when-issued or delayed-delivery basis involves the additional risk that the price available in the market when the delivery takes place may not be as favorable as (or the yield may be more favorable than) that obtained in the transaction.

Additional Risks for CLOs

The following is a summary of certain material risks that are generally applicable to CLOs that should be considered along with the general risks listed above. Certain material risks involved in the types of Collateral Obligations in which the CLOs principally invest are discussed below. The risks listed below are listed in alphabetical order and not in order of importance.

- **Adjustments to Terms of Loan Agreements.** The terms and conditions of loan agreements and related assignments may be amended, modified or waived only by the agreement of the lenders. Generally, any such agreement must include a majority or a supermajority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote of the lenders. Consequently, the terms and conditions of the payment obligation arising from loan agreements relating to a CLO's loans could be modified, amended or waived in a manner contrary to the preferences of the CLO if a sufficient number of the other lenders concurred with such modification, amendment or waiver. There can be no assurance that any the underlying obligor of the CLOs (the

“**Underlying Obligor**”) will maintain the obligations arising from a loan agreement and/or the terms and conditions to which the CLO originally agreed. Because the CLOs may invest through participation interests, it is possible that the CLOs may not be entitled to vote on any such adjustment of terms of such agreements.

The exercise of remedies may also be subject to the vote of a specified percentage of the lenders thereunder. The CLOs will have the authority to consent to certain amendments, waivers or modifications to the loan agreements requested by Underlying Obligors or the lead agents for loan syndication agreements. The CLOs may extend or defer the maturity, adjust the outstanding balance of any investment, reduce or forgive interest or fees, release material collateral or guarantees, or otherwise amend, modify or waive the terms of any related loan agreement, including the payment terms thereunder. Any amendment, waiver or modification of an investment could adversely impact the CLOs’ investment returns.

- **Asset Sourcing.** NBLA and NBIA may have difficulty sourcing certain Assets. Factors that may affect the ability to source suitable investments include, among other things, the following: (i) developments in the market for leveraged loans or other general market events, which may include changes in interest rates or credit spreads or other events which may adversely affect the price of securities; (ii) whether individually or collectively, competition for investment opportunities and the inability to acquire securities at favorable yields (including if the CLOs’ competitors have greater access to financial, technical and marketing resources than NBLA and NBIA, a lower cost of funds than the CLOs, and access to funding sources that are not available to the CLOs); (iii) the inability of the CLOs to reinvest the proceeds from the sale or repayment of any of their assets in suitable target investments on a timely basis, whether at prices that NBLA believes are appropriate or at all; and (iv) the inability of the CLOs to secure debt financing or refinancing of the portfolio on a timely basis, whether on a basis that is satisfactory to NBLA or at all.
- **Bank Loan Agents.** Bank loans are typically administered by a bank, insurance company, finance company or other financial institution (the “**Agent**”) for a lending syndicate of financial institutions. In a typical bank loan, the Agent administers the terms of the loan agreement and is responsible for the collection of principal and interest and fee payments from the borrower and the apportionment of these payments to all lenders that are parties to the loan agreement. In addition, an institution (which may be the Agent) may hold collateral on behalf of the lenders. Typically, under loan agreements, the Agent is given broad authority in monitoring the borrower’s performance and is obligated to use the same care it would use in the management of its own property. In asserting rights against a borrower, the Client Account normally would be dependent on the willingness of the lead bank to assert these rights, or upon a vote of the lenders to authorize the action.

If an Agent becomes insolvent, or has a receiver, conservator, or similar official appointed for it by the appropriate bank or other regulatory authority, or becomes a debtor in a bankruptcy proceeding, the Agent’s appointment may be terminated and a successor Agent may be appointed. If an appropriate regulator or court determines that assets held by the Agent for the benefit of the purchasers of bank loans are subject to the claims of the Agent’s

general or secured creditors, the purchasers might incur certain costs and delays in realizing payment on a bank loan or suffer a loss of principal or interest.

- **Bankruptcy Risk.** In the event of a bankruptcy or insolvency of an Underlying Obligor, a court or other governmental entity may determine that the claims of the CLOs are not valid or not entitled to the treatment that was expected when the related loan asset was acquired.

Various laws enacted for the protection of debtors may apply to the underlying loan assets owned by the CLOs. The information in this and the following paragraph represents a brief summary of certain points only, is not intended to be an extensive summary of the relevant issues and is applicable with respect to U.S. Underlying Obligors. The following is not intended to be a summary of all relevant risks. Avoidance provisions similar to those described below are sometimes available with respect to non-U.S. Underlying Obligors, but there is no assurance that this will be the case which may result in a much greater risk of partial or total loss of value in that underlying asset.

If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an Underlying Obligor, such as a trustee in bankruptcy, were to find that such Underlying Obligor did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting such underlying assets and, after giving effect to such indebtedness, the Underlying Obligor (i) was insolvent; (ii) was engaged in a business for which the remaining assets of such issuer or borrower constituted unreasonably small capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could decide to invalidate, in whole or in part, the indebtedness constituting the underlying assets as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of the Underlying Obligor or to recover amounts previously paid by the Underlying Obligor in satisfaction of such indebtedness. In addition, in the event of the insolvency of an Underlying Obligor, payments made on such underlying loan assets could be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year under U.S. federal bankruptcy law or even longer under U.S. state laws) before insolvency.

The underlying loan assets held by the CLOs may be subject to various laws for the protection of debtors in other jurisdictions, including the jurisdiction of incorporation of the Underlying Obligor and, if different, the jurisdiction from which it conducts business and in which it holds assets, any of which may adversely affect such Underlying Obligor’s ability to make, or a creditor’s ability to enforce, payment in full, on a timely basis or at all. These insolvency considerations will differ depending on the jurisdiction in which an Underlying Obligor or the related underlying loan assets are located and may differ depending on the legal status of the Underlying Obligor.

- **Below Investment-Grade Loans Involve Particular Risks.** The loans or interests therein included in the CLOs will consist primarily of non-investment grade loans or interests in non-investment grade loans, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. It is anticipated that such loans or interests

therein generally will be subject to greater risks than investment grade corporate obligations.

These risks could be exacerbated to the extent that any portfolio is concentrated in one or more particular types of loans. While a limited amount of concentration of certain loans with respect to any particular Underlying Obligor, region or industry may exist at the time a particular investment is made, redemptions of loans and the disposition of loans and any subsequent reinvestment in other loans may result in a greater concentration in any one Underlying Obligor, region or industry, and such concentration could subject the related CLO notes to a greater degree of risk with respect to collateral defaults by such Underlying Obligor and economic downturns relating to such industry or region.

Any reinvestment by a CLO issuer with amounts from the redemption or disposition of loans would also expose such CLO issuer to the market conditions prevailing at the time of such sale and reinvestment and could result in adverse changes in the characteristics and quality of the CLO's portfolio. Prices of loans may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, U.S. and international economic or political events, developments or trends in any particular industry, and the financial condition of the Underlying Obligors of the underlying assets. The current uncertainty affecting the United States economy and the economies of other countries in which Underlying Obligors of loans are domiciled or conduct operations, and the possibility of increased volatility in financial markets, could adversely affect the value and performance of the CLOs.

Underlying Obligors of below investment-grade assets may be highly leveraged and may not have available to them more traditional methods of financing. During an economic downturn, a sustained period of rising interest rates, or a period of fluctuating exchange rates (in respect of those Underlying Obligors located or operating in non-U.S. countries), such Underlying Obligors may be more likely to experience financial stress and may be unable to meet their debt obligations due to the Underlying Obligors' inability to meet specific projected business forecasts or the unavailability of financing. All risks associated with the CLO issuer's investments in such assets will be borne by the holders of the CLO's notes.

Most of the loans or interests therein included in the CLOs will have only a limited trading market. The illiquidity of such loans may restrict the CLO issuer's ability to dispose of such loans in a timely fashion and for a fair price as well as its ability to take advantage of market opportunities. In particular, the market for non-investment grade loans has experienced periods of severe price volatility and reduced liquidity. Additionally, loans and interests in loans have significant liquidity and market value risks since they are not generally traded in organized exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Because loans are privately syndicated and loan agreements are privately negotiated and customized, loans are not purchased or sold as easily as publicly traded securities. In addition, historically the trading volume in the loan market has been small relative to the high-yield debt securities market.

Loans may become nonperforming or impaired for a variety of reasons. Such nonperforming or impaired loans may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the principal of the loan. In addition, because of the unique and customized nature of a loan agreement and the private syndication of a loan, certain loans may not be purchased or sold as easily as publicly traded securities and, historically, the trading volume in the loan market has been small relative to other markets. Loans may encounter trading delays due to their unique and customized nature, and transfers may require the consent of an agent bank and/or borrower. Risks associated with bank loans include the fact that prepayments generally may occur at any time without premium or penalty.

- **Concentration Risk.** The underlying loans owned by the CLOs are subject to liquidity, market value, credit, repricing, default, recovery, interest rate, reinvestment and certain other risks. These risks could be exacerbated to the extent that the loans are concentrated in one or more particular types of loans, regions or industries. Moreover, redemptions or prepayments of loans and the disposition of loans and any subsequent reinvestment in other assets may result in greater concentrations. High levels of concentrations in any specific type of loan, region or industry could subject an investment in such loans to a greater degree of risk with respect to collateral defaults and with respect to economic downturns relating to such industry or region. No assurance can be made that the underlying loans will not be or become highly concentrated, which could have an adverse effect on the CLOs.
- **Covenant-Lite Loans.** A significant portion of the loans or interests therein included in the CLOs may be composed of loans that are considered “covenant-lite.” Generally, such loans either do not require the borrower to maintain debt service or other financial ratios or do not contain common restrictions on the ability of the borrower to change significantly its operations or to enter into other significant transactions that could affect its ability to repay such loans. As a result, the CLO issuer’s exposure to losses may be increased, which could result in an adverse impact on the CLO issuer’s ability to repay the CLO securities. In addition, in the current economic environment, the market prices of such covenant-lite loans may be depressed.
- **Creditors’ Rights.** Certain of the Assets will be subject to various laws for the protection of creditors in the jurisdictions of the investments concerned. A CLO issuer, as a creditor, may experience less favorable treatment under different insolvency regimes than those that apply in the United States, including in cases where the CLO issuer seeks to enforce any security it may hold as a creditor.
- **Currency Risk.** The investments of the CLOs that are denominated in currencies other than U.S. Dollars will be subject to the risk that the value of such currency will decrease in relation to the U.S. Dollar. Although NBLA may consider hedging any non-U.S. Dollar exposures back to U.S. Dollars, an increase in the value of the U.S. Dollar compared to other currencies in which the CLO makes its investments would otherwise reduce the effect of increases and magnify the effect of decreases in the prices of its non-U.S. Dollar

denominated investments in their local markets. Fluctuations in currency exchange rates will similarly affect the U.S. Dollar equivalent of any interest, dividends or other payments made that are denominated in a currency other than U.S. Dollars.

- **Financial Product Risks.** All investments in loans or interests therein risk the loss of the entire amount of capital invested. The investments made by the CLOs may utilize techniques such as leverage, margin transactions, short sales, swaps, options on securities and forward contracts, which practices may, in certain circumstances, increase the adverse impact to which such loan investments are subject.
- **Fraud Risk.** Of concern in investments in loans is the possibility of material misrepresentation or omission on the part of the Underlying Obligor. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of a CLO to perfect or effectuate a lien on any collateral securing the loan. NBLA, NBIA and the CLOs will rely upon the accuracy and completeness of representations made by the Underlying Obligors, without any or with limited diligence or investigation on their part. Under certain circumstances, payments to the CLOs may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.
- **Interest Rate Risk.** Interest rate risk refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt obligation indirectly (especially in the case of fixed rate obligations) or directly (especially in the case of debt obligations whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt obligation and falling interest rates will have a positive effect on price. Adjustable rate debt obligations also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in debt obligations with uncertain payment or prepayment schedules. CLO notes can have an uncertain payment or prepayment schedule because of the uncertainty associated with the timing of the repayment of principal on the underlying assets and the circumstances in which such securities may be prepaid.

The fair value of certain of the investments owned by the CLOs may be significantly affected by changes in interest rates. For example, although senior secured loans are generally floating rate instruments, they are sensitive to interest rate levels and volatility. Although CLOs are generally structured to mitigate the risk of interest rate mismatch, there may be some difference between the timing of interest rate resets on the assets and liabilities of a CLO, which could have a negative effect on the amount of funds distributed to equity investors. In addition, CLO issuers may not be able to enter into hedging agreements, even if it may otherwise be in the best interests of the CLO to hedge such interest rate risk. Furthermore, in the event of a significant rising interest rate environment and/or economic downturn, loan defaults may increase and result in credit losses that may adversely affect the investment of the CLOs in such assets. In the event that the interest expense of the CLOs was to increase relative to income, or sufficient financing became unavailable, the return

on such investment and cash available for distribution would be reduced. In addition, future investments in different types of instruments may carry a greater exposure to interest rate risk.

- **Investments in Distressed Securities and Restructurings.** A CLO may make investments, in restructurings or otherwise, that involve issuers that are experiencing, or are expected to experience, severe financial difficulties. These financial difficulties may never be overcome and may lead to uncertain outcomes, including causing such issuer to become subject to bankruptcy proceedings. There are a number of significant risks inherent in the bankruptcy process. The bankruptcy courts have broad discretion to control the terms of a reorganization, and political factors may be of significant importance in high profile bankruptcies or bankruptcies in particular jurisdictions. While creditors are generally given an opportunity to object to significant actions, there can be no assurance that a bankruptcy court in the exercise of its broad powers would not approve actions that would be contrary to the interests of the CLOs. For example, in order to protect net operating losses of an obligor in bankruptcy, a bankruptcy court might take any number of actions, including prohibiting or limiting the transfer of claims held by certain classes of creditors. Such a prohibition could have a material adverse effect on the value of certain investments made by the CLOs. For example, the CLOs might be prohibited from liquidating investments that are declining in value.

In addition, investments in issuers that are experiencing, or are expected to experience, severe financial difficulties could, in certain circumstances, subject the CLOs to certain additional potential liabilities that may exceed the value of their original investment therein. 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 to the CLOs and payments made by the CLOs to their investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, a preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by statutes related to, among other things, fraudulent conveyances, voidable preferences, lender liability, and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions.

The possibility of litigation between the participants in a reorganization is another consideration that makes any evaluation of the outcome of an investment uncertain. Such uncertainties may also be increased by legal and other factors that limit the ability of NBLA and/or NBIA to be able to obtain reliable and timely information concerning material developments affecting an obligor, or which may lengthen a reorganization or liquidation proceeding.

- **Lender Liability and Equitable Subordination.** In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions

on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to a borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of the potential Assets, NBLA and/or the CLOs could be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination.” NBLA and the CLOs do not intend to engage in conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine. However, because of the nature of certain of the Assets, NBLA and/or the CLOs may be subject to claims from creditors of an obligor that debt obligations which are held by the CLOs should be equitably subordinated.

The preceding discussion regarding lender liability is based upon principles of U.S. federal and state laws. With respect to Assets outside the United States, the laws of certain non-U.S. jurisdictions may also impose liability upon lenders or bondholders under factual circumstances similar to or different from those described above, with consequences that may or may not be analogous to those described above under U.S. federal and state laws.

- **Leveraged Loans Have Historically Experienced Greater Default Rates.** A non-investment grade loan or an interest in a non-investment grade loan is generally considered speculative in nature and may become a defaulted asset for a variety of reasons. Upon any loan becoming a defaulted asset, such defaulted asset may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted asset. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted asset. The liquidity for defaulted assets may be limited, and to the extent that defaulted assets are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon.
- **LIBOR and EURIBOR Risk.** CLOs typically obtain financing at a floating rate based on the London interbank offered rate (“**LIBOR**”). Regulators and law-enforcement agencies from a number of governments, including entities in the United States, Japan, Canada and the United Kingdom, have conducted or are conducting civil and criminal investigations into

whether the banks that contribute to the British Bankers' Association, or the "BBA," in connection with the calculation of daily LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR. Several financial institutions have reached settlements with the CFTC, the U.S. Department of Justice Fraud Section and the United Kingdom Financial Conduct Authority in connection with investigations by such authorities into submissions made by such financial institutions to the bodies that set LIBOR and other interbank offered rates. In such settlements, such financial institutions admitted to submitting rates to the BBA that were lower than the actual rates at which such financial institutions could borrow funds from other banks. Additional investigations remain ongoing with respect to other major banks. There can be no assurance that there will not be additional admissions or findings of rate-setting manipulation or that manipulations of LIBOR or other similar interbank offered rates will not be shown to have occurred. Any of such actions or other effects from the ongoing investigations could adversely affect (directly or indirectly) the liquidity and value of the Assets. On February 1, 2014, ICE Benchmark Administration Limited (formerly NYSE Euronext Rate Administration Limited) took over the administration of LIBOR from the BBA.

Similarly, the Euro Interbank Offered Rate ("**EURIBOR**") and other so-called "benchmarks" are the subject of proposals for reform by a number of international authorities and other bodies. In September 2013, the European Commission published a proposed regulation (the "**Proposed Benchmark Regulation**") on indices used as benchmarks in financial instruments and financial contracts. The Proposed Benchmark Regulation will, if enacted, make significant changes to the way in which EURIBOR is calculated, including detailed codes of conduct for contributors and transparency requirements applying to contributions of data. Benchmarks such as EURIBOR may be discontinued if they do not comply with these requirements or if the administrator of the benchmark either fails to apply for authorization or is refused authorization by its home regulator.

Furthermore, in a speech on July 27, 2017, Andrew Bailey, the Chief Executive of the UK's Financial Conduct Authority (the "**FCA**"), announced the FCA's intention to cease sustaining LIBOR from the end of 2021. The FCA has statutory powers to compel panel banks to contribute to LIBOR where necessary. Mr. Bailey stated that the FCA has decided not to ask, or to require, that panel banks continue to submit contributions to LIBOR beyond the end of 2021, and although he indicated that the current panel banks will voluntarily sustain LIBOR until the end of 2021, Mr. Bailey stated that the FCA does not intend to sustain LIBOR through using its influence or legal powers beyond that date. It is possible that the LIBOR administrator and the panel banks could continue to produce LIBOR on the current basis after 2021, if they are willing and able to do so. However, the survival of LIBOR in its current form, or at all, is not guaranteed until or after 2021.

Mr. Bailey further stated that the FCA's intention is that after 2021, it will no longer be necessary for the FCA to persuade, or to compel, banks to submit to LIBOR due to the development of alternative benchmark rates, which he suggested should be based on transactions and not on reference rates that do not have active underlying markets to support them.

From April 2018, the UK and US started publishing rates for alternative sterling and dollar benchmarks (respectively). A working group at the Bank of England has approved the Sterling Overnight Index Average (“**SONIA**”) as its preferred short-term interest rate benchmark and the Bank of England reformed and took over the calculation and publication of SONIA from April 23, 2018. The SONIA index tracks the rates of actual overnight funding deals and, unlike LIBOR, does not depend on submissions of rates from banks and therefore minimizes opportunities for misconduct. It is expected to be a lower rate than LIBOR and it remains to be seen how widely SONIA will be adopted in the market. A separate working group in the United States has considered adopting the Secured Overnight Financing Rate (“**SOFR**”) as the new benchmark for short-term unsecured interest rates. SOFR is currently produced by the Federal Reserve Bank of New York (“**New York Fed**”) and is based on transactions in the repurchase agreement transaction markets. It remains to be seen how widely SOFR will be adopted in the market.

If LIBOR in its current form does not survive and SONIA and/or SOFR is not widely accepted in the market, it could cause a disruption in the credit markets generally, which could negatively impact the market value and/or transferability of the notes issued by the CLO issuers and/or the Collateral Obligations.

It is not possible to predict the changes that will ultimately be made to LIBOR or EURIBOR, the effect of any such changes and any other reforms to LIBOR or EURIBOR that may be enacted in the European Union and elsewhere and the effect of any perceived inaccuracy of LIBOR or EURIBOR. An increase in alternative types of financing at the expense of LIBOR- or EURIBOR-based syndicated loans may make it more difficult for NBLA and/or NBIA to source loans for inclusion in the CLOs, and ultimately may impair the value and/or the liquidity of existing CLO investments.

- **LIBOR Floor Risk.** An increase in LIBOR will increase the financing costs of the CLOs. Since many senior secured loans have LIBOR floors, there may not be corresponding increases in investment income (if LIBOR increases but stays below the average LIBOR floor rate of such senior secured loans) resulting in smaller distribution payments to the equity investors in these CLOs.
- **Limited Nature of Credit Ratings.** In general, the ratings issued by nationally recognized rating organizations represent the opinions of these agencies as to the quality of securities that they rate. These ratings may be used by NBLA and NBIA as initial criteria for the selection of certain Assets. Such ratings, however, are relative and subjective; they only evaluate the credit risk with respect to payment of principal and interest. Such ratings are not absolute standards of quality and they do not evaluate the market value risk of the securities. It is also possible that a rating agency might not change its rating of a particular issue to timely reflect subsequent events.
- **Loan Assignment and Participations Risk.** The CLOs may acquire interests in loans either directly (by way of assignment) or indirectly (by way of participation). The purchaser by an assignment of a loan obligation typically succeeds to all the rights and obligations of the selling institution (the “**Selling Institution**”) and becomes a lender under

the loan or credit agreement with respect to the debt obligation. In contrast, participations (**"Participations"**) acquired in a portion of a debt obligation held by a Selling Institution typically result in a contractual relationship only with such Selling Institution, not with the Underlying Obligor. The purchaser of a Participation would have the right to receive payments of principal, interest and any fees to which it is entitled under the Participation only from the Selling Institution and only upon receipt by the Selling Institution of such payments from the Underlying Obligor. The purchaser of a Participation will generally have no right to enforce compliance by the Underlying Obligor with the terms of the loan or credit agreement or other instrument evidencing such debt obligation, nor any rights of setoff against the Underlying Obligor, and the purchaser may not directly benefit from the collateral supporting the debt obligation in which it has purchased the Participation. As a result, the purchaser of a Participation would assume the credit risk of both the Underlying Obligor and the Selling Institution. In the event of the insolvency of the Selling Institution, the purchaser of a Participation will be treated as a general creditor of the Selling Institution in respect of the Participation and may not benefit from any set-off between the Selling Institution and the Underlying Obligor.

In addition, a Participation in a debt obligation may not have the right to vote to waive enforcement of any default by an Underlying Obligor. Selling Institutions commonly reserve the right to administer the debt obligations sold by them as they see fit and to amend the documentation evidencing such debt obligations in all respects. However, most participation agreements with respect to bank loans provide that the Selling Institution may not vote in favor of any amendment, modification or waiver that (i) forgives principal, interest or fees; (ii) reduces principal, interest or fees that are payable; (iii) postpones any payment of principal (whether a scheduled payment or a mandatory prepayment), interest or fees; or (iv) releases any material guarantee or security, in each case without the consent of the participant (at least to the extent the participant would be affected by any such amendment, modification or waiver). A Selling Institution voting in connection with a potential waiver of a default by an Underlying Obligor may have interests different from those of the purchaser of a Participation, and the Selling Institution might not consider the interests of the purchaser of a Participation in connection with its vote. In addition, many participation agreements with respect to bank loans that provide voting rights to the participant further provide that, if the participant does not vote in favor of amendments, modifications or waivers, the Selling Institution may repurchase such Participation at par.

Purchasers of loans are predominately commercial banks, investment funds and investment banks. As secondary market trading volumes increase, new loans frequently contain standardized documentation to facilitate loan trading that may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because holders of such loans are offered confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not purchased or sold as easily as publicly traded securities are purchased or sold.

- Loans to Private or Middle Market Companies.** The Assets will include loans to private and middle market companies. Such loans involve a number of particular risks that may not exist in the case of large public companies, including: (i) these companies may have limited financial resources and limited access to additional financing, which may increase the risk of their defaulting on their obligations, leaving creditors dependent on any guarantees or collateral they may have obtained; (ii) these companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns; (iii) there may not be as much information publicly available about these companies as would be available for public companies, and such information may not be of the same quality; and (iv) these companies are more likely to depend on the management talents and efforts of a small group of persons and, as a result, the death, disability, resignation or termination of one or more of these persons could materially and adversely affect these companies' ability to meet their obligations. Such risks may materially increase the risk of loss to the CLOs.
- Lower-Rated Loans May be Regarded as Predominantly Speculative.** The assets of the CLOs may include loans or interests therein that may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such loans or interests may not be protected by financial covenants or limitations upon additional indebtedness and there may be no minimum credit rating for such loans or interests therein. Other factors may materially and adversely affect the market price and yield of such loans or interests therein, including investor demand, changes in the financial condition of the Underlying Obligor, government fiscal policy and U.S. or worldwide economic conditions. Certain of the loans or interests therein underlying CLOs may be unrated, and whether or not rated, the loans may have speculative characteristics. The Underlying Obligors (including sovereign issuers) of such loans or interests therein may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the Underlying Obligors' ability to make timely payment of interest and principal. Such loans or interests are regarded as predominantly speculative with respect to the Underlying Obligors' capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for these loans or interests and may have an adverse impact on the value of such loans or interests. It also is likely that any such economic downturn could adversely affect the ability of the Underlying Obligors of such loans or interests to repay principal and pay interest thereon and increase the incidence of default for such loans or interests. In addition, the CLOs may incur additional expenses to the extent they are required to seek recovery upon a default or participate in the restructuring of such loans or interests.
- Perfection and Security Risk.** The collateral and security arrangements in relation to secured loans and other secured obligations held by the CLOs will be subject to such security or collateral having been correctly created and perfected and any applicable legal or regulatory requirements which may restrict the giving of collateral or security by an Underlying Obligor, such as, for example, thin capitalization, over-indebtedness, financial assistance and corporate benefit requirements. If such secured loans or other secured

obligations do not benefit from the expected collateral or security arrangements, this may adversely affect the value of, or in the event of a default, the recovery of principal or interest from, such secured loans or obligations. Accordingly, any such failure properly to create or perfect collateral and security interests in the underlying loans may have an adverse effect on the CLOs.

- **Prepayment Risk.** Assets underlying a CLO may be prepaid more quickly than expected. The frequency at which prepayments (including voluntary prepayments by obligors and accelerations due to defaults) occur on loans will be affected by a variety of factors, including the prevailing level of interest rates and spreads, as well as economic, demographic, tax, social, legal and other factors. Generally, obligors tend to prepay their fixed-rate obligations when prevailing interest rates fall below the coupon rates on their obligations. Similarly, floating rate issuers and borrowers tend to prepay their obligations when spreads narrow.

In general, “premium” securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and “discount” securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many fixed-rate obligations will be discount instruments when interest rates and/or spreads are high, and will be premium instruments when interest rates and/or spreads are low, such debt instruments and asset-backed instruments may be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments may impact the Assets in at least two ways. First, particular investments may experience outright losses, as in the case of an interest-only instrument in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to hedges for these investments, resulting in a loss to the overall asset portfolio. In particular, prepayments (at par) may limit the potential upside of many instruments to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

- **Reinvestment Risk.** As part of the ordinary management of its portfolio, a CLO will typically generate cash from asset repayments and sales and reinvest those proceeds in substitute assets, subject to compliance with its investment guidelines and certain other conditions. The earnings with respect to such substitute assets will depend on the quality of reinvestment opportunities available at the time. The need to satisfy each CLO’s investment guidelines and identify acceptable assets may require NBLA to purchase substitute assets at a lower yield than those initially acquired or require that the sale proceeds be maintained temporarily in cash or cash equivalents, either of which may reduce the yield that the CLO is able to achieve. The investment guidelines and other CLO terms may incentivize NBLA to buy riskier assets than it otherwise would, which could result in additional losses. In addition, the reinvestment period for a CLO may terminate early, which may cause the holders of the CLO notes to receive principal payments earlier than anticipated. There can be no assurance that NBLA will be able to reinvest such

amounts in an alternative investment that provides a comparable return relative to the credit risk assumed.

- **Risks Associated with the Acquisition of Portfolios.** The CLOs may seek to purchase entire portfolios or substantial portions of portfolios from market participants in need of liquidity or suffering from adverse valuations. The CLOs may be required to bid on such portfolios in a very short time frame and NBLA and/or NBIA may not be able to perform normal due diligence on the portfolio. Such a portfolio may contain instruments or complex arrangements of multiple instruments that are difficult to understand or evaluate. Such a portfolio may suffer further deterioration after purchase and before it is possible to ameliorate such risk. As a consequence, there is substantial risk that NBLA and/or NBIA will not be able to adequately evaluate particular risks or that market movements or other adverse developments and the CLOs will incur substantial losses on such portfolio acquisitions.
- **Risks Associated with the Loan Repayments as a Source of Income.** The income of the CLOs may be derived (on an indirect basis) largely from principal repayments on loans or interests therein. A wide range of factors may adversely affect an Underlying Obligor's willingness and ability to make such principal repayments, including adverse changes in the financial condition of such Underlying Obligor or the industries or regions in which it operates; the Underlying Obligor's exposure to counterparty risk; systemic risk in the financial system and settlement; changes in law or taxation; changes in applicable law or other policies; natural disasters; terrorism; social unrest, civil disturbances; or general economic conditions. Early prepayments give rise to increased reinvestment risk; the CLOs might realize excess cash from prepayments earlier than expected. If such prepayments are unable to be reinvested in a new loan or investment with an expected rate of return at least equal to that of the loan or asset repaid, this will reduce the net income and the fair value of the CLO.
- **Second Lien loans.** The loans or interests therein included in the CLOs may include second lien loans. Such second lien loans will be secured by a pledge of collateral, which is subordinated (with respect to liquidation preferences with respect to pledged collateral) to other secured obligations of the Underlying Obligors secured by all or a portion of the collateral securing such secured loan. Second lien loans are typically subject to intercreditor arrangements, the provisions of which may prohibit or restrict the ability of the holder of a second lien loan to (i) exercise remedies against the collateral with respect to their second liens; (ii) challenge any exercise of remedies against the collateral by the first lien lenders with respect to their first liens; (iii) challenge the enforceability or priority of the first liens on the collateral; and/or (iv) exercise certain other secured creditor rights, both before and during a bankruptcy of the Underlying Obligor. In addition, during a bankruptcy of the Underlying Obligor, the holder of a second lien loan may be required to give advance consent to (a) any use of cash collateral approved by the first lien creditors; (b) sales of collateral approved by the first lien lenders and the bankruptcy court, so long as the second liens continue to attach to the sale proceeds; and (c) debtor-in-possession financings.

- **Special Risks of Loans.** The special risks associated with loans or interests therein included in the CLOs include: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) environmental liabilities that may arise with respect to collateral securing the obligations; (iii) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality; (iv) limitations on the ability of the holders of participations to directly enforce their rights with respect thereto; and (v) generation of income that is subject to U.S. federal income taxation as income effectively connected with a U.S. trade or business. Successful claims by third parties arising from these and other risks, absent bad faith, may be borne by the CLOs.
- **Spread Widening Risk.** For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the debt instruments and other securities held by the CLOs may decline substantially. In particular, purchasing debt instruments or other assets at what may appear to be "undervalued" or "discounted" levels is no guarantee that these assets will not be trading at even lower levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such "spread widening" risk. Additionally, the perceived discount in pricing from previous environments described herein may still not reflect the true value of the assets underlying debt instrument investments of the CLOs.
- **Unsecured Loans.** Unsecured loans are unsecured obligations of the applicable Underlying Obligor. Such loans may be subordinated to other obligations of the Underlying Obligor and generally have greater credit, insolvency and liquidity risk than is typically associated with investment grade obligations and secured obligations. Depending upon market conditions, there may be a very limited market for unsecured loans. Unsecured loans will generally have lower rates of recovery than secured obligations following a default. Also, in the event of the insolvency of an Underlying Obligor of any unsecured loan, the holders of such unsecured loan will be considered general, unsecured creditors of the Underlying Obligor and will have fewer rights than secured creditors of the Underlying Obligor.

Item 9: Disciplinary Information

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

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer or Registered Representative

NBLA is not a registered broker or dealer. NBLA's advisory personnel may be registered representatives with FINRA through their affiliation with NBLA's registered broker-dealer affiliate, NBBD. See Items 5.E and 10.C.1.

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

NBLA is not registered as a CPO or CTA with the CFTC. NBLA may in the future seek to rely on exemptions from registration as a CPO and CTA with respect to Client Accounts that qualify for such exemptions.

C. Material Relationships

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

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

NBLA is affiliated with NBBD, a U.S. registered broker-dealer. In addition, NBLA's advisory personnel may be registered representatives with FINRA through their affiliation with NBLA's registered broker-dealer affiliate, NBBD. See Item 11.B.8. NBBD is also registered as a Municipal Securities Dealer with the Municipal Securities Rulemaking Board.

In providing investment management services to its clients, NBLA draws upon the trading, research, operational and administrative resources of its affiliated entities. NBLA uses security analyses and research reports prepared by its affiliated entities. NBLA utilizes Anti Money Laundering services provided by NBBD.

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 vehicles

None, other than the CLOs as described herein.

In addition, NBLA, as holder of the Retention Interests in a CLO, may have the ability to direct a redemption, refinancing or repricing of such CLO. NBLA in such capacity may also, with the

consent of one or more other classes of CLO securities, have the right to consent to amendments to the governing documents of the CLOs and to remove or replace the collateral manager and enforce other rights and remedies after events of default.

3. Other investment adviser or financial planner

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

SEC Registered Advisers:

Neuberger Berman Asia Limited
Neuberger Berman Europe Limited
Neuberger Berman Investment Advisers LLC
Neuberger Berman BD LLC
Neuberger Berman Singapore Pte. Limited
NB Alternatives Advisers LLC
Neuberger Berman Breton Hill ULC

Neuberger Berman AIFM Limited (Exempt Reporting Adviser)
BHC Macro Investment Management LLC (Exempt Reporting Adviser)

Non-SEC-Registered Advisers:

Neuberger Berman Asset Management Ireland Limited
Neuberger Berman Australia Pty Limited
Neuberger Berman East Asia Limited
Neuberger Berman Investment Management (Shanghai) Limited
Neuberger Berman Taiwan (SITE) Limited

NBIA acts as sub-advisor to NBLA with respect to all CLOs managed by NBLA pursuant to the Sub-Advisory Agreement. NBIA assists NBLA by, among other things, providing research and credit analysis services, sourcing assets and making recommendations regarding assets to be acquired and sold by NBLA in its capacity as collateral manager for the CLOs, and making recommendations regarding whether and when to close CLOs or refinance or reprice the notes issued by the CLO issuers. NBIA advises NBLA with regard to all or substantially all of its investment and other activities; provided that, in connection with each CLO, the Investment Committee retains final responsibility for: (i) approving the collateral management parameters for the CLO issuer, (ii) participating in the credit review of all assets proposed to be acquired by the CLO issuer, and (iii) approving the purchase and sale of any asset by any CLO issuer.

NBIA provides (i) Support Services, (ii) Administrative Services, and (iii) the services of Shared Employees to NBLA pursuant to the Staff and Services Agreement. NBIA may assign or delegate all or a portion of its rights and/or obligations pursuant to and in accordance with the Sub-Advisory Agreement and/or the Staff and Services Agreement.

The investment management activities of NBLA, and the day-to-day management of the business and affairs of NBLA, will be performed by NBLA's employees, with ultimate credit and investment decision-making authority resting with the Investment Committee.

Certain Shared Employees are jointly employed by NBLA and NBIA pursuant to the Staff and Services Agreement, but such employees shall be under the direction and supervision of the Board of Directors in the performance of their duties related to NBLA. In addition, NBLA may hire certain employees that are not employees of NBIA. All of the employees of NBLA have entered into employment agreements with NBLA, in addition to any provision for such employees in the Staff and Services Agreement.

NBIA and its respective officers, employees and affiliates serve, or may serve in the future, as the manager, investment manager, investment adviser or in any other capacity in relation to, or be otherwise involved with, other clients, including other investment funds and client accounts, including those which follow an investment program substantially similar to that of NBLA's business activities and investments (such other clients, funds and accounts, collectively, the "**Other Accounts**"). NBLA and its affiliates will attempt to allocate investment opportunities fairly and equitably among the CLOs and other businesses and Other Accounts, where applicable, to the extent possible over a period of time. All investment decisions with respect to each allocated investment opportunity shall be made by solely by NBLA and its affiliates.

In providing investment management services to its clients, NBLA may draw upon the portfolio management, trading, research, operational and administrative resources of its affiliates, including using affiliates to execute transactions for Client Accounts. Subject, in certain instances, to the written consent of the client and the regulatory status of the affiliate, NBLA may engage one or more of these affiliates as sub-adviser to certain Client Accounts, or may treat these affiliates as "participating affiliates," the latter in accordance with the applicable SEC No-Action Letters. In addition, from time to time, NBLA may delegate some or all of its role as adviser to certain Client Accounts to Advisory Affiliates. If an affiliate acts as a sub-adviser or is otherwise delegated some portion of NBLA's advisory role, investment professionals from such affiliate may be delegated decision-making roles for some or all aspects of the strategy, including the opening of brokerage accounts and the placement of orders to deploy the strategy. As participating affiliates, whether or not registered with the SEC, the affiliates may provide designated investment personnel to associate with NBLA and perform specific advisory services to NBLA consistent with the powers, authority and mandates of NBLA's clients. The employees of a participating affiliate are designated to act for NBLA and are subject to certain NBLA policies and procedures as well as supervision and periodic monitoring by NBLA. The participating affiliate agrees to make available certain of its employees to provide investment advisory services to NBLA's clients through NBLA, to keep certain books and records in accordance with the Advisers Act and to submit the designated personnel to requests for information or testimony before SEC representatives. Participating affiliates may also be delegated the duty to place orders for certain securities and commodity interest transactions pursuant to an agreement between NBLA and the participating affiliate. See also Item 10.D.

A number of NBLA personnel involved in portfolio management at NBLA are also officers of certain Advisory Affiliates and provide investment management services to clients of such

affiliates. Neither NBLA nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Client Account. NBLA and its related persons intend to devote as much time as they deem necessary for the management of each Client Account and will allocate investment opportunities in accordance with NBLA's and NBIA's trade allocation policy. See also Item 6 and Item 11.D.6 with respect to side-by-side management issues.

Certain employees of Advisory Affiliates may provide marketing or client-related services in connection with NBLA products.

The views and opinions of NBLA, and those of these Advisory Affiliates and their research departments, may differ from one another. As a result, Client Accounts managed by NBLA and accounts managed by 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 Item 11.B.8 and Item 11.D.6.

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

NBBD is registered as a CTA and introducing broker with the CFTC ("**Introducing Broker**"). In addition, BHC Macro Investment Management LLC is registered as a CPO and CTA, and NB Alternatives Advisers LLC and Neuberger Berman Breton Hill ULC are registered as CPOs. See Item 10.C.1 and Item 10.C.3 for a description of NBLA's relationship with NBBD, BHC Macro Investment Management LLC, NB Alternatives Advisers LLC and Neuberger Berman Breton Hill ULC.

5. Banking or thrift institution

None.

6. Accountant or accounting firm

None.

7. Lawyer or law firm

None.

8. Insurance company or agency

None.

9. Pension consultant

None.

10. Real estate broker or dealer

None.

11. Sponsor or syndicator of limited partnerships

Information about the partnerships where affiliates of NBLA serve as the general partner is available in Section 7.B.(1) and (2) of Schedule D of Part 1A of NBLA and its affiliated SEC-registered investment advisers' Form ADVs. See Item 10.C.3.

12. Administrator

None.

D. Selection of Other Investment Advisers

NBLA has engaged NBIA to act as sub-advisor to NBLA with respect to all CLOs managed by NBLA pursuant to the Sub-Advisory Agreement. The Sub-Advisor assists NBLA by, among other things, providing research and credit analysis services, sourcing assets and making recommendations regarding assets to be acquired and sold by NBLA in its capacity as collateral manager for the CLOs, and making recommendations regarding whether and when to close CLOs or refinance or reprice the notes issued by the CLO issuers. The Sub-Advisor advises NBLA with regard to all or substantially all of its investment and other activities; provided that, in connection with each CLO, the Investment Committee shall retain final responsibility for: (i) approving the collateral management parameters for the CLO issuer, (ii) participating in the credit review of all assets proposed to be acquired by the CLO issuer, and (iii) approving the purchase and sale of any asset by any CLO issuer. For a more complete discussion of NBIA, please refer to NBIA's Form ADV which is publicly available at www.adviserinfo.sec.gov.

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, NBLA has adopted a Compliance Manual and the Neuberger Berman Code of Ethics and Code of Conduct (the “**Conflicts Procedures**”). The Conflicts Procedures are applicable to all of NBLA’s officers and employees (collectively, “**Employees**”). The Conflicts Procedures generally set the standard of ethical and professional business conduct that the Firm and NBLA require of their 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 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 when they begin their employment, annually, and when the Code of Ethics is materially amended.

In addition, the Conflicts Procedures impose certain additional requirements on Access Persons (as defined in the Conflicts Procedures) who are advisory persons. The Conflicts Procedures also require 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 may obtain a copy of the Code of Ethics upon request.

B. Participation or Interest in Client Transactions

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

1. *Principal and Agency Transactions*

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliate, buys any Collateral Obligation from, or sells any Collateral Obligation to, an advisory client. For example, a principal transaction would occur if

NBLA bought Collateral Obligations for its own inventory from an NBLA advisory client or sold Collateral Obligations from its inventory to an NBLA advisory client.

If NBLA, its affiliates or its respective principals own a substantial equity interest in a Client Account, a transaction involving that account and another client could be characterized as a principal transaction. For example, if NBLA, its affiliates or principals have a substantial equity interest in a CLO, the transfer of Collateral Obligations from such CLO's account to another CLO or another Client Account could be deemed a principal transaction.

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

NBLA and its related persons will generally not engage in principal transactions with NBLA's clients absent the approval required pursuant to applicable laws and regulations. Subject to applicable rules and regulations, if NBLA were to engage in such affiliated principal transactions, NBLA would disclose the transaction to the client and obtain the client's consent in accordance with Section 206-3 of the Advisers Act. With respect to CLOs intended to be compliant with EU Risk Retention Rules, NBLA may engage in such transactions as described in the applicable CLO Offering Materials. In such instances, NBLA will comply with applicable law, as well as any requirements imposed by the CLOs themselves. The potential conflicts of interest are disclosed in the applicable CLO Offering Materials.

An "agency cross transaction" is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlling, controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. NBLA may infrequently cause clients to 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. It is NBLA's policy not to engage in buying or selling of Collateral Obligations from one Client Account to another except in limited circumstances when it believes that the cross trade is in the best interest of both clients. The vast majority of trades made for Client Accounts will be executed through the open market or with reference to an independently established market price. Neither NBLA nor its affiliates will receive transaction-based compensation from any cross trade. In certain situations, specific consent for each such transaction may be required from both parties to the transaction.

3. *Affiliated Brokers*

NBLA is affiliated with NBBD, a U.S. registered broker-dealer. NBLA's advisory personnel may be registered representatives with FINRA through their affiliation with NBBD. NBLA does not generally execute transactions for Client Accounts through NBBD. In the event NBLA were to execute a transaction on behalf of its clients with NBBD as broker, NBLA would generally only do

so if it had received prior written authorization from the client and only in accordance with all applicable laws and regulations. Such transaction would only be executed if NBBD provided best execution under the circumstances. See Item 12.A.

4. *Financial Interests in Securities or Investment Products*

NBLA was formed in part to hold Retention Interests in the CLOs it manages, as described below. Effective December 24, 2016, “risk retention” rules promulgated by U.S. federal regulators under the Dodd-Frank Act require a “securitizer” or “sponsor” of a CLO to retain, directly or indirectly through a majority-owned affiliate (including an entity that is considered a majority-owned affiliate based on the holding of a controlling financial interest in such entity as determined under U.S. generally accepted accounting practices (“**GAAP**”)), at least 5% of the credit risk of the securitized assets (the “**U.S. Risk Retention Rules**”). However, as a result of the Circuit Court Ruling (as defined above in Item 8.C.), the U.S. Risk Retention Rules no longer apply to the sponsors of so-called “open-market CLOs.”

The European Union has similar 5% risk retention rules (the “**EU Risk Retention Rules**”) in place that apply to certain specified types of European Union investors such as credit institutions (including banks), investment firms, alternative investment fund managers who manage and/or market their alternative investment funds in the European Union, insurance and reinsurance undertakings UCITS funds (internally managed) and management companies thereof, and institutions for occupational retirement provisions (subject to some exceptions), and directly to originators, sponsors and original lenders established in the European Union.

“**EU Retention Interest**” means a material net economic interest (within the meaning of the EU Risk Retention Rules), which is expected to be comprised of an interest in the first loss tranche of the applicable CLO, by way of holding the minimum principal amount of such tranche required by the EU Risk Retention Rules, currently being an amount equal to at least five (5%) percent of the nominal value of the loans and other assets in the CLO representing principal proceeds. An EU Retention Interest may also be held in the form of an interest in each tranche of securities issued by the CLO to investors on the related closing date, by way of holding the minimum principal amount of such tranche required by the EU Risk Retention Rules, currently being an amount equal to at least five percent (5%) of the nominal value of each tranche of securities issued to investors on the related closing date.

The EU Risk Retention Rules (absent certain alternatives that are not relevant here) generally require an entity holding as an “originator” to originate a portion of the loans acquired by a CLO and to acquire and retain an EU Retention Interest as described above. The EU Risk Retention Rules currently do not specify the percentage of loans which an originator who is also acting as the collateral manager must originate; however, market convention is that a manager originator should originate at least 5% of the target par amount of loans to be acquired by the CLO by the effective date for such CLO. NBIA and NBLA believe the simplest path to satisfying the EU Risk Retention Rules is for NBLA to (i) hold the EU Retention Interest of each CLO, (ii) act as the collateral manager for such CLO, and (iii) originate a portion of the loans to be held by such CLO. If NBLA acts as collateral manager for a CLO, (i) NBLA will be the “originator” for purposes of the EU Risk Retention Rules and (ii) all Collateral Management Fees received from such CLO will be

paid to NBLA pursuant to the relevant collateral management agreement, which will then pay the majority of such fees to NBIA in its roles as Staff and Services Provider and Sub-Advisor.

A new set of EU Risk Retention Rules have come into effect from January 1, 2019 which for the most part preserve the existing regime described above, but which have introduced a set of onerous transparency and reporting requirements to be complied with by the originators, sponsors (for the purposes of EU Risk Retention Rules) and issuers. Details of these requirements are to be provided through adoption of secondary legislation which has yet to be finalized. Investors who are subject to the EU Risk Retention Rules are under their own due diligence obligations thereunder and must satisfy themselves that any investment they make satisfies the current regime. See Item 8.C.

It is a requirement of the EU Risk Retention Rules that the “originator” not transfer its Retention Interest until the final maturity of the applicable CLO securities. Accordingly, NBLA expects to covenant and agree with the issuer of each CLO it manages that it will not transfer the Retention Interest of such CLO other than in accordance with the EU Risk Retention Rules, to the extent applicable.

From time to time, employees of NBLA and its related persons who are registered representatives or associated persons of NBBB, a registered investment adviser and broker-dealer, CTA and Introducing Broker, may recommend to NBLA’s clients that they buy or sell Collateral Obligations in which NBLA or a related person has a financial interest. Such financial interest could include 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. Furthermore, NBLA may invest Client Accounts in Collateral Obligations or other assets of companies with which NBLA or its affiliates has a business relationship, whether client, broker, vendor or investment consultant. In such instances the purchase or sale of a Collateral Obligation either recommended or directed by NBLA may have an impact on the price of such Collateral Obligation, which may indirectly benefit (or act to the detriment of) its affiliates.

Employees of NBLA and its related persons who are registered representatives or associated persons of NBBB may also recommend an investment in an affiliated fund. See Item 5.C and Item 10.C.2.

NBLA’s policies and procedures together with its investment process seek to ensure that all Client Accounts are managed in accordance with their investment objectives and guidelines and in accordance with NBLA’s fiduciary obligations.

5. *Employee Investment in NBLA Products*

Employees of NBLA or its affiliates and their family members are, and in the future can be expected to be, investors in CLOs and/or in funds and accounts managed by NBLA’s affiliates. Any such investments are made in conformity with the Conflicts Procedures (see Item 12.B) that includes procedures governing the use of confidential information and personal investing. NBLA and its affiliates also maintain separate accounts for employees. The Firm maintains a policy that prohibits “insider accounts” that do not pay investment advisory fees from receiving a more

favorable execution price than that received on the same day by Client Accounts. The Firm may reduce or waive fees for employees. See also Item 11.C.

6. *Buying and Selling Collateral Obligations That Are Recommended to Clients*

NBLA may recommend to clients investments in which the Firm, its affiliates or employees are also invested.

NBLA may also recommend Collateral Obligations to clients in which a related person has established an interest independent of NBLA.

NBLA provides investment advisory services to various clients which may differ from the advice given, or the timing and nature or action taken, with respect to any one account. NBLA, its affiliates and employees (to the extent not prohibited by the Code of Ethics), and clients of NBLA or its affiliates may have, acquire, increase, decrease, or dispose of Collateral Obligations or interests at or about the same time that NBLA is purchasing or selling Collateral Obligations or interests for a Client Account which are or may be deemed to be inconsistent with the actions taken by such persons.

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

7. *Other Interests in Client Transactions*

NBLA employees and officers may also be officers, employees or registered representatives of certain Advisory Affiliates, including NBIA and NBBD. In such capacity, they may sell or provide similar services as the services offered by NBLA. The views and opinions of NBLA or any of the Advisory Affiliates and their research departments may differ from one another. As a result, Client Accounts may hold securities or other investment products for which each of these entities may have a different investment opinion or outlook at the time of their acquisition or subsequent thereto.

C. Personal Trading

NBLA, or one or more of its affiliates, including employees and officers, from time to time, invested, and in the future can be expected to invest, for their own account directly or through an affiliated or non-affiliated investment company or other pooled investment vehicle in investments in which NBLA may also invest on behalf of Client Accounts. Moreover, NBLA and its affiliates and their respective employees and officers have bought, sold and held, and in the future can be expected to buy, sell or hold Collateral Obligations while entering into different investment decisions for one or more Client Accounts. All such investments are made in accordance with the Conflicts Procedures.

NBLA's employees and officers, and those of its affiliates, have participated, and in the future can be expected to participate, directly or indirectly in investments of affiliated private funds to the extent permitted by the terms of the applicable private fund's governing documents. 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 NBLA, its affiliates or their respective employees 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 NBLA, its affiliates and their respective employees and officers. The Conflicts Procedures contain employee trading policies and procedures that are closely monitored by the Neuberger Berman 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 restitution 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 or private placements were disclosed; and (iv) the employee has read, understood and complied with the Code of Ethics and Code of Conduct.

The price restitution policy attempts to address the potential conflict that could arise from employees owning the same securities as clients, or where the accounts of both enter the market at the same time. Subject to certain exclusions, employee trades that are executed on the same day and in the same security as a Client 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, for operational reasons beyond NBLA's control, 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 (as defined below) 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. *Material Non Public Information/Insider Trading*

The Firm and NBLA (collectively, "**Neuberger Berman**") have implemented policies and procedures, including certain information barriers within Neuberger Berman (the "**MNPI**

Procedures”), that are reasonably designed to prevent the misuse by Neuberger Berman 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 Neuberger Berman 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 Neuberger Berman 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 Neuberger Berman has is no longer deemed to be material non-public information.

In the ordinary course of operations, certain businesses within Neuberger Berman may seek access to material non-public information. For instance, businesses within Neuberger Berman may utilize material non-public information in purchasing loans and other debt instruments. From time to time, Neuberger Berman portfolio managers may be offered the opportunity on behalf of applicable clients to participate on a creditors or other similar committee in connection with restructuring or other “work-out” activity, which participation may provide access to material non-public information.

The MNPI Procedures address the process by which material non-public information may be acquired intentionally by Neuberger Berman and shared between different businesses within Neuberger Berman. When considering whether to acquire or share material non-public information, Neuberger Berman will attempt to balance the interests of all clients, taking into consideration relevant factors, including the extent of the prohibition on trading that may occur, the size of Neuberger Berman’s existing position in the issuer, if any, and the value of the information as it relates to the investment decision-making process. The intentional acquisition of material non-public information may give rise to a potential conflict of interest since Neuberger Berman may be prohibited from rendering investment advice to clients regarding the public securities of such issuer and thereby potentially limiting the universe of public securities that Neuberger Berman may purchase or potentially limiting the ability of NBLA to sell such securities. Similarly, where Neuberger Berman declines access to (or otherwise does not receive or share within Neuberger Berman) material non-public information regarding an issuer, NBLA may base its investment decisions with respect to assets of such issuer solely on public information, thereby limiting the amount of information available to NBLA in connection with such investment decisions. In determining whether or not to elect to receive material non-public information, Neuberger Berman will endeavor to act fairly to its clients as a whole. Neuberger Berman reserves the right to decline access to material non-public information, including declining to join a creditors or similar committee.

In connection with loan assets held by NBLA’s clients, Neuberger Berman has engaged a third-party vendor to administer the loan amendment process with respect to issuers for which NBLA will not accept material non-public information.

2. *Gifts/Gratuities/Entertainment*

Generally, Neuberger Berman 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, Neuberger Berman allows personnel to provide limited business gifts and entertainment to personnel/representatives of clients or prospective clients as detailed in Neuberger Berman's policies and procedures. However, Neuberger Berman 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, Neuberger Berman imposes restrictions on providing gifts and entertainment to particular types of clients or client representatives, such as public officials at all levels and representatives of U.S. labor organizations. Neuberger Berman'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 Neuberger Berman personnel, different regions may have regulatory rules and requirements relating to business gifts and entertainment specific to their region. Separate Neuberger Berman policies and procedures specify how personnel subject to these requirements are to comply with them.

Accepting gifts or entertainment from clients, prospective clients, employees or agents of clients, outside vendors, suppliers, consultants, and other persons or entities with whom Neuberger Berman does business may also create actual or apparent conflicts of interest. Subject to applicable law, Neuberger Berman does not prohibit personnel from accepting all business-related gifts or entertainment. However, neither Neuberger Berman 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 Neuberger Berman, or the ability to exercise sound judgment. Furthermore, Neuberger Berman personnel may not accept gifts or entertainment that are, or may be perceived as being, compensation from someone other than Neuberger Berman. Neuberger Berman personnel may not solicit gifts or entertainment, and may not give any gifts or entertainment to anyone who solicits them.

3. *Political Contributions*

Due to the potential for conflicts of interest, Neuberger Berman 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. *Outside Business Activities*

Certain types of outside affiliations or other activities may pose a conflict of interest or regulatory concern to Neuberger Berman. Therefore, Neuberger Berman prohibits certain activities, and requires employees to disclose outside activities to Neuberger Berman in writing so that responsible personnel may assess the compatibility of the outside affiliation or activity with their role at Neuberger Berman. “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 Neuberger Berman (paid or unpaid), including joint ventures, portfolio investment companies, or non-profit, charitable, civic or educational organizations. Those relationships may or may not be related to employment with Neuberger Berman. Employees registered in the U.S. may also have to update their regulatory filings to reflect outside affiliations. Generally, Neuberger Berman employees do not have to disclose affiliations that involve little or no personal responsibility or exposure on their part and have minimal potential for adversely affecting Neuberger Berman’s image or creating conflicts of interest. Neuberger Berman 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 Neuberger Berman or the employee and a client of Neuberger Berman.

Neuberger Berman 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 Neuberger Berman. Neuberger Berman 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, Neuberger Berman personnel are prohibited from entering into independent non-Neuberger Berman related business relationships with clients, vendors, or co-workers. Exceptions to these prohibitions, which may include serving in a board or advisory position as a fiduciary to certain Client Accounts may only be made in writing on a case-by-case basis by the Neuberger Berman Legal and Compliance Department. These prohibitions also do not apply to the joint employment of Shared Employees.

Neuberger Berman personnel may serve, under certain limited circumstances, as an executor, trustee, guardian or conservator, with prior approval from the Neuberger Berman 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 Neuberger Berman Code of Ethics, even if the relationship is personal. Neuberger Berman generally permits employees to engage in philanthropic, charitable or other similar pursuits, subject to certain limitations and with prior approval from the Neuberger Berman Legal and Compliance Department.

5. *Outsourcing/Service Providers*

Neuberger Berman conducts appropriate due diligence on outsourced service providers and vendors (“**Third Party Vendors**”) that provide products or services to Neuberger Berman and enter into an appropriate contract. Neuberger Berman’s relationships with Third Party Vendors are managed so that appropriate controls and oversight are in place to protect Neuberger Berman’s interests, including safeguarding of private and confidential information regarding Neuberger Berman’s clients and employees.

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

NBLA and its personnel may have differing investment or pecuniary interests in different accounts managed by NBLA, and its personnel may have differing compensatory interests with respect to different accounts. Similarly, NBLA personnel who are dual employees with an Advisory Affiliate may have different interests with respect to accounts managed for NBLA and accounts managed for the Advisory Affiliate.

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

NBLA and its affiliates, on behalf of different Client Accounts (or accounts managed by such affiliates (“**Affiliate 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. As a result, or as part of the negotiations of certain terms prior to the purchase of a security, NBLA and its affiliates may pursue rights or privileges with respect to an issuer that has, or may have the potential to have, an adverse effect on some of its Clients Accounts. Conflicts may arise over items such as whether to make an investment, exercise certain rights, 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). Similarly, if an issuer in which one or more Client Accounts (or Affiliate Accounts) hold different classes of securities (or other assets, instruments or obligations issued by the same issuer) encounters financial problems, decisions over the terms of any workout may raise conflicts of interest (e.g., conflicts over proposed waivers and amendments to debt covenants or strategies to be pursued in bankruptcy proceedings).

For example, a debt holder may be better served by a liquidation of the issuer in which it may be paid in full, whereas an equity or junior bond holder might prefer a reorganization that holds the potential to create value for them. NBLA and its affiliates may (i) refrain from taking certain actions or making certain investments, or may sell investments on behalf of Client Accounts in order to avoid or mitigate certain conflicts of interest, or (ii) be limited (by applicable law, courts or otherwise) in positions or actions it will be permitted to take, which, in each case, could have the potential to disadvantage the Client Accounts on whose behalf the actions are not taken, investments not made, or investments sold. In other cases, NBLA and its affiliates may not refrain from taking actions or making investments on behalf of certain Client Accounts that have the potential to disadvantage other Client Accounts. Moreover, if Client Accounts are invested in different levels of an issuer's capital structure, NBLA and its affiliates may acquire material nonpublic information, including where it has representatives on the issuer's board of directors or the creditors' committee - see Item 11.D.1). To mitigate these conflicts, Neuberger Berman's policies and procedures seek to ensure that investment decisions are made in accordance with the fiduciary duties owed to such accounts and without consideration of Neuberger Berman's (or such personnel's) pecuniary, investment or other financial interests.

Notwithstanding the above, the views and opinions of Neuberger Berman, its portfolio managers and other employees and those of its affiliates and research departments may differ from one another, as well as from the Firm's Chief Investment Officers and the Firm's Investment Strategy Group. As a result, products managed by NBLA or its affiliates may hold Collateral Obligations or pursue strategies that reflect differing investment opinions or outlooks at the time of their acquisition or subsequent thereto.

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

7. *Potential Conflicts of Interest Relating to Employee Compensation Arrangements*

Employees of NBLA and its affiliates may receive a portion of the fees or other compensation received by NBLA or the Firm. Compensation methodology may vary and may be based upon a variety of factors, including but not limited to, gross or net revenue, asset or sub-asset class, and the specific investment product or investment vehicle.

Given that compensation may vary, an employee may have an incentive to promote, recommend or allocate assets based on the compensation to be received. For example, NBLA and its employees may financially benefit if a Client Account is allocated in a way that results in either NBLA or the employee receiving more compensation from investing in one product or strategy than from investing in other products or strategies. Some strategies that involve comparatively higher levels of complexity (e.g., portfolio composition or risk management) or that make use of more complicated financial instruments and financing techniques (e.g., hedging foreign currency exposure or interest rate volatility) may result in higher fees to NBLA and to those Firm employees who promote, recommend, allocate or manage those strategies. The expenses, fees and other charges may vary among asset classes or among sectors or sub-categories within an asset class. For example, the expenses, fees and other charges for equity products and services are generally higher in comparison to fixed income products and services, and the expenses, fees and other charges for emerging markets equities products and services are generally higher in comparison

to U.S. core equity products and services. In addition, certain strategies may be managed in a substantially similar manner across multiple investment vehicles (i.e., SMA, registered fund, private fund) and certain vehicles may have higher expenses, fees and other charges. For example, private funds may have higher expenses, fees and other charges than other vehicles such as SMAs or registered funds. Neuberger Berman's private funds may also charge other fees, including performance fees, as well as provide the Firm and selected personnel opportunities to earn returns in the private fund in the form of incentive allocations or similar arrangements. In other instances, where permitted by law, the private fund may also invest in portfolio assets that utilize the services of Neuberger Berman or its employees for a fee or other compensation. In addition, certain strategies may be implemented on an "overlay" basis where assets held outside of the assets managed by the portfolio manager for the strategy serve as collateral for the overlay strategies and the fees for such strategies are generally based upon target notional exposures and values. To the extent the collateral assets for such overlay strategies are invested in investment products and strategies of NBLA, the use of overlay strategies will involve incremental fees to the Firm and its employees. Accordingly, for all of the foregoing reasons, differences in the strategies and vehicles that may be included in NBLA's advisory client accounts may result in differences and potentially higher or incremental fees to the Firm or its employees.

To mitigate those potential conflicts, the Firm has policies and procedures in place and trains its employees to provide advice that is suitable and appropriate for clients and to act in the clients' best interests. For high net worth clients, the Firm's Asset Management Business Control Group compares the type of assets in the clients' accounts against the investment objective provided by the client and reviews any possible discrepancies with the relevant wealth advisor or portfolio manager. Additionally, the Firm's Asset Management Guideline Oversight group ("**AMGO**") and the Firm's Equity Administration team conduct periodic Client Account Reviews for high net worth portfolio managers. At those meetings, the portfolio management team's holdings, performance, concentrated positions, account activity and margin exposure are reviewed across their accounts. The Firm's policies and procedures are reinforced in the Firm's annual training which covers relevant topics including as Know Your Customer and Suitability requirements.

Please see Item 5.E and for a further discussion regarding Sales Compensation practices.

Item 12: Brokerage Practices

A. Criteria for Selection of Broker-Dealers

In General—Brokerage Selection

Generally, NBLA has discretion to purchase and sell Collateral Obligations and to select the broker-dealer. NBLA looks to the overall quality of service provided by the broker and will consider many factors when making a selection for execution. It is NBLA'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 acting on behalf of NBLA may also consider the size of the transaction, liquidity of both the Collateral Obligation and the market, the broker's ability to provide or find liquidity, time limitations, and confidentiality of the transaction. In addition, NBLA may consider research and other services in making brokerage decisions (See "*Research and Other Soft Dollar Benefits*" in this Item 12.A). Accordingly, clients may be able to obtain more favorable brokerage commission rates elsewhere. NBLA 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. NBLA does not have a formal soft dollar program. NBLA may receive unsolicited research from entities from which NBLA acquires Collateral Obligations on behalf of clients. That research is not a factor in the selection of counterparties or the determination of any brokerage or other fees or spread paid.

Brokerage for Client Referrals

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

Other Fees in Connection with Trading

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

Trade Errors

NBLA has adopted policies and procedures for correcting trade errors. Errors can result from a variety of situations involving portfolio management (*e.g.*, inadvertent violation of investment restrictions) and trading (*e.g.*, miscommunication of information, such as wrong number of

shares, wrong price, wrong account, calling the transaction a buy rather than a sell and vice versa, etc.). The policies and procedures require that all errors affecting a Client Account be resolved promptly and fairly. Under certain circumstances, the policy provides that trades may, where appropriate, be cancelled or modified prior to settlement. The intent of the policy is to restore a Client Account to the appropriate financial position considering all relevant circumstances surrounding the error.

B. Aggregation of Orders/Allocation of Trades

Aggregation:

There may be occasions when NBLA and NBIA decide to purchase or sell the same Collateral Obligation or financial instrument for several of their respective Clients Accounts at approximately the same time. NBLA and NBIA may (but are not obligated to) combine or “bunch” such orders in order to secure certain efficiencies and results with respect to execution, clearance and settlement of orders. NBLA and NBIA may elect to combine Client Account orders with orders entered for the same Collateral Obligation for Affiliate Accounts. NBLA and NBIA are not obligated to include any Client Account in an aggregated trade. Transactions for any such Client Account may not be aggregated for execution if the practice is prohibited or inconsistent with that client’s investment advisory agreement.

While NBLA and NBIA may effect trades in this manner to reduce the overall level of brokerage commissions paid or otherwise enhance the proceeds or other benefits of the trade for their respective clients, NBLA and NBIA may direct transactions to brokers based on both the broker’s ability to provide high quality execution and the nature and quality of research services, if any, such brokers provide to NBLA and NBIA. As a result, NBLA’s and NBIA’s clients may not always pay the lowest available commission rates, so long as NBLA and NBIA believe that they are obtaining best execution under the circumstances, taking into account the soft dollar benefits provided (if any).

The aggregation of orders could lead to a conflict of interest in the event an order cannot be entirely fulfilled, and NBLA and NBIA are required to determine which accounts should receive executed shares and in what order. NBLA and NBIA will generally endeavor to aggregate and allocate orders in a manner designed to ensure that no particular client or account is favored and that participating Client Accounts and Affiliated Accounts are treated in a fair and equitable manner over time.

NBLA and NBIA will receive no additional compensation or remuneration of any kind as a result of the aggregation of client trades; rather, to the limited extent it is applicable, commissions will be charged at a rate as though the trades had not been aggregated.

NBLA and NBIA will act in a manner they believe is fair and equitable for their clients as a group when bunching and price averaging.

Allocation of Investment Opportunities:

NBLA and NBIA will serve as investment adviser for a number of clients and may face conflicts of interest when allocating investment opportunities among their various clients (and Affiliate Accounts). For example: (i) NBLA and NBIA will receive different management or performance fees from different clients; and (ii) NBLA, NBIA and their respective affiliates, owners, officers and employees may invest substantial amounts of their own capital in certain collective vehicles in which clients also invest. The majority of NBLA's and NBIA's clients pursue specific investment strategies, many of which are similar. NBLA expects that, over long periods of time, most clients pursuing similar investment strategies may experience similar, but not identical, investment performance. Many factors affect investment performance, including: (i) the timing of cash deposits and withdrawals to and from an account; (ii) the fact that NBLA and/or NBIA may not purchase or sell a given Collateral Obligation on behalf of all clients pursuing similar strategies; (iii) price and timing differences when buying or selling Collateral Obligations; and (iv) the clients' own different investment restrictions. NBLA's and NBIA's trading policies are designed to minimize possible conflicts of interest in trading for their clients.

NBLA and NBIA will consider many factors when allocating Collateral Obligations and other instruments among clients, including the client's investment objectives, applicable restrictions, the type of investment, the number or amount of Collateral Obligations or other instruments purchased or sold, the size of the account, and the amount of available cash or the size of an existing position in an account. The nature of a client's investment style may exclude it from participating in many investment opportunities, even if the client is not strictly precluded from participation based on written investment restrictions. Clients are not assured of participating equally or at all in particular investment allocations.

Allocation of New Issues: NBLA and NBIA will attempt to allocate limited investment opportunities, including new issues, among their respective clients in a manner that is fair and equitable when viewed over a considerable period of time and involving many allocations. NBLA and NBIA maintain policies and procedures to allocate Collateral Obligations in new issues and secondary offerings. The factors taken into account in allocating new issues include whether the account's investment objectives fall primarily within the market capitalization of the issuer of Collateral Obligations to be allocated, cash available and legal restrictions on the account. Once those requirements are met, the Collateral Obligations are generally allocated on a *pro rata* basis based on the assets under management of each account.

The Neuberger Berman Legal and Compliance Department, in conjunction with AMGO, is responsible for monitoring and interpreting these policies. Any exceptions to these policies require the prior approval of the Neuberger Berman Legal and Compliance Department.

Item 13: Review of Accounts

A. Periodic Reviews

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

Portfolio managers and traders are responsible for ensuring that the portfolio is in compliance with internal guidelines, as well as guidelines established by the client. As such, the investment professionals responsible for trading are the first step in maintaining compliance with investment guidelines and investment policy. Because portfolio managers can access online portfolio data, which is updated daily for each portfolio, they are able to "drill down" from sector to individual security in order to assess compliance with client guidelines.

While NBLA looks to the portfolio managers as the first step in the compliance process, NBLA recognizes the need for additional, independent oversight. AMGO serves as an independent supervisory group responsible for ensuring that portfolios are managed in accordance with investment guidelines.

A portfolio manager may be responsible for managing an Affiliate Account. The process relating to the review of the accounts of an affiliated advisory firm would be governed by the policies of such affiliate.

In addition to the practices outlined above, the Neuberger Berman Legal and Compliance Department reviews transactions for possible conflicts and adherence to the Code of Ethics and regulatory obligations, on a daily basis. This includes reviews of trade data and exception reports, which are generally conducted by one of several compliance analysts. Topics covered in the review include front running and trading on the basis of material, non-public information.

B. Non-Periodic Reviews

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

C. Client Reports

On a monthly basis, each CLO issuer (or its agent) will typically compile and make available to each of the CLO's investors a monthly report, setting forth certain information with respect to the Collateral Obligations in respect of the immediately preceding month, including certain loss and

delinquency information on the Collateral Obligations and measurements of each criterion included in the CLO's investment criteria. On each of the CLO's payment dates, each CLO issuer (or its agent) will typically make available to each of the CLO's investors a distribution report containing all the information in a monthly report as well as setting forth, among other things, certain information as to the distributions being made on such payment date, and the fees to be paid to NBLA and the CLO's trustee. Neither such information nor any other financial information furnished to investors in the CLOs will be audited and reported upon, and an opinion will not be expressed, by an independent public accountant.

Item 14: Client Referrals and Other Compensation

A. Compensation by Non-Clients

Not Applicable.

B. Compensation for Client Referrals

Subject to applicable law, certain employees of NBLA and its affiliates are eligible to earn an account referral commission for referring a potential client to NBLA that engages NBLA to provide investment management services.

Each CLO will select an initial purchaser to act as sole manager and bookrunner with respect to the CLO's notes. In this capacity, the initial purchaser will generally purchase the CLO's notes, sell such notes in individually negotiated transactions at varying prices to be determined in each case at the time of sale and deliver or arrange for the delivery of such notes. The initial purchaser will receive from the applicable CLO issuer certain fees and reimbursement of certain expenses (including legal expenses) for its services as initial purchaser.

Consultants

NBLA and its affiliates sponsor educational events where its representatives meet with consultants, broker-dealers, and other financial intermediaries (collectively "**Financial Intermediaries**"), or their clients. NBLA or such affiliate may charge a participation fee or pay for some or all of the expenses of the participants. NBLA and its affiliates may also participate in educational programs sponsored by Financial Intermediaries. NBLA or such affiliate may pay a fee to participate in such programs. Both of these types of events provide NBLA and its affiliates with an opportunity to meet with Financial Intermediaries or their clients. Any fees paid by NBLA and its affiliates are from their own resources, which include the management fees received from their clients. Clients should confer with their Financial Intermediaries regarding the details of the payments their Financial Intermediaries may receive from NBLA and its affiliates.

Item 15: Custody

Neither NBLA nor its affiliates will maintain physical possession of CLO assets. Physical custody of the assets of a CLO will be maintained with a Qualified Custodian selected by the CLO issuer.

Item 16: Investment Discretion

Subject to any investment guidelines or instructions as a client may from time to time communicate to NBLA, NBLA enters into collateral management agreements with its clients that give NBLA authority, without obtaining specific client consent, to buy, sell, hold, exchange, convert or otherwise trade in any Collateral Obligations, loans and other financial instruments, including derivatives. NBLA also has discretion to choose the broker-dealer(s) to be used and the commission rates paid unless the client instructs otherwise. NBLA's discretionary authority is derived from an express grant of authority under each CLO's collateral management agreement with NBLA. With respect to a number of such agreements, NBLA is also given the authority to execute agreements or other documents on behalf of the client to effectuate NBLA's duties under the collateral management agreement. In addition, NBLA's discretionary authority generally allows NBLA to exercise any right incident to any Collateral Obligations or other assets held in the account (e.g., the right to vote on loan amendments) and to issue instructions to the client's custodian for the account for such purposes, as NBLA deems necessary and appropriate in the management of the account.

Purchases and sales must be suitable for the particular client and limitations may be imposed as a result of instructions from the client through investment guidelines or other writings. Clients may limit NBLA's authority by prohibiting or limiting the purchasing of certain Collateral Obligations or other assets or industry groups.

Neuberger Berman, itself, may place restrictions on trading in certain Collateral Obligations, securities or other assets in Client Accounts. Legal or regulatory considerations or collateral risk management policies may necessitate that Neuberger Berman restrict trading in certain issuers. Limitations may also be imposed when the purchase of a Collateral Obligation or other instrument, when aggregated with positions in such investment held by NBLA for itself, by insiders, and by other clients, would exceed applicable law or NBLA's self-imposed rules with regard to maximum size of positions in an investment. NBLA will not be able to trade in any Collateral Obligations on the Firm restricted list on behalf of any Client Accounts, except with approval by the Neuberger Berman Legal and Compliance Department.

For example, pursuant to Neuberger Berman's policies and procedures on the handling of material non-public information, when Neuberger Berman 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, in general, neither Neuberger Berman 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 Neuberger Berman 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.

In addition, NBLA, as holder of the Retention Interests in a CLO, may have the ability to direct a redemption, refinancing or repricing of such CLO. NBLA in such capacity may also, with the consent of one or more other classes of CLO securities, have the right to consent to amendments

to the governing documents of the CLOs and to remove or replace the collateral manager and enforce other rights and remedies after events of default.

Item 17: Voting Client Securities

NBLA generally has voting power with respect to Collateral Obligations and other instruments in all of its accounts. NBLA has implemented written Proxy Voting Policies and Procedures (the **"Proxy Voting Policy"**) that are designed to reasonably ensure that NBLA votes proxies prudently and in the best interest of its advisory clients for whom NBLA has voting authority. The Proxy Voting Policy also provides for the process by which proxy voting decisions are made, the handling of material conflicts, the disclosure of the Proxy Voting Policy to clients, the maintenance of appropriate books and records relating to proxies, and proxy voting guidelines for common proxy proposals.

The financial interest of its clients is the primary consideration in determining how proxies should be voted. As a general rule, NBLA will vote all proxies relating to a particular proposal the same way for all advisory accounts holding the Collateral Obligation or other instrument in accordance with the proxy voting guidelines set forth in the Proxy Voting Policy, unless a client specifically instructs NBLA in writing to vote such Collateral Obligations or other instruments otherwise.

The Neuberger Berman Governance and Proxy Voting Committee (the **"Proxy Committee"**) is responsible for developing, authorizing, implementing and updating the Proxy Voting Policy, administering and overseeing the proxy voting process, and engaging and overseeing any independent third party vendors as voting delegates to review, monitor and/or vote proxies. In order to apply the Proxy Voting Policy in a timely and consistent manner, Neuberger Berman utilizes Glass, Lewis & Co. LLC (**"Glass Lewis"**) to vote proxies in accordance with NBLA's voting guidelines or, in instances where a material conflict has been determined to exist, in accordance with the voting recommendations of Glass Lewis.

NBLA's Proxy Voting Policy provides that it will generally adopt the voting recommendations of Glass Lewis. NBLA retains final authority and fiduciary responsibility for proxy voting. NBLA believes that this process is reasonably designed to address material conflicts of interest that may arise between NBLA and a client as to how proxies are voted.

Conflicts:

NBLA is sensitive to conflicts of interest that may arise in the proxy voting process. It is committed to resolving all conflicts in its clients' best interest and will generally vote pursuant to the Proxy Voting Policy guidelines when conflicts of interest arise. When there are proxy voting proposals, however, that give rise to conflicts of interest that are not addressed by the Proxy Voting Policy, the Proxy Committee will determine the approach to be taken to address the conflict.

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

If the Proxy Committee determines that the voting of a proxy as recommended by the investment professional would not be appropriate, the Proxy Committee will take no further action, in which case Glass Lewis will vote such proxy in accordance with the proxy voting guidelines or as Glass Lewis recommends.

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

Loan Amendments:

NBLA, in its capacity as collateral manager of a CLO, will have the authority to consent to amendments, waivers or modifications of the terms and conditions of loan agreements and related assignments. Any amendment, waiver or modification of an investment could defer the maturity, adjust the outstanding balance of any investment, reduce or forgive interest or fees, release material collateral or guarantees, or otherwise amend, modify or waive the terms of any related loan agreement, including the payment terms thereunder, which could postpone the receipt of payments in respect of such investment and/or reduce distributions to CLO investors. However, because NBLA and/or underlying CLOs may invest through Participations, it is possible that NBLA and/or underlying CLOs may not be entitled to vote on any such adjustment of terms of such agreements. All such decisions shall be made by the Investment Committee, without input from the Proxy Committee and/or Glass Lewis. NBLA believes that its interests should generally be aligned with the CLO in taking these actions, but the Investment Committee will seek to identify any conflicts and resolve them.

Corporate Actions:

NBLA, in its capacity as collateral manager of a CLO, will have the authority to vote on all corporate reorganization matters (e.g., conversions, tender and exchange offers, mergers, stock splits, rights offerings, recapitalizations, amendments, modifications or waivers or other rights or powers) relating to the Collateral Obligations and other instruments owned by the CLOs. All such decisions shall be made by the Investment Committee, without input from the Proxy Committee and/or Glass Lewis. NBLA believes that its interests should generally be aligned with the CLO in taking these actions, but the Investment Committee will seek to identify any conflicts and resolve them.

Class Action Lawsuits:

From time to time a Collateral Obligation or other instrument held in a Client Account may become the subject of a class action lawsuit. Generally, the CLO's trustee handles any decision to file a claim to participate in a class action settlement. Unless otherwise agreed with the client, NBLA has no responsibilities with regard to the class action process.

Generally, NBLA will not act on behalf of its clients as a lead plaintiff in a class action lawsuit or as a plaintiff in any potential direct action.

Item 18: Financial Information

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

All fees owed to NBLA are paid in arrears or paid less than six months in advance.

B. Impairment of Contractual Commitments

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

C. Bankruptcy Petitions

NBLA has not been the subject of a bankruptcy proceeding.