

---

# NB Alternatives Advisers LLC

## Client Brochure

**March 28, 2024**

**325 North Saint Paul Street  
Suite 4900  
Dallas, Texas 75201  
[www.nb.com](http://www.nb.com)**

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

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

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

\* \* \* \*

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

---

## Item 2: Material Changes

This Brochure, dated March 28, 2024, has been prepared in accordance with Rules adopted by the U.S. Securities and Exchange Commission. This Brochure will be updated at least annually to provide other ongoing disclosure information about material changes, as necessary. There have not been material changes to NBAA's Part 2A since its most recent Annual Update on March 31, 2023. However, please note that NBAA has updated various sections of the Brochure as part of its Annual Updating Amendment, including Material Risks (**Item 8**).

---

### Item 3: Table of Contents

ITEM 1:	COVER PAGE .....	I
ITEM 2:	MATERIAL CHANGES .....	II
ITEM 3:	TABLE OF CONTENTS .....	III
ITEM 4:	ADVISORY BUSINESS.....	1
A.	Description of the Firm.....	1
B.	Types of Advisory Services.....	2
C.	Client Tailored Services and Client Tailored Restrictions.....	5
D.	Wrap Programs.....	5
E.	Assets Under Management.....	6
ITEM 5:	FEES AND COMPENSATION .....	6
A.	Fee Schedule.....	6
B.	Payment Method .....	9
C.	Other Fees and Expenses .....	10
D.	Prepayment of Fees and Refunds .....	12
E.	Sales Compensation .....	13
ITEM 6:	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	15
ITEM 7:	TYPES OF CLIENTS.....	16
ITEM 8:	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS ..	17
A.	Methods of Analysis .....	17
B.	Investment Strategies.....	19
C.	Material Risks .....	22
ITEM 9:	DISCIPLINARY INFORMATION .....	69
ITEM 10:	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	70
A.	Registration as a Broker-Dealer or Registered Representative.....	70
B.	Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor or Associated Person.....	70
C.	Material Relationships .....	70
D.	Selection of Other Investment Advisers.....	73
ITEM 11:	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....	74

---

A.	Code of Ethics .....	74
B.	Participation or Interest in Client Transactions.....	75
C.	Personal Trading .....	78
D.	Other Conflicts of Interest.....	79
ITEM 12:	BROKERAGE PRACTICES .....	95
A.	Criteria for Selection of Broker-Dealers.....	95
B.	Aggregation of Orders/Allocation of Trades.....	99
ITEM 13:	REVIEW OF ACCOUNTS .....	100
A.	Periodic Reviews .....	100
B.	Non-Periodic Reviews.....	100
C.	Client Reports .....	101
ITEM 14:	CLIENT REFERRALS AND OTHER COMPENSATION .....	102
A.	Compensation by Non-Clients.....	102
B.	Compensation for Client Referrals .....	102
ITEM 15:	CUSTODY .....	103
ITEM 16:	INVESTMENT DISCRETION.....	104
ITEM 17:	VOTING CLIENT SECURITIES .....	105
ITEM 18:	FINANCIAL INFORMATION .....	106
A.	Prepayment of Fees (Six or more months in advance) .....	106
B.	Impairment of Contractual Commitments .....	106
C.	Bankruptcy Petitions .....	106

## Item 4: Advisory Business

### A. Description of the Firm

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

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

NBAA provides alternative investment strategies directly or indirectly to, among others, large public and private pension funds; academic and charitable institutions; registered closed-end investment companies; and other sophisticated investors. NBAA’s advisory business is focused on providing services to (i) private investment funds (including both comingled funds and funds-of-one); (ii) separate accounts for third-party clients; (iii) U.S. registered funds; (iv) NB Private Equity Partners Ltd.; (v) Sub-Funds of NB Alternative Funds SICAV S.A.; and (vi) non-discretionary investment management services to certain private funds and separate accounts, each as further described herein.

On May 19, 2021, a strategic combination between Dyal Capital Partners and Owl Rock Capital Group became effective, and Dyal Capital Partners is now part of Blue Owl Capital Inc. (“**Blue Owl**”), a company that trades on the NYSE as “OWL.” Following the completion of the Blue Owl transaction, an entity owned by certain current and former NBG employees owned approximately 35% of the interests in Blue Owl’s operating entities. Neuberger Berman’s historical relationship with Dyal Capital Partners will from time to time result in conflicts of interest, or issues that create the appearance of a conflict of interests, as described herein, including as described in **Item 11**.

#### ***Indirect Ownership Background—Neuberger Berman Group***

NBG is a holding company, the subsidiaries of which (collectively referred to herein as the “**Firm**” or “**Neuberger Berman**”) provide a broad range of global investment solutions – equity, fixed income, multi-asset class and alternatives – to institutions and individuals through products including separately managed accounts, mutual funds, and private investment vehicles. As of December 31, 2023, Neuberger Berman had approximately \$463 billion under management.<sup>1</sup>

NBG’s voting equity is wholly owned by NBSH Acquisition, LLC (“**NBSH**”). NBSH is owned by current and former employees, directors, consultants and, in certain instances, their permitted transferees. Each employee that owns an equity stake has entered into an agreement that provides

---

<sup>1</sup> Firm assets under management figures reflect the collective assets for the various subsidiaries of NBG.

strong incentives to continue with the organization and has a number of restrictive covenants in the event the employee leaves the Firm.

Neuberger Berman is headquartered in New York, New York. As of December 31, 2023, Neuberger Berman had approximately 2,826 employees in 39 cities around the world.

NBAA's investment advisory services are further discussed below.

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

NBAA currently provides the following types of investment advisory services:

### ***Private Investment Vehicles***

NBAA acts as the investment manager or sub-adviser providing discretionary investment management services to privately offered investment vehicles (together with co-investment vehicles, feeder funds, aggregators and similar entities managed or sub-advised by NBAA, the “**Private Funds**”). The Private Funds are organized or “sponsored” by NBAA or an affiliate of NBAA, and an affiliate of NBAA generally acts as the managing member or general partner (each, a “**General Partner**”) of the Private Funds. The Private Funds include commingled vehicles, evergreen open-end vehicles with periodic liquidity, and single client limited partnerships that were organized by affiliates of NBAA for which an NBAA affiliate serves as General Partner (funds-of-one). The Private Funds also include structuring vehicles and feeder vehicles that invest exclusively or primarily in limited partnership interests of a single or multiple NBAA-managed Private Fund(s) and issue equity interests or notes to investors who, for regulatory, tax, or other reasons, elect to acquire indirect exposure to the underlying Private Fund(s) through such a vehicle rather than directly.

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

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

NBAA has the overall responsibility for implementing the investment strategies of each Private Fund and has the authority to select investments within the stated investment strategies and objectives of each Private Fund. The Private Funds generally invest in private securities, such as

venture capital partnerships, special situations partnerships, buyout private equity partnerships, international private equity partnerships and real estate partnerships (collectively, “**Portfolio Funds**”), as well as direct/co-investments in privately held operating companies, brand royalties, income-generating instruments in the broader healthcare sector, corporate and structured credit securities and holdings, specialty finance assets, the debt of private equity-backed companies, insurance-linked securities and private investments in private and public real estate companies (collectively, including Portfolio Funds, “**Private Securities**”). In addition, certain Private Funds invest in public securities, including, but not limited to, fixed income, equity, catastrophe bonds and publicly traded real estate companies, including REITs (collectively, “**Public Securities**” and, together with the Private Securities, the “**Portfolio Investments**”).

### ***Separately Managed Accounts***

NBAA provides ongoing discretionary investment management services to certain institutional clients in a separate account format (collectively, the “**Separate Accounts**”). Those investment management services include services to clients for which NBAA acts as sub-adviser. Those Separate Accounts are managed based on individual investment objectives or guidelines, including time horizon, risk tolerance, policies, and limitations of such clients. NBAA helps to establish investment objectives and monitor the achievement of such objectives through selection and management of Portfolio Investments.

All Separate Account clients must qualify as (1)(a) Accredited Investors; and (b) Qualified Purchasers; or (2) non-“U.S. persons” as defined under Regulation S of the Securities Act.

### ***U.S. Registered Funds***

NBAA acts as a sub-adviser to affiliated registered closed-end investment companies (collectively, the “**U.S. Registered Funds**”) pursuant to sub-advisory agreements entered into between NBAA and Neuberger Berman Investment Advisers LLC (“**NBIA**”), the investment adviser of the U.S. Registered Funds. The U.S. Registered Funds sub-advised by NBAA require that investors be (1) Accredited Investors; and (2) qualified clients as defined under Rule 205-3 of the Advisers Act (“**Qualified Clients**”). The U.S. Registered Funds generally invest in Private Securities, provided that the NB Private Markets Access Fund also invests in Public Securities. Please refer to the respective U.S. Registered Fund offering documents for further details about the services provided with respect to the U.S. Registered Funds.

### ***NBPE***

NBAA acts as the investment manager providing discretionary investment management services to NB Private Equity Partners Ltd. (“**NBPE**”), a non-US-based closed-end investment company registered under the laws of Guernsey and listed on the London Stock Exchange. NBPE investors generally must qualify as (1)(a) Accredited Investors; and (b) Qualified Purchasers; or (2) non-“U.S. persons” as defined under Regulation S of the Securities Act. For additional information

concerning this entity, please see the fund's formation and other offering documents, which eligible investors can find at [www.nbprivateequitypartners.com](http://www.nbprivateequitypartners.com).

### ***Sub-Funds of NB Alternative Funds SICAV S.A.***

NBAA acts as a portfolio manager to the sub-funds (the "Sub-Funds") of an authorised Luxembourg alternative investment fund for which certain Sub-Funds have adopted the status of European Long Term Investment Funds as defined in the Regulation (EU) 2015/760 of 29 April 2015 (collectively, the "**ELTIFs**"). NBAA entered into a portfolio management delegation agreement with Neuberger Berman AIFM S.à.r.l ("**NB Lux**"), an affiliate of NBAA and the alternative investment fund manager of the Sub-Funds. The Sub Funds are regulated by the Commission de Surveillance du Secteur Financier of Luxembourg ("**CSSF**") and require that investors not be "U.S. persons" as defined under Regulation S of the Securities Act. The Sub-Funds generally invest in Private Securities. Please refer to the respective offering documents for further details about the services provided with respect to the Sub-Funds.

### ***Non-Discretionary Services***

NBAA provides non-discretionary investment management services to certain Private Funds and Separate Accounts (collectively, the "**Non-Discretionary Accounts**") where it is required to consult with the client before effecting any transaction for the client's account. For those Non-Discretionary Client Accounts, NBAA's services generally include periodic or ongoing responsibility to make recommendations as to investment policy statement design and specific investments to be purchased, sold or held, and, if NBAA's recommendations are accepted by the client, to arrange or effect the implementation of any accepted recommendations. With respect to the provision of those non-discretionary services, Client Accounts generally have sole discretion and final responsibility for investment decisions.

**The Private Funds, the Separate Accounts, the U.S. Registered Funds, NBPE, Sub-Funds, and Non-Discretionary Accounts are collectively referred to herein as the "Client Accounts."**

### ***Additional Services***

Finally, from time to time, NBAA provides additional services to certain Client Accounts and investors, including the review of non-NBAA managed investments as well as portfolio modeling and reporting, which can include non-binding investment advice in the form of written investment analyses. In addition, those additional services can include training and knowledge transfer that can range broadly by function – for example, risk management, portfolio management and investment due diligence - as well as by asset class and strategies. Those activities include, among others, sessions to review investment opportunities alongside deal teams, or review existing or legacy portfolios; teaching sessions about the private equity asset class, the market and the investment strategies; introductions to private equity firms; and diverse other activities tailored to help investors get a greater insight into these areas.

Unless specifically provided in such Client Account's Offering Documents (as defined below), NBAA is not specifically compensated for the provision of additional services, though the provision



of such services will from time-to-time result in conflicts of interest, and the appearance of conflicts of interest, discussed herein. See **Item 8.D** and **Item 11**.

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

NBAA enters into discretionary and non-discretionary investment management agreements with its Client Accounts. Certain Client Accounts are subject to certain restrictions or guidelines. See **Item 16**.

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

NBAA generally enters into discretionary investment management agreements and other formation and organizational documents with its Separate Account clients (collectively, the “**Separate Account Offering Documents**”). Clients are permitted to impose restrictions on investing in certain securities or types of securities in accordance with their particular investment objectives or needs.

NBAA enters into sub-advisory agreements with NBIA pertaining to the U.S. Registered Funds. Each U.S. Registered Fund sub-advised by NBAA is managed in accordance with the investment objectives, policies and strategies of the U.S. Registered Fund. Investors should refer to each U.S. Registered Fund’s offering memorandum/prospectus and constitutional documents as applicable (collectively, the “**U.S. Registered Fund Offering Documents**”) for additional information.

NBPE’s formation and other organizational documents can be found at [www.nbprivateequitypartners.com](http://www.nbprivateequitypartners.com) (collectively, the “**NBPE Offering Documents**”) for additional information.

Finally, NBAA enters into portfolio delegation agreements with NB Lux pertaining to the Sub-Funds. Each Sub Fund will be managed in accordance with its respective investment objectives, policies and strategies. Investors should refer to each Sub-Fund’s offering documents (collectively, the “**Sub-Fund Offering Documents**” and, together with the Private Fund Offering Documents, the Separate Account Offering Documents, the U.S Registered Fund Offering Documents and the NBPE Offering Documents, the “**Offering Documents**”).

### **D. Wrap Programs**

Not applicable.

## E. Assets Under Management

<u>Discretionary Amounts:</u>	<u>Non-Discretionary Amounts:</u>	<u>Date Calculated:</u>
\$ 102,491,491,610	\$ 15,549,628,360	12/31/2023

## Item 5: Fees and Compensation

### A. Fee Schedule

#### I. PRIVATE FUNDS

NBAA is typically compensated for its advisory services to the Private Funds based on a percentage of assets under management (e.g., commitments, invested capital, or net asset value (“NAV”)) and also can receive performance-based compensation from a Private Fund, as described below and in more detail in the Private Fund Offering Documents.

Each Private Fund generally pays to NBAA (or its affiliate) semi-annual, quarterly or monthly advisory or management fees (“**Management Fees**”) equal to a certain percentage of (i) the total capital commitments (regardless of whether such capital has been invested) of the investors in the applicable Private Fund; (ii) the total invested capital of the applicable Private Fund; or (iii) the NAV (as defined in the applicable Private Fund Offering Documents). Management Fees can be negotiable under certain circumstances. NBAA or its affiliate acting as General Partner of a Private Fund, in its discretion, is permitted to waive or reduce the Management Fee applicable to all or any of the investors in each Private Fund or agree with an investor to waive or alter the Management Fee as to that investor.

Each Private Fund also typically charges performance-based fees or makes performance-based allocations of income. Those are typically in the form of carried interest distributions (“**Carried Interest**” and, collectively with incentive allocations and any performance-based fees, “**Performance-based Compensation**”) based on the net cash proceeds attributable to Private Fund investments. Performance-based Compensation can be negotiable under certain circumstances and are often subject to high water provisions, whereby NBAA or an affiliate receives Performance-based Compensation only on increases in the NAV in excess of the highest NAV the Client Account has previously achieved. Performance-based Compensation generally is apportioned to the General Partners or special limited partners of the Private Funds, which are affiliates of NBAA.<sup>2</sup> NBAA or its affiliate, acting as the General Partner of a Private Fund, in its

---

<sup>2</sup> In the case of certain legacy funds managed by Almanac Realty Investors and Insurance-Linked Strategies, the Performance-based Compensation is apportioned to special limited partners or general (continued...)

discretion, is permitted to waive or reduce the Performance-based Compensation applicable to all or any of the investors in each Private Fund or agree with an investor to waive or alter the Performance-based Compensation as to that investor. The Performance-based Compensation for certain Private Funds is subject to a “clawback,” in each case in accordance with such Private Fund’s Offering Documents. Additionally, for a limited number of Private Funds, a portion of the Management Fees or the Performance-based Compensation, or both, will be paid to one or more anchor investors. As a result, NBAA may not have the same alignment of interests with the investors of those Private Fund as they would have in the absence of the revenue share with those anchor investors. See **Item 6** for more information about Performance-based Compensation.

For certain Private Funds, in addition to management fees and Performance Fees, Private Wealth Account clients will be subject to a fee paid to Neuberger Berman BD LLC (“**NBBD**”) for placement and onboarding services (“**PW Access Fee**”). The PW Access Fee is described in the Offering Documents of the applicable Private Funds.

Management Fees and Performance-based Compensation will generally be waived or partially waived, in connection with capital commitments and contributions made by the General Partners or related persons, such as Neuberger Berman employees, senior advisors, and their families who, directly or indirectly, invest, or have invested, in the Private Funds as well as certain Dyal Capital Partners-managed private funds (each, a “**Dyal Fund**”) now managed by Blue Owl, including pursuant to the Firm’s employee investment program.

Lower fees and expenses for comparable services are available from unaffiliated managers. The fees and expenses of a Private Fund, including the Management Fee and Performance-based Compensation, could constitute a higher percentage of average net assets than would be found in other investment vehicles not managed by NBAA.

Management Fees, Performance-based Compensation, and PW Access Fees (where applicable) for Private Funds are negotiable under certain circumstances. Investors should refer to the respective Private Fund Offering Documents for additional or supplementary information regarding the Private Fund, including the fees and expenses paid by such Private Fund.

## **II. SEPARATE ACCOUNTS**

Separate Accounts pay a Management Fee equal to a certain percentage of the Separate Account’s (i) total capital commitment (regardless of whether such capital has been invested); (ii) total invested capital; or (iii) NAV (as defined in the relevant Separate Account Offering Documents). Certain Separate Accounts also pay Performance-based Compensation. Fees are negotiable and set forth in the relevant Separate Account Offering Documents. All U.S. Separate Account clients of NBAA are Qualified Purchasers and those charged Performance-based Compensation must be eligible to enter into such an arrangement under the Advisers Act.

---

partners that include members currently or previously not affiliated with NBAA (for example, former Almanac employees and senior advisors).

Fees will vary depending on a variety of factors including, but not limited to, the identity of the portfolio manager or group managing the account, account size and investment objectives. Investors should refer to the respective Separate Account Offering Documents for additional or supplementary information regarding the Separate Account, including the fees and expenses paid by such Separate Account.

### **III. U.S REGISTERED FUNDS**

NBAA's fees with respect to its services as sub-adviser to the U.S. Registered Funds is set forth in the respective U.S. Registered Fund Offering Documents. Each U.S. Registered Fund pays a Management Fee as well as Performance-based Compensation. The annual advisory fee or Management Fee rate for each U.S. Registered Fund is negotiated with and approved by the U.S. Registered Fund's Board of Managers/Directors. Investors should refer to the respective U.S. Registered Fund Offering Documents for additional or supplementary information regarding the U.S. Registered Fund, including the fees and expenses paid by such U.S. Registered Fund.

### **IV. NBPE**

NBAA's fees with respect to its services to NBPE is set forth in the NBPE Offering Documents. NBPE generally pays NBAA a Management Fee as well as Performance-based Compensation. Investors should refer to the NBPE Offering Documents for additional or supplementary information regarding NBPE, including the fees and expenses paid by NBPE.

### **V. Sub-Funds of NB Alternative Funds SICAV S.A.**

NBAA's fees with respect to its services to the Sub-Funds are paid by NB Lux pursuant to each Sub-Funds' portfolio management agreement and internal transfer pricing policies between NB Lux and NBAA. Each Sub-Fund pays NB Lux a Management Fee as well as Performance-based Compensation. Investors should refer to the respective Sub-Fund's Offering Documents for additional or supplementary information regarding the Sub-Funds, including the fees and expenses paid by such Sub-Fund.

The differing fee structures among the Client Accounts described in this **Item 5.B** results in certain conflicts of interest and issues that present the appearance of a conflict of interest. See **Item 6**, **Item 10** and **Item 11.D**.

### **VI. NON-DISCRETIONARY ACCOUNTS**

NBAA's fees with respect to its services to Non-Discretionary Accounts are set forth in **Items 5.A.I.** and **5.A.II.**

## **B. Payment Method**

### ***Calculation and Payment of Management Fees and Performance-based Compensation:***

**Private Funds**—The Management Fee generally will be paid by and deducted from the assets of each Private Fund quarterly (and in some cases, semi-annually or monthly) in advance or arrears, and will generally be prorated for partial periods with regard to each Management Fee period. Private Fund investors should refer to the Fund's offering documents. Commitments will periodically be called to satisfy Management Fees. Performance-based Compensation for each Private Fund is generally paid out as a distribution of the net cash proceeds attributable to Portfolio Investments of such Private Fund. Investors should refer to the respective Private Fund Offering Documents for additional or supplementary information regarding the calculation and payment of fees.

**Separate Accounts**—Management Fees are generally charged quarterly or monthly, in arrears, based on the market value of the Client Account's capital commitment on an annual tranche basis. Performance-based Compensation is generally charged on each annual tranche of commitment as a distribution of the net cash proceeds attributable to distributions related to Portfolio Investments of such Separate Account annual tranche.

Payment of fees for Separate Accounts will generally be made upon invoice. Investors should refer to the respective Separate Account Offering Documents for additional or supplementary information regarding the calculation and payment of fees.

**U.S. Registered Funds**—The Management Fee and Performance-based Compensation, paid to NBAA as sub-adviser, is paid by NBIA in accordance with the sub-advisory agreements entered into between NBAA and NBIA and as set forth in the relevant U.S. Registered Fund Offering Documents. Investors should refer to the respective U.S. Registered Fund Offering Documents for additional or supplementary information regarding the calculation and payment of fees.

**NBPE**—The Management Fee and Performance-based Compensation is paid to NBAA in accordance with the NBPE Offering Documents. Investors should refer to the NBPE Offering Documents for additional or supplementary information regarding the calculation and payment of fees.

**Sub-Funds of NB Alternative Funds SICAV S.A.**—The Management Fee and Performance-based Compensation is paid to NBAA by NB Lux in accordance with the portfolio delegation agreements and internal pricing policies. Investors should refer to the respective Sub-Fund Offering Documents for additional or supplementary information regarding the calculation and payment of fees.

**Valuation of Assets**—The market value of the assets of the Client Accounts are generally based upon fair-value as determined by the General Partner, or its delegate, which generally is NBAA, in accordance with the procedures set forth in the applicable Offering Documents and NBAA's valuation policies and procedures. NBAA has established valuation committees that typically include representatives from Risk, Finance, Valuation, Legal & Compliance and the relevant

investment team as well as an investment professional who is not on the applicable investment team. Investment team representatives are non-voting members of valuation committees. In addition, NBAA is able to leverage the broader resources of Neuberger Berman, as well as external valuation firms, if significant issues regarding valuation arise that cannot be addressed by the methods described above.

The Client Accounts generally retain third-party service providers to provide various administrative services to the Client Accounts. This includes assisting NBAA in calculating each Client Account's NAV, as well as other administrative services on behalf of the Client Accounts. Investors should refer to the applicable Offering Documents for more information with respect to the valuation of Client Account assets. See **Item 8. C. Material Risks.**

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

In addition to any Management Fee and Performance-based Compensation paid to NBAA or its affiliates, Client Accounts pay other fees and expenses associated with their accounts and investments. Investors should refer to the applicable Offering Documents for additional information regarding fees and expenses. The categories of expenses allocated to Client Accounts generally include, without limitation: (a) organizational and administrative expenses; (b) sourcing, diligence and other expenses incurred in the making, monitoring, holding and disposition of Portfolio Investments; and (c) oversight and reporting expenses. Examples of expenses paid by the Client Accounts include, without limitation:

- **Organizational and Administrative Expenses.** Client Accounts ordinarily bear their organizational, administrative and operating expenses; reporting expenses of the Client Account or NBAA or its affiliates in connection with its operation of the Client Account; regulatory expenses (including expenses incurred in connection with certain filings); insurance or indemnity expenses; audit and tax preparation and other tax-related fees and expenses; legal and accounting fees; valuation-related expenses; consulting fees; due diligence expenses; annual meeting expenses; marketing expenses; business-related travel expenses of employees and senior advisors providing services to NBAA, including in connection with due diligence and monitoring of investments; investor meetings; expenses associated with mailing and reproducing Offering Documents, any amendments thereto and other communications with investors, including through electronic web portals; expenses relating to subscription agreements, side letters or similar agreements; information technology systems; expenses of a Board of Advisors, limited partner advisory committee (each, a "**LP Advisory Committee**") (or similar body); and expenses relating to the organization, operation and winding-up of vehicles (including parallel or feeder vehicles). Client Accounts will also generally pay any extraordinary and non-recurring expenses (including any extraordinary actual, threatened, or otherwise anticipated litigation, mediation, and arbitration expenses and indemnification costs) and taxes, if any. Certain Client Accounts are subject to organizational expense caps.
- **Transaction-related Fees and Expenses—** Client Accounts generally must bear all transaction-related fees and expenses, including, but not limited to, the following:

- ***Fees and Expenses Related to Investments or Dispositions in Private Securities.*** The Client Accounts generally invest in Private Securities. In particular, Portfolio Funds are typically structured as partnerships or limited liability companies. As such, Portfolio Funds typically incur fees and expenses that are charged to investors in those entities. Other investments in Private Securities, such as portfolio companies, typically incur fees and expenses borne by their respective investors, including transaction-related fees and expenses. Such portfolio-level fees and expenses incurred by Client Accounts will be in addition to the fees and expenses otherwise charged by NBAA. Investors in the Client Accounts frequently will, in effect, pay two sets of fees and expenses including diligence costs, one directly at the Client Account level to NBAA and one indirectly through the Private Security investments. Moreover, subject to applicable law, the Client Account's Offering Documents and NBAA's policies and procedures, NBAA is entitled to receive fees and expenses from certain Client Accounts and Portfolio investments when, for example, Client Accounts invest in other NBAA-managed Client Accounts. **See Items 5.E and 11.D.1.**
- ***Fees and Expenses Related to Investments or Dispositions in Public Securities.*** Certain Client Accounts invest in Public Securities, including Special Purpose Acquisition Companies ("SPACs"). Such Client Accounts must generally bear all account and transaction-related fees and expenses, including brokerage commissions, concessions, dealer mark-ups and spreads for transactions effected for the Client Account. **See Items 12.A and 12.B.**
- ***Commissions, Expenses or Compensation.*** From time to time, certain Client Accounts pay commissions, expenses, finder's fees, placement fees, administrative service fees, or other compensation to (i) third parties and (ii) certain employees of Neuberger Berman and its affiliates for identifying Portfolio Investments. **See Item 10.C.**
- ***Additional Fees and Expenses.*** Investors in the Client Accounts will from time to time incur other fees and expenses incurred in connection with Portfolio Investments that will generally include, but are not limited to, diligence, transaction and investment monitoring-related costs; derivative instruments including foreign currency forward contracts; fees and expenses in connection with establishing, implementing, monitoring, reporting on and measuring the impact of ESG policies, initiatives, commitments and programs; broken-deal expenses; and principal, interest on and fees and expenses arising out of borrowings. NBAA may be entitled to receive closing fees, and directors' or monitoring fees in connection with Portfolio Investments ("**Ancillary Fees**"). Ancillary Fees will typically first be applied to offset any related unreimbursed expenses and the remainder will be applied to reduce subsequent Management Fees. Subject to the applicable investment advisory agreement, certain Separate Accounts will bear any legal expenses related to certain types of securities transactions in the account.

- ***Custodial Fees and Expenses.*** Certain Client Accounts elect to have account assets held in the custody of a bank, trust company, broker-dealer or other entity selected by the Client Account (as applicable). The Client Account (and therefore, for example, a Private Fund's investors indirectly) will bear any custodial fees and expenses (including costs related to appointments or changes of any depository or bank) associated with such account, and such fees and expenses will be in addition to the fees and expenses payable to NBAA for the Client Account. *See Item 15.*

**Other Fees and Expenses for U.S. Registered Funds and NBPE.** Investors in the U.S. Registered Funds and NBPE will incur other fees and expenses associated with their investments in the funds. Those expenses will generally include brokerage and other transaction-related costs and the fees and expenses of other service providers to these funds, such as custodians, transfer agents, administrators, valuation agents, boards of directors or trustees, auditors and counsel. Investors should refer to the applicable Offering Documents for more information with respect to the specific fees and expenses payable.

**Expense Allocation Policies and Procedures.** Because the allocation of expenses presents conflicts of interest, and issues that present the appearance of a conflict of interest, NBAA has adopted policies and procedures that are reasonably designed to allocate expenses (i) between NBAA and the Client Accounts and (ii) among Client Accounts (where applicable). The policies and procedures include reimbursement principles concerning potential Client Account expenses, including consultation with the relevant Offering Documents, and requirements that expenses be allocated in a fair and equitable manner consistent with NBAA's fiduciary obligations. NBAA will make judgments with respect to the allocation of expenses in its good faith discretion and will make corrective allocations should it determine that such corrections are necessary or advisable. Moreover, NBAA reserves the right to amend its policies and procedures from time to time without notice to, or the consent of, the investors in the Client Accounts, or any other person.

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

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

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

***U.S. Registered Funds***— As described in **Item 5.B.**, the sub-advisory fee paid to NBAA is paid by NBIA as described in the applicable U.S. Registered Fund Offering Documents.

***NBPE***— As described in **Item 5.B.**, Management Fees and Performance-based Compensation are generally paid to NBAA as described in the NBPE Offering Documents.



**Sub-Funds of NB Alternative Funds SICAV S.A.** — As described in **Item 5.B**, Management Fees and Performance-based Compensation are generally paid to NBAA by NB Lux as described in the applicable Sub-Fund Offering Documents.

## **E. Sales Compensation**

NBAA's products and strategies are typically marketed by the Firm's central salesforce (the members of the Firm's central salesforce, the "**NB Salespersons**"), which also markets the products and strategies of NBAA's affiliates as well as certain Dyal Funds. Certain NB Salespersons are registered representatives of NBBB, an affiliate of NBAA and a registered investment adviser and broker-dealer and member of the Financial Industry Regulatory Authority ("**FINRA**"). Subject to applicable law, certain NB Salespersons are entitled to a sales commission or other compensation if, among other things, NBAA is engaged to provide investment management services for a Separate Account or if an investment is made in another Client Account. NB Salespersons are subject to the terms and conditions of the applicable Firm sales compensation plan and contingent compensation program. Investor fees will not be increased due to a sales commission to an NBAA affiliate. Generally, NB Salespersons are compensated, directly or through compensation pools, based, in large part, on the revenues generated by NBAA and its affiliates with respect to the clients they cover. Certain NB Salespersons receive a fixed draw rather than commissions and are also eligible for special payouts when assets under management reach certain targets.

Given that the NB Salespersons generally market a wide range of products offered by NBAA and its affiliates as well as certain Dyal Funds, with differing compensation, NB Salespersons 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 investor. Where an NB Salesperson receives a fixed draw and is eligible for special payouts upon hitting certain targets, the NB Salesperson has an incentive to take actions to hit those targets. To increase the amount of assets invested with NBAA and its affiliates (whether to increase revenue, and therefore compensation, or to hit certain targets), NB Salespersons have an incentive to promote or recommend that investors or prospective investors invest more of their money with NBAA and its affiliates, including by transferring assets from other managers to NBAA. In addition, because NB Salespersons are compensated based on the revenues generated by NBAA and its affiliates with respect to its investors, this creates an incentive for NB Salespersons to promote or recommend products and strategies that generate more revenue for NBAA and its affiliates, including strategies and products that have higher fees, and proprietary products over non-proprietary products.

NBAA and its affiliates train their employees, including NB Salespersons, regarding suitability and other regulatory standards of conduct in connection with sales of securities and strategies involving securities to investors, which NBAA believes mitigates this conflict. NB 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 conflicts of interest, and issues that present the appearance of conflicts of interest, relating to compensation arrangements.

From time to time, NB Salespersons also market the advisory products and services of NBAA for which the NB Salesperson does not receive any direct compensation. Certain Firm employees who are not NB Salespersons are eligible to earn an account referral bonus for referring an investor to NBAA. This referral bonus creates an incentive for such Firm employees to promote or recommend NBAA advisory products, including strategies and products that have higher fees, and proprietary products over non-proprietary products.

For additional information on the compensation received by certain NBAA personnel, please see the relevant NBAA Form ADV Part 2Bs.

In addition, NBAA utilizes affiliated and unaffiliated placement agents (and unaffiliated sub-placement agents and the services of financial intermediaries) (collectively, the “**Placement Agents**”) in offering certain Client Accounts to investors. The U.S. Placement Agents, including NBAA’s affiliate, NBBD, are registered as broker-dealers with the SEC and are FINRA members. Placement Agents generally receive fees and/or other compensation with respect to all or certain of the investors that the Placement Agent refers and introduces. For certain Client Accounts, Placement Agents will receive, with respect to interests placed by the Placement Agent, a portion of the Management Fees paid by the Client Account to NBAA or its affiliate, or such other compensation as agreed with the Placement Agent. In addition, NBAA enters into agreements under which certain third parties introduce persons or entities for the purpose of investing in certain Client Accounts. Investors in Client Accounts that are introduced or referred by Placement Agents or introducers should carefully review the applicable documents and information provided to them by the Placement Agent for details regarding the specific fees or other compensation relating to their investment, including fees or commissions that are charged directly by the Placement Agent. Accordingly, a Placement Agent could be influenced by its interest in such current or future fees and commissions, including differentials in the placement fees that are offered by various fund sponsors. Affiliates and employees of certain Placement Agents and introducers will, from time to time, invest in the Client Accounts on their own behalf. *See Item 10.C.1 and Item 14.B.*

Certain Placement Agents, including NBBD, will from time to time enter into sub-placement agreements with affiliates and unaffiliated third parties, some of which charge an investor, on a fully disclosed basis, a fee in connection with the purchase of shares in the Client Account. In its discretion, a Placement Agent is permitted to allocate all or a portion of its placement fee to such sub-placement agents. Each Placement Agent, in its sole discretion, is permitted to waive or reduce the placement fee for any investor, including any affiliate of such Placement Agent.

In certain instances, NBAA has the ability to invest Client Accounts in (or allocate Client Accounts to) affiliated Portfolio Investments. NBAA is, therefore, subject to conflicts of interest, and issues that present the appearance of a conflict of interest, in selecting the underlying affiliated Portfolio Investments; however, as a fiduciary to each Client Account, NBAA is required to act in each Client Account’s best interest when selecting the underlying investments. To this end, where the Client Account is subject to two levels of fees, unless the relevant Offering Documents permit otherwise, NBAA typically waives or reimburses the advisory fees for the affiliated Portfolio Investment or credits the Client Account an amount equal to the pro-rata portion of the advisory fee NBAA (or its affiliates) earns from affiliated Portfolio Investments. However, unless otherwise waived, Client

Accounts will still be subject to the other expenses of the affiliated Portfolio Investments (which, in certain cases, includes administrative fees as well as other fees and expenses of NBAA or its affiliates).

NBAA utilizes the Firm's central trading desk to execute transactions with third-party brokers for certain Client Accounts. In addition, orders for Client Accounts that are managed or handled by certain business lines are generally sent by the applicable employees to third-party brokers for execution. See **Item 11.B.3** and **Item 12** for a discussion regarding brokerage practices.

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

For certain Client Accounts, NBAA or its affiliates (such as the General Partners to Private Funds or special limited partners) will receive Performance-based Compensation that is based on a share of one or more of the distributions or (realized or unrealized) capital gains, income or capital appreciation of the assets of an account. Examples of Performance-based Compensation includes, but is not necessarily limited to:

- a distribution based on the net cash proceeds attributable to the investments; and
- an incentive fee or incentive allocation where the fee or allocation is calculated as a percentage of distributions or (realized or unrealized) capital gains or capital appreciation profits (sometimes referred to as incentive allocation or Carried Interest).

Certain Client Accounts' Performance-based Compensation is subject to, or otherwise impacted by: (a) catch-up provisions; (b) high water mark provisions, whereby NBAA or an affiliate receives Performance-based Compensation only on increases in the NAV in excess of the highest NAV the Client Account has previously achieved; (c) hurdle rate or preferred return provisions, whereby NBAA or an affiliate does not receive Performance-based Compensation until the Client Account's annualized performance exceeds a benchmark rate, such as T-bill yield, LIBOR or a fixed percentage; and/or (d) clawback provisions which may be net of taxes.

As discussed in **Item 5.A**, NBAA generally receives Performance-based Compensation in connection with the management of Client Accounts. Investors should look to the applicable Offering Documents for a more complete description of Performance-based Compensation.

To the extent that portfolio managers of NBAA manage Client Accounts that charge only Management Fees as well as Client Accounts that charge Management Fees and Performance-based Compensation, those portfolio managers have a conflict of interest, or the appearance of a conflict of interest, in that an account with a Performance-based Compensation arrangement will offer the potential for higher profitability when compared to an account with only a Management Fee. Performance-based Compensation arrangements create an incentive for NBAA and its portfolio managers to recommend Portfolio Investments that are riskier or more speculative than those which would be recommended under a different fee arrangement. Different compensation arrangements also create an incentive to favor higher fee-paying Client Accounts over other Client Accounts in the devotion of time and resources and the allocation of investment opportunities.

Similar issues exist when NBAA or its personnel and affiliates have differential investments (or other pecuniary interests) in certain Client Accounts.

To manage conflicts of interest, and issues that present the appearance of a conflict of interest, NBAA has adopted a number of compliance policies and procedures. Those policies and procedures include (i) the Neuberger Berman Code of Ethics (*see Item 11.A*) and Code of Conduct; (ii) the NBAA Compliance Manual; (iii) investment allocation policies and procedures that provide that investment opportunities be allocated fairly among Client Accounts and that Client Accounts are managed in accordance with their investment mandates; (iv) policies and procedures that address when a proposed or actual Client Account Portfolio Investment presents a conflict of interest, or the appearance of a conflict of interest; and (v) the NBAA Conflicts Committee. In addition, NBAA's policies and procedures prohibit personnel from considering fee structures in allocating investment opportunities. NBAA reserves the right to amend its policies and procedures from time to time without notice to, or the consent of, the investors in the Client Accounts, or any other person.

## **Item 7: Types of Clients**

NBAA's clients include the Private Funds, the Separate Accounts, the U.S. Registered Funds, NBPE, and the Sub-Funds of NB Alternative Funds SICAV S.A. Separate Account clients include U.S. and non-U.S. institutional investors, including public and private pension plans.

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

### ***Private Funds***

Investors in the Private Funds generally must qualify as (1)(a) Accredited Investors; and (b) Qualified Purchasers or knowledgeable employees; or (2) non-"U.S. persons" as defined under Regulation S of the Securities Act.

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

### ***Separate Accounts***

NBAA generally creates Separate Accounts for accounts in excess of \$100 million but can consider accounts with lesser commitment amounts in its sole discretion. These customized portfolios are designed to meet the specific risk and return goals, liquidity restraints, factor sensitivity targets and other requirements of its clients. Separate Account investors generally must qualify as (1)(a) Accredited Investors and (b) Qualified Purchasers; or (2) non-"U.S. persons" as defined under Regulation S of the Securities Act.

### ***U.S. Registered Funds***

Investors in the U.S. Registered Funds generally must be Accredited Investors and Qualified Clients eligible to be charged Performance-based Compensation under the Advisers Act. Please refer to the U.S. Registered Fund Offering Documents for information pertaining to the U.S. Registered Funds.

### ***NBPE***

Investors in NBPE generally must qualify as (1)(a) Accredited Investors; and (b) Qualified Purchasers or knowledgeable employees; or (2) non-“U.S. persons” as defined under Regulation S of the Securities Act.

### ***Sub-Funds of NB Alternative Funds SICAV S.A.***

Investors in the Sub-Funds generally must be non-“U.S. persons” as defined under Regulation S of the Securities Act. Please refer to the Sub-Fund Offering Documents for information pertaining to each Sub-Fund.

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

### **A. Methods of Analysis**

#### ***Security Analysis***

NBAA's investment teams for the various strategies described in **Item 8.B** below employ distinct investment processes that include methods of analyses, including one or more of the following:

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

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.

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

ESG analysis – involves the analysis of financially material ESG factors and their implications on valuation, risk and growth potential. While that analysis is inherently subjective and may be informed by both information provided by private equity general partners and other third-party

diligence resources, NBAA believes that the consideration of financially material ESG factors, alongside traditional financial metrics, enhances its overall investment process, and is designed to have a positive effect on the risk return profile of client portfolios. The consideration of ESG factors as part of an integrated investment process does not mean that NBAA pursues a specific “impact” or “sustainable” investment strategy for any particular Client Account, other than as described in Offering Documents or other documents to those particular Client Accounts.

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

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

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

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.

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

Investment Team due diligence – involves the Investment Team’s due diligence review of certain potential Portfolio Investments to identify operational risks and evaluate the effectiveness of the control environment in place at a given organization.

Real Estate due diligence – involves extensive due diligence of a company’s management team, business plan, internal controls, assets and corporate structure, as well as informed assessments of real estate opportunities and business strategies.

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

### ***Sources of Information***

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

- reviews of private corporate documents (including business plans, financial records and projections);
- legal documents and customer agreements, and industry research and reviews;
- interviews with key officers, customers, suppliers and competitors;

- site visits to portfolio companies to examine operations, technologies, products and market opportunities;
- expert networks, and
- outside consultants and advisors having special expertise in relevant fields.

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

Although the foregoing represents the principal methods of analysis and sources of information that NBAA uses, NBAA could, where appropriate, employ other methods of analysis and consider other sources of information.

## **B. Investment Strategies**

The following is a summary of the principal investment strategies employed by NBAA. The material risks associated with certain of these strategies are set forth in **Item 8.C** below. This is a summary only. Investors and potential investors should look to the applicable Offering Documents and other investor materials for a more complete description of each strategy. Investors and potential investors should not rely solely on the descriptions provided below. NBAA can employ other strategies where appropriate and likely will offer additional or different strategies in the future.

### ***Private Equity Investment Portfolios and Co-investment Platform***

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

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

The Private Equity Investment Portfolio platform and the Private Equity Co-Investment platform are integrated together under a single investment committee.

### ***Private Equity Secondary Platform***

NBAA's Secondary platform's strategy is to acquire seasoned private equity investments through secondary market transactions, both traditional LP and GP-led, at attractive valuations from investors desiring liquidity or through GP-led transactions. This strategy includes (i) leveraging the Neuberger Berman global network of relationships with private equity firms, corporations, endowments and foundations, institutional investors and high net worth individuals to source proprietary investment opportunities; (ii) capitalizing on secondary market inefficiencies to invest at attractive valuations; (iii) leveraging access to private equity firms and the broader Neuberger Berman platform to support the team's evaluation of investments; and (iv) actively managing investments post-acquisition.

### ***Almanac Realty Investors Platform***

NBAA's Almanac Realty Investors is the Firm's private real estate investment unit. The Almanac Realty Securities strategy seeks to provide growth capital investments into private and public real estate companies in the form of debt, preferred equity or common equity. Almanac's Investment Manager Solutions strategy seeks to acquire minority equity interests in real estate investment managers or real estate fund sponsors.

### ***Athyrium Opportunities Platform***

The Athyrium Opportunities platform seeks to make income-generating investments in the broader healthcare sector. The strategy focuses on small to mid-size healthcare companies with relatively high costs of capital and substantial intellectual property and other assets, lending to them using various credit-oriented structures designed to enhance downside protection while creating yield for investors, as well as upside opportunity (*e.g.*, warrants). A representative of NBAA sits on the investment committees of certain of the Athyrium funds, and NBAA acts as sub-advisor to certain of the Athyrium funds and provides certain support services to those such funds pursuant to a master services agreement between NBAA and Athyrium Capital Management, LP ("ACM"). As partial consideration for its services, ACM has agreed to pay NBAA or its affiliates a portion of the carried interest distributions made by certain Athyrium funds to the applicable Athyrium general partners. NBG is also a minority owner of ACM.

### ***Private Debt Platform***

NBAA's Private Debt team makes investments in sponsor-backed companies. The Private Debt business is focused on new issuances of first lien and unitranche loans. The Private Debt business may also make investments in second lien loans and equity investment opportunities.

### ***Capital Solutions Platform***

NBAA's Capital Solutions business is a strategy that seeks to directly originate financing solutions to premier sponsor-backed companies. The strategy seeks to structure investments (*e.g.*,



preferred stock, hybrid notes, structured equity) into high quality, stable businesses with meaningful sponsor equity cushions, targeting equity-like returns in instruments with credit-like protections.

### ***Marquee Brands Partners Platform***

NBAA's Marquee Brands platform seeks to make income-generating investments through brand acquisitions or acquisitions of organizations with minimal hard or physical assets in the broader consumer and retail sectors and capitalizes on licensing, ecommerce and other monetization strategies. Marquee Brands portfolio includes brands across Home, Culinary, Motherhood, Active & Outdoor, and Fashion.

### ***NB ILS Platform***

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

### ***NBAIM Fund-of-Funds Platform***

The NBAIM Fund-of-Funds investing platform seeks to identify and select top performing hedge fund managers across customized portfolios, liquid alternative products and co-investing.

### ***Direct Access Platform***

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

### ***Specialty Finance Platform***

NBAA's Specialty Finance platform seeks to generate current income and capital appreciation primarily through (a) the acquisition and financing, including securitization, of alternative credit investments consisting of various forms of specialty finance assets (*e.g.*, consumer, small business, trade finance, asset-backed securities, and other assets), (b) the making of certain loans to the originators of specialty finance assets, and (c) any other interest, security or instrument of or relating to originators of specialty finance assets, including warrants, debt, or other contractual instruments or similar arrangements.

### ***NBSF Outpost Ventures Platform***

NBAA's Outpost Ventures Platform invests in equity securities issued by early stage companies with a principal focus on companies in the FinTech, InsurTech, E-commerce and related sectors.

In addition, NBAA manages other Client Accounts that pursue investment strategies that are based on the individual investment objectives or guidelines, time horizon, risk tolerance, policies and limitations of the investors, and which could differ substantially from those described above.

## **C. Material Risks**

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

The following is a summary of the principal risks associated with investments by the Client Accounts as discussed in **Item 8.B**. This is a summary only and not every strategy will invest in each type of Portfolio Investment or other asset discussed below nor will all Client Accounts be subject to all the risks below. Additionally, there could be other risks that will arise with respect to a Client Account's investments that are not principal risks. Investors and potential investors should look to their Offering Documents for a more complete description of the risks associated with their investments. Investors and potential investors should not rely solely on the descriptions provided below. Any references to NBAA or Neuberger Berman in this section will be deemed to include their respective affiliates (including any General Partner), partners, members, shareholders, officers, directors and employees.

### ***General Risks Across All Strategies***

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

***Risk of Loss.*** Investors should understand that all investment strategies and the Portfolio Investments made pursuant to such strategies involve risk of loss, including the potential loss of the entire investment, which investors should be prepared to bear. The investment performance and the success of any investment strategy or particular Portfolio Investment can never be predicted or guaranteed, and the value of 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 it is possible that they will lose value. Past performance of Client Accounts is not indicative of future performance.

The risks listed below are not in order of importance or likelihood of occurrence. In addition to the risks listed here, there are additional material risks associated with the types of products in which a Client Account invests. Investors should refer to the applicable Offering Documents for a discussion of applicable risk factors for those particular investments.

- **General Risk.** There is no assurance that the Portfolio Investments held by a Client Account will be profitable, that there will be proceeds from such investments available for distribution, or that a Client Account will achieve its investment objectives. The Portfolio Investments are speculative and involve a high degree of risk, including highly volatile performance, and there can be no assurance that projected or targeted returns will be

achieved. As a result, a Client Account could incur a total or substantial loss of the principal investment.

- **Illiquidity Risk.** Interests in the Client Accounts or Private Securities that constitute interests in limited partnerships or limited liability companies are generally illiquid and cannot be transferred without the consent of the General Partner of the Portfolio Investment (collectively, the “**Underlying Managers**”). Further, these investments typically cannot be transferred or redeemed for a substantial period of time, and there will, from time to time, be little or no near-term cash flow available to investors in the interim. Likewise, a Client Account may not receive any distributions representing the return of capital for an indefinite period of time.
- **Restrictions on Transfer and Withdrawal.** Investments in Client Accounts and Private Securities have not been and are not expected to be registered under the Securities Act or applicable state securities laws. As such, there is no secondary market for many of the Client Account interests or Portfolio Investments, and such a market is not expected to develop. Further, transfers of Client Account interests or Private Securities are subject to numerous restrictions, including obtaining consent of NBAA, the General Partner or the Underlying Manager, as applicable, to transfer interests or withdraw.
- **Limited Regulatory Oversight for Private Funds.** The Client Accounts and the Private Securities generally will not be registered as investment companies under the Investment Company Act, and investors will not have the benefit of the protections 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). For information on new rules and proposed amendments specifically related to investment advisers and their activities with respect to private funds that they advise, please see “*U.S. Regulatory Developments and Government Intervention*” in this Item 8.C.
- **Performance-Based Compensation / Two Layers of Fees.** For many Client Accounts, NBAA and the Underlying Managers each receive Performance-based Compensation. Such Performance-based Compensation creates incentives to make more risky or speculative investments, or otherwise make investment decisions due to such incentives, than they would otherwise make. In addition, to the extent a Client Account makes an investment in one or more Portfolio Funds, such Client Account (and any investors therein) is likely to be subject to two sets of such Performance-based Compensation and other fees and expenses. Consequently, the returns to Client Accounts (and any investors therein) will be lower than returns to a direct investor in the Portfolio Funds.
- **Investment Strategy and Portfolio Management Risk.** There can be no assurance that an investment strategy will produce an intended result, or will not result in losses to an investor, including, potentially, a complete loss of principal. The performance of a strategy

depends on the investment decisions made by NBAA and its portfolio manager(s). Subjective decisions made by NBAA, or a portfolio manager, could cause a Client Account to incur losses or to miss profit opportunities on which it could otherwise have capitalized.

- **Lack of Operating History.** Partnerships and investment funds, including the Client Accounts and/or the Portfolio Funds, which are newly formed have no operating history. As such, there is no guarantee that a partnership or investment fund will achieve its investment objectives.
- **Limited Reporting for Private Funds.** Private Funds (including certain Portfolio Funds) are not currently required to provide periodic pricing or valuation information to investors, therefore, reporting to Private Fund investors may currently be limited. However, the SEC voted in August 2023 to adopt previously proposed new rules that will require investment advisers to Private Funds to deliver quarterly reports to investors that contain detailed information on performance, investments, adviser compensation, fees and expenses, capital inflows, and capital outflows, and to obtain an annual audit for all private funds, among other requirements. For more information, please see “*U.S. Regulatory Developments and Government Intervention*” in this Item 8.C.
- **Sector Risk.** The Client Accounts and Portfolio Funds typically make a limited number of investments. An individual sector, industry, or sub-sector of the market can be more volatile, and can perform differently, than the broader market. The several industries that constitute a sector could all react in the same way to economic, political or regulatory events. A Client Account’s performance could be materially affected if the sectors, industries, or sub-sectors do not perform as expected. As such, their returns as a whole will, from time to time, be substantially affected by the unfavorable performance of a single investment. In addition, certain Portfolio Funds will invest exclusively or primarily in a particular asset type or category, which reduces the Client Account’s or Portfolio Fund’s overall diversity of assets and increase risk.
- **Separate Account Allocations.** Some NB Private Funds will place assets with Portfolio Managers by opening a Separate Account rather than investing in a Portfolio Fund. Separate Accounts expose the underlying portfolio to theoretically unlimited liability, and it is possible that a NB Private Fund could lose more in a Separate Account managed by a particular Third-Party Portfolio Manager than if the NB Private Fund had invested in a Portfolio Fund.
- **Borrowing.** Certain Client Accounts will from time-to-time borrow funds or enter into other financing arrangements for various reasons, including making new or follow-on investments (including borrowings pending receipt of capital contributions from investors) in Portfolio Investments and paying expenses. If a Client Account borrows in lieu of calling capital to fund the acquisition of a Portfolio Investment, the borrowing would be generally used for all investors in the Client Account on a pro rata basis, including the General Partner, and can be expected to remain outstanding as permitted in the applicable Offering Documents before the General Partner calls capital from the investors. Although borrowing by a Client Account has the potential to enhance overall returns that exceed the

Client Account's cost of funds (including interest rate, lender fees and transaction costs), such borrowings increase the potential exposure of the Client Account to a Portfolio Investment above the level that the Client Account would typically have if the Portfolio Investment had been limited to equity. Any such borrowings will further diminish returns (or increase losses on capital) to the extent overall returns are less than a Client Account's cost of funds. In addition, borrowings by a Client Account are generally secured by capital commitments made by investors and the documentation relating to such borrowings provides that during the continuance of a default under such borrowings, the interests of the investors are permitted to be subordinated to such Client Account-level borrowing.

To the extent a Client Account uses borrowed funds in advance or in lieu of capital contributions, the Client Account's investors generally will later make corresponding capital contributions, but the Client Account will bear the expense of interest on such borrowed funds. As a result, a Client Account's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and could make net IRR calculations higher or lower than such calculations otherwise would be without fund-level borrowing. In addition, these borrowings can impact the Performance-based Compensation the General Partner receives, as these calculations generally depend on the amount and timing of capital contributions as well as the level of the organizational structure at which such borrowed funds are borrowed. As a result, such borrowings can also increase the Performance-based Compensation received by the General Partner by decreasing the amount of distributions from the Client Account that are required to be made to investors in satisfaction of the preferred return. The General Partner therefore has a conflict of interest, or the appearance of a conflict of interest, in deciding whether to borrow funds because the General Partner is entitled to receive disproportionate benefits from such borrowings. Moreover, tax-exempt investors should note that borrowing by the Client Account could cause them to realize unrelated business taxable income.

Certain Client Accounts will from time to time use asset-based leverage and may indirectly borrow or obtain leverage on a secured or unsecured basis. The interest expense and other costs incurred in connection with such borrowings may not be covered by interest payments or appreciation in the investments purchased or held. If investment results fail to cover the cost of borrowings, the Client Accounts' assets (including available commitments) could decrease faster than if there had been no borrowings. Additionally, if investments fail to perform to expectation or suffer losses, investors may receive a lower return on investments than they would have received had no asset-backed leverage been utilized, so that such leverage will magnify any such adverse consequences. Repayment of borrowings and other leverage indirectly incurred by Client Accounts is an obligation senior to any obligations to investors, and the agreements for such obligations may limit or prohibit distributions to investors in certain circumstances. Further, to the extent income received from investments is used to make interest and principal payments, investors may be allocated income, and therefore tax liability, in excess of cash received by them in distributions. Because Client Accounts may indirectly engage in portfolio financings where several investments are cross-collateralized, multiple investments may be subject to the risk of loss. As a result, Client Accounts could suffer losses on performing investments in

the event investments are cross collateralized with poorly performing or nonperforming investments. The incurrence of a significant amount of indebtedness indirectly by Client Accounts or directly or indirectly by an investment may, among other things, (i) give rise to an obligation to make mandatory prepayments of debt, which will reduce distributions to investors, (ii) limit the ability of Client Accounts or investments to adjust to changing market conditions and (iii) limit the ability of Client Accounts or investments to obtain additional financing or increase the cost of obtaining such financing.

The extent to which the Client Account uses leverage may have the following consequences to investors, including, but not limited to: (i) greater fluctuations in the assets of the Client Account; (ii) use of cash flow (including capital contributions) for debt service, distributions, or other purposes; (iii) to the extent that Client Account revenues are required to meet principal payments, the investors may be allocated income (and therefore tax liability) in excess of cash available by distribution; and (iv) in certain circumstances, the Client Account may be required to prematurely liquidate investments to service its debt obligations. There can also be no assurance that the Client Account will have sufficient cash flow to meet its debt service obligations. As a result, the Client Accounts' exposure to losses may be increased due to the illiquidity of its investments generally.

- **Unsecured Debt.** Certain Client Accounts will from time to time invest in unsecured debt, where all or a significant portion of the senior indebtedness is secured. In such situations, the ability of the Client Account to influence the Portfolio Investment's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. Even where the Client Account invests in secured debt, such Portfolio Investments will, from time to time, be subject to the risk that the Portfolio Investment's security interests in the underlying collateral are not properly or fully perfected. Compounding these risks, the collateral securing Portfolio Investments will often be subject to casualty or devaluation risks (*e.g.*, because unsecured loans are lower in priority of payment to secured loans, they are subject to the additional risk that the cash flow of the borrower will, from time to time, be insufficient to meet scheduled payments after giving effect to the secured obligations of the borrower). Moreover, certain of these Portfolio Investments will not be protected by financial covenants or limitations upon additional indebtedness.
- **Inflation Risk.** Inflation risk is the risk that assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of a Client Account can decline. In addition, during periods of rising inflation, short-term interest rates often increase negatively affecting Client Account's investments, which may reduce performance. Further, such rise in interest rates may also negatively affect the value of debt instruments held by a Client Account, resulting in a negative impact on the Client Account's performance. Generally, securities issued in emerging markets are subject to a greater risk of inflationary or deflationary forces, and more developed markets are better able to use monetary policy to normalize markets.

In recent years, economic indicators showed inflation accelerating at a faster pace than in prior years. Although inflation rates have since declined in the United States and

throughout much of the developed world, they remain higher than rates that many policymakers consider acceptable for a stable economy. These circumstances may continue for an extended period and may continue to affect adversely the value and liquidity of the investments of a Client Account.

Generally, securities issued in emerging markets are subject to a greater risk of inflationary or deflationary forces, and more developed markets are better able to use monetary policy to normalize markets. Countries and/or governments may institute measures designed to increase the cost of borrowing, impose wage and price controls or otherwise intervene in an attempt to stabilize inflation. However, governmental efforts to curb inflation often have had negative effects on the level of economic activity as shown by the countries where such measures were employed.

- **Interest Rate Risk.** The market value of many types of Portfolio Investments is sensitive to changes in interest rates. In general, when interest rates rise, the fixed-income security's market value declines and when interest rates decline, its value rises. Normally, the longer the remaining maturity of a security, the greater the effect of interest rate changes on the market value of the security. In addition, changes in the ability of an issuer to make payments of interest and principal and in the market's perception of an issuer's creditworthiness affect the market value of an issuer's investments.

Due to concerns regarding high inflation in many sectors of the United States and global economies, the U.S. Federal Reserve and many foreign governments and monetary authorities have raised interest rates and implemented other policy initiatives to manage inflation. Although some policymakers have recently signaled an intent to decrease interest rates as the U.S. and global inflation rates stabilize, it is difficult to predict accurately the pace at which central banks or monetary authorities may effect such decreases or the timing, frequency, or magnitude of any such decreases. The evaluation of macro-economic and other conditions could cause a change in approach in the future. High interest rates may present a greater risk than has historically been the case due to the effect of government fiscal and monetary initiatives and potential market reaction to those initiatives. As such, fixed-income and related markets may continue to experience heightened levels of interest rate volatility. A significant or rapid rise in interest rates could result in losses, which could be substantial, in a Client Account.

- **Currency Risk.** Currency fluctuations could negatively impact investment gains or add to investment losses. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. The investments could be hedged utilizing foreign currency forwards, foreign currency swaps, foreign currency futures, options on foreign 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 foreign exchange transactions that alter the currency exposure characteristics of its investments, the performance of such Client Account will likely be strongly influenced by movements in exchange rates as it is possible that currency positions held by the Client Account will not correspond with the securities 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 do not correlate with changes in the value of the currency in which the securities are denominated, which could result in losses in both the hedging transaction and the Client Account securities.

- **Competition Risk.** The Client Accounts and Portfolio Funds will face competition for potential Portfolio Investments from numerous entities, including entities associated with Neuberger Berman. As such, there can be no guarantee that a sufficient quantity of suitable investment opportunities will be found. Competition for Portfolio Investments also typically increases costs, thereby reducing investment returns. Similarly, while NBAA seeks to maintain excellent relationships with the Underlying Managers and other counterparties, there can be no assurance that NBAA will be able to secure interests in all of the investment opportunities identified.
- **Time Required to Maturity of Investments Risk.** There is generally a period of at least two to four years before a Client Account or Portfolio Fund has completed making its investments. Similarly, Portfolio Investments generally can be expected to take a significant period of time to reach a state of maturity allowing for realization of a return. This creates a risk that there will be no significant return, if any, from a Client Account’s or Portfolio Fund’s investments until a substantial number of years have passed.
- **Less Established Companies Risk:** Investments in less established companies can be expected to involve greater risks than those associated with more established companies. For example, less established companies often have shorter operating histories on which to judge future performance and negative cash flow. In the event that a Client Account or Portfolio Fund invests in a start-up enterprise, there are risks that the company will not have significant operating revenues and a higher susceptibility to irregular accounting or other fraudulent practices.
- **Non-U.S. Securities and Emerging Markets Risk.** If a Client Account or Portfolio Fund invests in opportunities located outside of the United States, there is a risk that these securities can be more volatile than U.S. securities. Many non-U.S. investments are less liquid than U.S. securities and the exchange rates between U.S. dollar and non-U.S. currencies might fluctuate, which could negatively affect the value of foreign investments.

Emerging markets are those of countries with immature economic and political structures. Investing in emerging markets often involves heightened and significant risks and special considerations not typically associated with investing in other more established economies or securities markets. Those risks include: (i) greater social, economic and political uncertainty including war; (ii) higher dependence on exports and the corresponding importance of international trade; (iii) greater risk of inflation; (iv) increased likelihood of governmental involvement in and control over the economies; (v) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (vi) the possibility of nationalization, expropriation, confiscatory tax policies and social



instability; and (vii) considerations regarding the maintenance of a Client Account's securities and cash with non-U.S. brokers and custodians.

Companies in emerging markets are generally subject to less stringent and less uniform accounting, auditing and financial reporting standards, practices and disclosure requirements than those applicable to companies in developed countries. Securities markets in emerging market countries often have substantially less volume of trading and are generally more volatile than securities markets of developed countries. In certain periods, there is little liquidity in such markets. There is often less government regulation of stock exchanges, brokers and listed companies in emerging market countries than in developed market countries. Commissions for trading on emerging markets stock exchanges are generally higher than commissions for trading on developed market exchanges. Settlement of trades in some non-U.S. markets is much slower and more subject to failure than in U.S. markets. In addition, custodial or settlement systems are often not fully developed in emerging market countries, thereby exposing a Client Account to the risk of a sub-custodian's failure with no recourse against the custodian.

Many of the laws that govern private and non-U.S. investment, securities transactions and other contractual relationships in emerging markets are new and largely untested. As a result, investing in emerging markets involves a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it can be difficult to obtain and enforce a judgment in certain emerging markets.

Emerging market securities also will be affected by general economic and market conditions, such as exchange rates, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances. These factors affect the level and volatility of securities' prices and the liquidity of the Client Account's investments. Volatility or illiquidity could impair a Client Account's profitability or result in losses.

Specifically, investments in the People's Republic of China ("**PRC**") involve certain risks and special considerations not typically associated with Anglosphere markets (i.e., Australia, Canada, New Zealand, the United Kingdom (the "**UK**") and the United States), such as greater government control over the economy, political and legal uncertainty, controls imposed by the PRC authorities on foreign exchange and movements in exchange rates (which impact the operations and financial results of PRC companies), risks related to the Qualified Foreign Investor (QFI) scheme, confiscatory taxation, the risk that the PRC government will decide not to continue to support economic reform programs, the risk of nationalization or expropriation of assets, lack of uniform auditing and accounting standards, less publicly available financial and other information, potential difficulties in enforcing contractual obligations and limitations on the ability to distribute dividends due

to currency exchange issues, which could likely result in risk of loss of favorable tax treatment.

Additionally, the liquidity and availability of certain securities of Chinese issuers may be adversely affected by international sanctions, including those imposed by the United States. In mid-2021, the U.S. government announced a new sanctions program imposing restrictions on transactions by U.S. persons in publicly traded securities of certain designated Chinese issuers in the defense and surveillance sectors, as well as restrictions on transactions in derivatives and securities designed to provide investment exposure to those securities. A number of Chinese issuers have been designated under this program and more could be added. Although the full effect of these prohibitions is unclear, they may significantly reduce the liquidity of such securities, force a Client Account to sell certain positions at inopportune times or for unfavorable prices, and restrict future investments by a Client Account.

- **Non-Controlling Investments and Limited Rights as Shareholders Risk.** If a Client Account makes a co-investment, it typically will hold non-controlling interests in the portfolio company. As such, there likely will be limited opportunities to protect its interest in such companies and to influence such companies' management. Co-investments made through joint ventures create issues if third parties involved take actions in a manner contrary to a Client Account's investment objectives. There can be no assurance that the Client Account will have shareholder rights adequate to protect its interests.
- **No Day-to-Day Management.** The Client Accounts will generally not have any right to participate in the day-to-day management of many of the Portfolio Investments in which they invest. In particular, the valuation of the Portfolio Funds' assets will be controlled by their respective General Partners or other management, and the Client Accounts will have limited access to quarterly and annual reports, financial statements, and other information. In addition, NBAA will from time to time not learn of significant structural events, such as personnel changes, or obtain other information regarding the Portfolio Investments until after the fact.
- **Reliance on Key Personnel Risk.** The Client Accounts' and Portfolio Funds' management teams will identify, select and manage their investments and the success of such investments is contingent on their continued employment. Similarly, the success of a Client Account or Portfolio Fund is also likely to be substantially dependent on certain key personnel. Should key personnel cease to participate in management activities, investment performance could be adversely affected. There can be no assurance that these key personnel will continue to be associated with or available throughout the term of a Client Account or Portfolio Fund.
- **General Market Risk.** General fluctuations in the prices of securities can be expected to affect the value of an investment. The ability to refinance debt securities will from time to time be contingent on an entity's ability to sell new securities in the public high-yield debt market or otherwise.

- **Natural Disasters, Terrorist Acts and Similar Dislocations.** Upon the occurrence of a natural disaster such as flood, hurricane, or earthquake, or upon an incident of war, riot or civil unrest, the impacted country may not efficiently and quickly recover from such event, which can have a materially adverse effect on portfolio companies and other developing economic enterprises in such country. Terrorist attacks and related events can result in increased short-term economic volatility. U.S. military and related actions in Afghanistan and Iraq, other events in the Middle East and terrorist actions worldwide could have significant adverse effects on U.S., Canadian and other economies and securities markets. The effects of future terrorist acts (or threats thereof), military action, or similar events on the economies and securities markets of countries cannot be predicted. Such disruptions of the global financial markets could affect interest rates, ratings, credit risk, inflation, and other factors relating to the Client Accounts.
- **Energy Risk.** Investments in energy are inherently subject to numerous risks arising from their operations, which could have an adverse effect on Client Accounts. The risks include: (i) the risk that technology employed in an energy project will not be effective or efficient; (ii) risks of equipment failures, fuel interruptions, loss of sale and supply contracts or fuel contracts, decreases or escalations in power contract or fuel contract prices, reduced availability of natural gas or other commodities for transporting, processing or delivering, slowdowns in new construction, bankruptcy of key customers or suppliers, tort liability in excess of insurance coverage, inability to obtain desirable amounts of insurance at economic rates, and natural disasters, extreme weather, labor difficulties, threats or acts of terrorism, wars, embargoes, actions by oil cartels impacting supply and other catastrophic events; (iii) risks that regulations affecting the energy industry will change in a manner detrimental to the industry; (iv) environmental liability risks related to energy properties and projects; (v) uncertainty about the extent, quality and availability of oil, gas and coal reserves; (vi) the risk of changes in values of companies in the energy sector whose operations are affected by changes in prices and supplies of energy fuels (prices and supplies of energy fuels can fluctuate significantly over a short period of time due to changes in international politics, energy conservation, the success of explorations projects, the tax and other regulatory policies of various governments and the economic growth of countries that are large consumers of energy, as well as other factors).
- **Epidemics, Pandemics, Outbreaks of Disease, and Public Health Issues.** An epidemic or pandemic outbreak and governments' reactions to such an outbreak could cause uncertainty in the markets and could adversely affect the performance of the global economy. Outbreaks such as the severe acute respiratory syndrome, avian influenza, H1N1/09, or other similarly infectious diseases can have material adverse impacts on Client Accounts. In particular, coronavirus, or COVID-19, has spread and continues to spread around the world since its initial emergence in December 2019 and has negatively affected (and could continue to negatively affect or materially impact) the global economy, global equity markets and supply chains (including as a result of quarantines and other government-directed or mandated measures or actions to stop the spread of outbreaks). A recurrence of an outbreak of any kind of epidemic, communicable disease, virus or major public health issue could cause a slowdown in the levels of economic activity generally (or

push the world or local economies into recession), which would be reasonably likely to adversely affect the business, financial condition and operations of NBAA and its affiliates and Client Accounts. Should these or other major public health issues, including pandemics, arise or spread farther (or worsen), NBAA and its affiliates and Client Accounts could be adversely affected by travel restrictions (such as mandatory quarantines and social distancing), additional limitations on their operations and business activities, and governmental actions limiting the movement of people and goods between regions and other activities or operations.

As the U.S. economy continues to recover from the shocks it experienced at the beginning of the COVID-19 pandemic, the Federal Reserve eased its emergency relief measures. The Federal Reserve increased interest rates by four and one-quarter percentage points in 2022 and raised rates an additional one-quarter percentage point in 2023. However, in recent months, the Federal Reserve has signaled that it may begin to reduce interest rates in 2024.

Additionally, in June 2022, it began a quantitative tightening program to reduce its U.S. treasury and mortgage-backed securities holdings in an effort to reduce the liquidity in the banking system. The continued withdrawal of this emergency support could negatively affect financial markets generally as well as reduce the value and liquidity of certain securities. Reduced liquidity may result in emerging market issuers having more difficulty obtaining financing, which may cause a decline in the prices of their securities. Additionally, with continued economic recovery and the cessation of certain market support activities, Client Accounts could face a heightened level of interest rate risk as a result of a rise or increased volatility in interest rates. Over the longer term, rising interest rates may present greater risks than has historically been the case due to the recent extended period of low rates, the effect of government fiscal initiatives, and the potential market reaction to those initiatives. To the extent that these developments affect the financial markets and issuers in which Client Accounts invest, they may adversely affect the investment performance of the Client Accounts.

- **Global Trade.** The U.S. is renegotiating many of its global trade relationships and has imposed or threatened to impose significant import tariffs. These actions could lead to price volatility and overall declines in U.S. and global investment markets.
- **Impact and Sustainable Strategies Risk.** Client Accounts that employ impact or sustainable investment strategies or objectives may result in the sale or avoidance of an investment that in hindsight could have performed well or enhanced the risk/return profile of those Client Accounts. As with the use of any investment criteria in selecting a portfolio, particularly where there are criteria not tied directly to risk reduction or performance enhancement, there is no guarantee that the criteria used will result in the selection of issuers that will outperform other issuers or help reduce risk in the portfolio. Those investment strategies that focus on impact or sustainability may underperform strategies that do not follow impact and sustainable investing criteria. The impact and sustainable investing criteria may also affect a Client Account's exposure to certain sectors or industries and may impact the investment performance depending on whether such sectors or industries are in or out of favor in the market. There is no guarantee that the impact and

sustainable investing criteria used for any Client Account will ultimately result in the identification of companies that will be successful or realize what NBAA believes to be their full value. NBAA's judgment as to the economic impact of applied impact and sustainable investing criteria may be based partially on information from external sources; availability of such information, as well as errors in or omissions from such information could result in incorrect evaluation of a potential investment, which could negatively impact the relevant Client Accounts or create additional risk in those Client Accounts. The impact and sustainable investing criteria utilized by NBAA may change over time, and one or more factors may not be relevant with respect to all issuers that are considered for investment.

- **ESG Investing Risk.** Companies across all industries are facing increasing scrutiny relating to their ESG policies. Certain investor advocacy groups, institutional investors, investment funds, lenders and other market participants are increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. The increased focus and activism related to ESG, and similar matters may hinder access to capital, as investors and lenders may decide to reallocate capital or not to commit capital as a result of their assessment of a company's ESG practices. Companies that do not adapt to or comply with investor, lender or other industry shareholder expectations and standards, that are evolving, or that are perceived not to have responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage, and the business, financial condition, or stock price of such a company could be materially and adversely affected.

Applying ESG investment criteria to a Client Account may be viewed as providing opportunities for long-term rather than short-term returns and, as applied to certain strategies that are designed for investors interested in impact or sustainable outcomes, may result in the selection or exclusion of securities of certain issuers for reasons other than financial performance. As a result, those types of Client Accounts may forgo opportunities to buy certain securities when it might be otherwise advantageous to do so or sell certain securities when it might be otherwise disadvantageous to do so. ESG focused investing also carries the risk that a Client Account's investment returns may underperform Client Accounts that do not incorporate ESG driven factors into their investment process. The incorporation of ESG criteria into the investment process for those strategies that are impact or sustainable focused may affect a Client Account's investment exposure to certain companies, sectors, regions, countries, or types of investments, which could negatively impact the Client Account's performance, depending on whether such investments are in or out of favor. Applying ESG criteria generally to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by NBAA, or any judgment exercised by NBAA will improve the financial performance of a Client Account or reflect the beliefs or values of any particular investor. NBAA analysis is informed by both internally generated and third-party metrics, data and other information that may be incomplete or inaccurate, or unavailable, which could cause NBAA to incorrectly assess an issuer's ESG practices, including indicators of financial strength or risk reduction. ESG standards and disclosure practices differ by region and industry, and a company's ESG practices or NBAA's assessment of a company's ESG practices may change over time. A

Client Account will vote proxies in a manner that is consistent with its investment objective and strategy, including the manner that ESG criteria, if any, is applied to the investment process, which for certain strategies designed for investors interested in impact or sustainable outcomes, may not always be consistent with maximizing short-term performance of the issuer.

In addition, ESG matters have been the subject of increased focus by certain regulators in the European Union (the “EU”) and the United States. For example, in May 2018, the European Commission proposed a package of measures as a follow-up to its action plan on financing sustainable growth. The proposed legislative reforms related in part to formalizing the duties and disclosure obligations of companies and asset managers in relation to ESG. These and other proposals have resulted in the Sustainable Finance Disclosure Regulation (the “SFDR”), Non-Financial Disclosure Regulation and EU Taxonomy, among other initiatives. The SFDR Level 1 was introduced on March 10, 2021. The EU Taxonomy Level 1 was introduced on January 1, 2022. The SFDR and EU Taxonomy Regulatory Technical Standards (the “SFDR Level 2”), which set out the content, methodology and detailed disclosure requirements, were implemented on January 1, 2023. In December 2023, the Joint Committee of the European Supervisory Authorities published a report containing proposed amendments to SFDR Level 2.

Those legislative developments, which create a common classification system and disclosure obligations focusing on ESG issues, require additional disclosures to clients with respect to ESG. Because relations between the UK and the EU are still in a time of transition, cross-border implementation may be subject to rapid changes. The UK has published final rules and guidance to promote better climate-related financial disclosures, which build upon the 2017 recommendations of the United Nations Task Force on Climate-related Financial Disclosures.

In the United States, the SEC has indicated a greater focus on developing disclosure frameworks for climate and other ESG factors. Specifically, the SEC proposed amendments to existing rules and reporting forms on May 25, 2022, that are designed to promote consistent, comparable, and reliable information for investors concerning the incorporation of ESG factors in investment funds and strategies. If adopted substantially as proposed, those rules would apply to registered funds as well as to investment advisers registered under the Advisers Act. The adoption of the proposed rules or of any future rules or regulations may require NBAA to change its investment process with respect to ESG investing.

- **Recent Market Conditions.** Events in certain sectors historically can 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 similar events; 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. Relatively high volatility and reduced liquidity in fixed income and credit

markets could negatively affect many issuers worldwide, which would have an adverse effect on Client Accounts. In addition, global economies and financial markets are increasingly interconnected, which increases the possibility that conditions in one country or region might adversely impact issuers in a different country or region.

Decisions by the Federal Reserve regarding interest rate and monetary policy, which can be difficult to predict and sometimes change direction suddenly in response to economic and market events, continue to have a significant impact on securities prices as well as the overall strength of the U.S. economy.

Global climate change could have an adverse effect on property and security values. A rise in sea levels and/or a storm-driven increase in coastal flooding could cause such properties to lose value or become unmarketable altogether. Large wildfires driven by high winds and prolonged drought may devastate entire communities and could be very costly to any business found to be responsible for the fire. These losses could adversely affect mortgage lenders, the value of mortgage-backed securities, the bonds of municipalities that depend on tax revenues and tourist dollars generated by such properties, and insurers of the property and/or municipal or mortgage-backed securities. Since property and security values are driven largely by buyers' perceptions, it is difficult to know the time period over which these effects might unfold. Economists warn that, unlike previous declines in the real estate market, it is possible that properties in coastal flood zones will never recover their value. In addition, voluntary initiatives and mandatory controls have been adopted or are being discussed worldwide to reduce emissions or "greenhouse gases" such as carbon dioxide, a by-product of burning fossil fuels, and methane, the major constituent of natural gas, which many scientists and policymakers believe contribute to global climate change. These measures, and other programs addressing greenhouse gas emissions, could reduce demand for energy or raise prices, and could have an adverse impact on Portfolio Investments and Client Accounts.

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

not handled skillfully, could result in economic disruption in the Eurozone, which could occur abruptly. Political and military events, including in North Korea, Venezuela, Ukraine, Iran, Syria, Israel, the Gaza Strip, and other areas of the Middle East, and nationalist unrest in Europe and South America, also may cause market disruptions. Additionally, the continued spread of COVID-19 (and other pathogens) could stretch the resources and deficits of many countries in the EU and throughout the world, increasing the risk of default on their sovereign debt. The precise details and the resulting impact of the UK's departure from the EU are discussed in *"Risks Related to Brexit"* in this **Item 8.C**.

In the United States, political and diplomatic events, including a contentious domestic political environment, changes in political party control of one or more branches of the U.S. government, the U.S. government's inability at times to agree on a long-term budget and deficit reduction plan, the threat of a U.S. government shutdown, and disagreements over, or threats not to increase, the U.S. government's borrowing limit (or "debt ceiling"), as well as political and diplomatic events abroad, may affect investor and consumer confidence and may adversely affect financial markets and the broader economy, perhaps suddenly and to a significant degree. A downgrade of the ratings of U.S. government debt obligations, or concerns about the U.S. government's credit quality in general, could have a substantial negative effect on the U.S. and global economies. Moreover, although the U.S. government has honored its credit obligations, it remains possible that the United States could default on its obligations. The consequences of such an unprecedented event are impossible to predict, but it is likely that a default by the United States would be highly disruptive to the U.S. and global securities markets and could significantly impair the value of a Client Account's investments.

Decisions by the Federal Reserve regarding interest rate and monetary policy, which can be difficult to predict and sometimes change direction suddenly in response to economic and market events, continue to have a significant impact on securities prices as well as the overall strength of the U.S. economy. While interest rates had been unusually low in recent years in the U.S. and abroad, the Federal Reserve increased interest rates by four and one-quarter percentage points in 2022 and an additional one percentage point in 2023. However, in recent months, the Federal Reserve has signaled that it may begin to reduce interest rates again in 2024. Actions taken by the Federal Reserve or foreign central banks to stimulate or stabilize economic growth, such as interventions in currency markets, could cause high volatility in the market. The U.S. is also renegotiating many of its global trade relationships and has imposed or threatened to impose significant import tariffs. These actions could lead to price volatility and overall declines in U.S. and global investment markets. A significant increase in interest rates could cause a decline in the market for equity securities.

In addition, there is a risk that the prices of goods and services in the U.S. and many non-U.S. economies will decline over time, known as deflation (the opposite of inflation). Deflation could have an adverse effect on stock prices and creditworthiness and would make defaults on debt more likely. If a country's economy slips into a deflationary pattern, it could last for a prolonged period and is often difficult to reverse.



Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks amplified by digital communications, have in the past and may in the future lead to market-wide liquidity problems which could adversely affect NBAA. For example, the recent banking turmoil spread uncertainty over liquidity concerns broadly across the global financial system and jolted financial markets. On March 10, 2023, Silicon Valley Bank (“SVB”), was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (the “FDIC”), as receiver. Similarly, on March 12, 2023, Signature Bank was placed into FDIC receivership. Following the collapse of these institutions, the Department of the Treasury, the Federal Reserve, and the FDIC issued a joint statement promising to protect all depositors of these institutions regardless of deposit insurance limits. There is no guarantee that the Department of the Treasury, the Federal Reserve, and the FDIC would make a similar systemic risk exception to protect all deposits in the event of the failure of a different institution. While the situation around recent banking turmoil is still fluid and the overall impact of it is unknown, if any parties with which NBAA conducts business were unable to access deposits with another financial institution, or were unable to access funds pursuant to instruments or lending arrangements with such a financial institution, such parties’ credit quality, ability to pay their obligations to NBAA, or ability to enter into new commercial arrangements requiring additional payments to NBAA could be adversely affected.

Russia’s invasion of Ukraine, and corresponding events in late February 2022, have had, and continue to have, severe adverse effects on regional and global economic markets for securities and commodities. Following Russia’s actions, various governments, including the United States, have issued broad-ranging economic sanctions against Russia, including, among other actions, a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs; the removal by certain countries and the EU of selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications (“**SWIFT**”), the electronic banking network that connects banks globally; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. The current events, including sanctions and the potential for future sanctions, including any impacting Russia’s energy sector, and other actions, and Russia’s retaliatory responses to those sanctions and actions, can be expected to continue to adversely impact the Russian and Ukrainian economies and could result in the further decline of the value and liquidity of Russian and Ukrainian securities, a continued weakening of the ruble and hryvnia and continued exchange closures, and have other adverse consequences on the Russian and Ukrainian economies that could impact the value of these investments and impair the ability of a Client Account to buy, sell, receive or deliver those securities. Moreover, those events have, and could continue to have, an adverse effect on global markets performance and liquidity, thereby negatively affecting the value of a Client Account’s investments beyond any direct exposure to Russian and Ukrainian issuers. The duration of ongoing hostilities and the vast array of sanctions and related events cannot be predicted. Those events present material uncertainty and risk with respect to

markets globally and the performance of a Client Account and its investments or operations could be negatively impacted.

On October 7, 2023, a Hamas militant group breached the fences separating Israel and Gaza and carried out a violent terrorist attack. The attack sparked an armed conflict (the “2023 Israel-Hamas Conflict”), which is currently ongoing, between Palestinian militant groups led by Hamas and Israel. Although, since the establishment of the State of Israel, a state of hostility has existed, in varying degrees of intensity, between various Arab countries and Israel, the current conflict between Israel and Hamas has escalated to a heightened level not seen in recent years and may escalate further. Additionally, while Israel has entered into peace agreements with both Egypt and Jordan, and several other countries have previously announced their intentions to establish trade and other relations with Israel, the 2023 Israel-Hamas Conflict has created tremendous unrest and uncertainty in the region, which may threaten any such peace agreements. The effects of the 2023 Israel-Hamas Conflict may be far-reaching and could result in significant negative impacts to Client Accounts.

In recent years, there have been periods of extended volatility and disruption in the global financial markets. The risks of potential trade wars, tariffs and supply chain disruptions, the threat of attacks by terrorist organizations, volatility in the Middle East (including the 2023 Israel-Hamas Conflict and conflict in Syria, Libya and Yemen and concerns over a nuclear Iran), the possibility of U.S.-China “decoupling,” North Korean nuclear missile capabilities, and escalations in the conflict between Russia and Ukraine and its spread to NATO or other European countries, among other things, may contribute to substantial future volatility in global financial markets. Volatility and disruption in the equity and credit markets could adversely affect a Client Account’s investments, which, in turn, would adversely affect the performance of such Client Account. In addition, volatility may directly affect the market prices of securities issued by many companies for reasons unrelated to their operating performance and may adversely affect the valuation of a Client Account’s investments. Any or all of these factors could result in lower investment returns for a Client Account.

Artificial intelligence (“AI”) has seen a dramatic rise in usage and popularity in recent years. AI refers to the development of computer systems that can perform tasks that typically require human intelligence. These tasks include learning from experience (machine learning), understanding natural language, recognizing patterns, solving problems, and making decisions. AI aims to simulate human cognitive functions, enabling machines to analyze data, adapt to changing inputs, and improve performance over time. The proliferation of AI poses several risks that warrant careful consideration. One significant concern is the potential for biased algorithms, which may perpetuate and amplify existing societal biases present in training data. The lack of transparency in complex AI systems raises issues of accountability and ethical implications, as decision-making processes become opaque. Additionally, there are concerns about job displacement due to increased automation, leading to economic and social disruptions. Furthermore, the rapid advancement of AI technology raises security concerns, with the potential for malicious uses such as deepfake generation and cyberattacks. As AI develops further, there is a risk

that unforeseen technological and societal changes could negatively impact Client Accounts.

Those and other events, and the potential for continuing market turbulence may have an adverse effect on certain Client Accounts and Portfolio Investments. Because the impact on the markets has been widespread, it may be difficult to identify both risks and opportunities using past models of the interplay of market forces, or to predict the duration of these market conditions. Changes in market conditions will not have the same impact on all types of securities.

- **Redemption Risk.** A Client Account could experience periods of large or frequent redemptions that could cause a Client Account to sell assets at inopportune times or at a loss or depressed value. Redemption risk is greater to the extent that one or more investors or intermediaries control a large percentage of investments in a Client Account, have short investment horizons, or have unpredictable cash flow needs. In addition, redemption risk is heightened during periods of declining or illiquid markets. Large or frequent redemptions, whether by a few large investors or many smaller investors, could hurt a Client Account's performance. A general rise in interest rates has the potential to cause investors to move out of fixed income securities on a large scale, which would likely increase redemptions from Client Accounts that hold large amounts of fixed income securities. Such a move, coupled with a reduction in the ability or willingness of dealers and other institutional investors to buy or hold fixed income securities would likely result in decreased liquidity and increased volatility in the fixed income markets.
- **Reliance on Corporate Management and Financial Reporting.** NBAA will select investments for Client Accounts in part on the basis of information and data filed by issuers of securities with various government regulators, publicly available or made directly available to NBAA by such issuers or third parties. Although NBAA will evaluate that information and data and seek independent corroboration when it considers it appropriate and reasonably available, NBAA will not always be in a position to confirm the completeness, genuineness or accuracy of such information and data. NBAA is 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 can incur material losses as a result of corporate mismanagement, fraud and accounting irregularities relating to issuers of securities or other assets they hold.
- **Banking Sector Volatility.** Recent bank failures, or near failures, and declines in the share prices of other U.S. and non-U.S. banks have resulted in certain banks being placed on "watch lists," suffering ratings downgrades and/or receiving emergency funding from governments. The impact of the banking sector's volatility on the financial system and broader economy could be significant. Continued volatility in the banking sector could cause or intensify an economic recession, make it more difficult for a Client Account and/or its portfolio companies or borrowers to obtain or refinance indebtedness at all or on as favorable terms as could otherwise have been obtained, and/or have other material adverse effects on the Client Account and/or its portfolio companies or borrowers.

For certain Client Accounts, portfolio companies or borrowers, a large percentage of their assets are or could be held by a limited number of banks (or even a single bank). Failure of one or more banks used by a Client Account or any of its portfolio company or borrowers were to fail could have a material adverse effect on the Client Account, portfolio company or borrower. Cash, securities or other assets held in deposit accounts or securities accounts at a failed institution could be temporarily inaccessible or permanently lost. In these cases, the FDIC would guarantee balances up to \$250,000 per bank but the accountholder would ordinarily be an unsecured creditor with respect to cash balances in excess of \$250,000 held at a single bank, and therefore might not ultimately recover any value in excess such amounts. Furthermore, a Client Account, portfolio company or borrower could be unable to, or choose not to, call capital from its investors until it sets up a new deposit account at a different bank (which could be a time-consuming process and could be prohibited by the terms of the relevant entity's then-existing credit facilities, if any). Relatedly, if a Client Account, portfolio company or borrower elects to call capital from its investors or lenders to a deposit account with a bank undergoing financial distress or subject to potential failure (actual or perceived), one or more of such persons could simply refuse to fund capital into the account until a new deposit account is set up at a different bank. Such failure could result in the Client Account, portfolio company or borrower failing to meet its own financial obligations and, therefore, could have a material adverse effect on the Client Account.

If a bank that provides a subscription line credit facility, other credit facilities and/or other services to a Client Account, portfolio company or borrower fails, the Client Account, portfolio company or borrower could be unable to draw funds under such credit facilities and might not be able to obtain replacement credit facilities or applicable other services from other lending institutions on a timely basis or on similar terms. If a Client Account's, portfolio company's or borrower's credit facilities and accounts are provided by the same banking institution, and such banking institution fails, or one or more banks used by investors in the Client Account or investors in or lenders to a portfolio company or a borrower were to fail, such party could be unable to, or limited in its ability to, draw capital which could create significant difficulties in funding any near-term obligations it has in respect of its investments or otherwise. If the banks with which a Client Account's portfolio companies or borrowers have depositor or borrowing arrangements were to fail, there would be similar material adverse effects on such borrowers and the Client Account. In most cases, NBAA has no meaningful role in selecting the banks used by portfolio companies and borrowers and must rely on the portfolio company or borrower to select banking services with care.

- **London Interbank Offered Rate ("LIBOR") Discontinuance or Unavailability Risk.**

As of June 30, 2023, the ICE Benchmark Administration Limited (the "ICE"), the administrator of LIBOR, ceased the publication of the few remaining tenors of U.S. Dollar LIBOR. On April 3, 2023, the UK Financial Conduct Authority ("FCA") authorized the publication of 1-, 3- and 6-month synthetic U.S. Dollar LIBOR for a limited time after June 30, 2023, to facilitate a smoother transition to an alternative reference rate. Specifically, overnight, and 12-month U.S. Dollar LIBOR permanently ceased on June 30, 2023, while the 1-, 3- and 6-month U.S. Dollar LIBOR tenors will continue until September 30, 2024, using an unrepresentative "synthetic" methodology. The synthetic LIBOR rates are available for

all legacy contracts except cleared derivatives and may not be used in new issues. Additionally, the 3-month synthetic sterling LIBOR is expected to cease on March 28, 2024. In 2017, the Alternative Reference Rates Committee, a group of large U.S. banks working with the Federal Reserve, announced its selection of a new Secured Overnight Funding Rate (“**SOFR**”), which is a broad measure of the cost of overnight borrowings secured by Treasury Department securities, as an appropriate replacement for U.S. dollar LIBOR.

There is no assurance that the composition or characteristics of any alternative reference rate will be similar to or produce the same value or economic equivalence as LIBOR or that it will have the same volume or liquidity as did LIBOR prior to its discontinuance or unavailability, which may affect the value or liquidity or return on certain investments and result in costs incurred in connection with closing out positions and entering into new trades. As such, there can be no assurance that unpredictable or unexpected events, reports, or consequences, or the costs to address such events, inaccurate reports, or consequences, would not have a material adverse effect on certain Client Accounts or NBAA’s financial condition (including, but not limited to, business prospects).

- **Risks Relating to Brexit.** In 2020, the UK left the EU, commonly referred to as “Brexit.” Following a transition period during which the EU and the UK Government engaged in a series of negotiations regarding the terms of the UK’s future relationship with the EU, the EU and the UK government signed a trade and cooperation agreement (the “**Trade and Cooperation Agreement**”), on December 30, 2020, regarding the economic relationship between the UK and the EU. This agreement became effective on a provisional basis on January 1, 2021, and became permanent on May 1, 2021, after it received formal approval from the European Parliament and the European Council. While the economic integration does not reach the level that existed during the time the U K was a member state of the EU, the Trade and Cooperation Agreement sets out preferential arrangements in areas such as trade in goods and in services, digital trade and intellectual property. Negotiations between the UK and the EU are expected to continue in relation to the relationship between the UK and the EU in certain other areas that are not covered by the Trade and Cooperation Agreement. The long-term effects of Brexit will depend on the effects of the implementation and application of the Trade and Cooperation Agreement and any other relevant agreements between the UK and the EU. As such, it is also difficult to assess the precise impact of Brexit on U.S.-based and other private equity funds and investors such as the Client Accounts. 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 EU. There is no assurance that any negotiated terms or regulations will not have an adverse impact on the Client Accounts or NBAA, including the ability of a Client Account to achieve its investment objective. The outcome could also impact the affiliated entities that advise or sub-advise the Client Account or to which NBAA delegates investment or other authority.
- **U.S. Regulatory Developments and Government Intervention.** Volatility 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 regulatory authorities broad rulemaking and

enforcement authority to implement and oversee various provisions of the Dodd-Frank Act, including comprehensive regulation of over-the-counter derivatives and consumer credit markets. Until the regulations mandated by the Dodd-Frank Act are implemented completely, it will not be possible to determine the complete impact of the Dodd-Frank Act and related regulations on the Client Accounts. Additionally, other G-20 countries have implemented or are in the process of adopting regulations to govern swap transactions, and particular transactions will be subject to the laws and regulations of other jurisdictions.

Changes in political administrations could herald changes in certain policies, among them proposals relating to the regulation of certain players in the financial markets and, the reversal or repeal of numerous rules and regulations already put in place, including by the Dodd-Frank Act. While those proposed policies are going through the political process, markets could 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 markets in which the Client Accounts invest. In the event of such disturbances, issuers of securities 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.

In May 2022, the SEC proposed amendments to rules and reporting forms to promote consistent, comparable, and reliable information for investors concerning investment advisers' incorporation of environmental, social, and governance (ESG) factors (the "**Proposed ESG Rule**"). The Proposed ESG Rule seeks to categorize certain types of ESG strategies broadly and require advisers to both provide census type data in Form ADV Part 1A and provide more specific disclosures in adviser brochures based on the ESG strategies they pursue.

On February 15, 2023, the SEC proposed amending and redesignating Rule 206(4)-2 under the Advisers Act, commonly known as (the "**Custody Rule Proposal**") to cover a broader scope of client assets and mandate extensive new contractual relationships between investment advisers and their clients' custodians. If adopted as proposed, the amendments would, among other things: (i) explicitly include an investment adviser's discretionary authority to trade client assets and the ability to transfer client assets within the definition of "custody" under the Custody Rule Proposal; (ii) expand the Custody Rule Proposal to cover a broader array of advisory activities and client assets beyond "client funds and securities," which would include digital assets; (iii) require investment advisers to enter into a written agreement with each qualified custodian that maintains possession or control of client assets and obtain reasonable assurances in writing that the custodian will take certain actions, including responding to SEC information requests; and (iv) update related recordkeeping and reporting requirements for investment advisers. The SEC is not

expected to adopt these proposed amendments (or any variations on them) until late 2024, if not later.

In August 2023, the SEC voted to adopt previously proposed new rules and amendments to existing rules under the Advisers Act (collectively, the “**Private Funds Rules**”) specifically related to investment advisers and their activities with respect to private funds they advise. The Private Funds Rules will, among other changes: (i) impose required quarterly reporting by private funds to investors concerning detailed information on performance, investments, adviser compensation, fees and expenses, capital inflows and capital outflows; (ii) require registered investment advisers to obtain an annual audit for all private funds that meets the requirements of the existing Custody Rule Proposal; (iii) require registered investment advisers to obtain a fairness or valuation opinion and make certain disclosures in connection with adviser-led secondary transactions (also known as GP-led secondaries); (iv) restrict advisers from engaging in certain practices unless they satisfy certain disclosure requirements and, in some cases, consent requirements, which practices include, without limitation, (a) charging regulatory or compliance fees or expenses, or fees or expenses associated with an examination of the investment adviser or its related persons to private fund clients; (b) seeking reimbursement for certain investigation-related expenses; (c) reducing the amount of NBAA’s clawback by actual, potential or hypothetical taxes applicable to NBAA; (d) borrowing from a private fund; and (e) making non-pro rata fee or expense allocations; (v) restrict advisers from engaging in certain forms of preferential treatment to private fund investors related to liquidity and information rights if they would be reasonably expected to have a material negative effect on other investors and otherwise require advisers to make certain disclosures regarding preferential treatment of investors; and (vi) prohibit an adviser from having a private fund bear the costs of any fees or expenses related to an investigation resulting in a court or governmental authority imposing a sanction for violating the Advisers Act. The compliance dates for the Private Funds Rules’ reporting and audit requirements will be in March 2025, and for the other provisions described above in September 2024. The Private Funds Rules also impose requirements on advisers to document their annual compliance reviews in writing and retain additional required books and records relating to private funds they advise. Although the legality of the Private Funds Rules is currently being challenged in federal court, it is uncertain whether the legal challenge will succeed.

While the full impact of the Private Funds Rules cannot yet be determined, it is generally anticipated that they will have a significant effect on private fund advisers and their operations, including by increasing regulatory and compliance costs and burdens and heightening the risk of regulatory inquiries and actions (including public regulatory sanctions). Client Accounts that advise private funds may bear (either directly or indirectly through their investments) certain regulatory and compliance costs relating to the Private Funds Rules, which could include (without limitation) fees, costs and expenses incurred in connection with preparing and distributing to investors the quarterly statements required by the rules, soliciting and obtaining from investors any consents required by the rules, providing investors with any notices or disclosures required by the rules and obtaining and distributing to investors fairness or valuation opinions in connection with adviser-led secondary transactions (including fees paid to third parties engaged by NBAA or a Client

Account to perform or assist with such actions or processes), which fees, costs and expenses could be expected to be material.

The SEC has also recently proposed other new rules and rule amendments under the Advisers Act in respect of: (i) Form PF reporting obligations (in addition to those recently adopted); (ii) cybersecurity risk governance; (iii) the outsourcing of certain functions to service providers; (iv) changes to Regulation S-P; and (v) the use of predictive data and associated conflicts of interest.

The Proposed ESG Rule, the Custody Rule Proposal, the Private Fund Rules, and other proposed rules, to the extent adopted and effective, are expected to result in material alterations to how NBAA operates its business and the Client Accounts, as well as NBAA's implementation of a Client Account's investment strategy, to significantly increase compliance burdens and associated costs and complexity and possibly to restrict the ability to receive certain expense reimbursements in certain circumstances. This, in turn, may increase the need for broader insurance coverage by fund managers and increase the costs and expenses charged to Client Accounts, if permitted. In addition, the new rules could increase the risk of exposure of the Client Accounts and NBAA to additional regulatory scrutiny, litigation, censure and penalties for noncompliance or perceived noncompliance, which in turn would be expected to affect adversely (potentially materially) a Client Account's reputation, and to negatively impact a Client Account in conducting its business. There can be no assurance that the Private Funds Rules and any other new SEC rules and amendments will not have a material adverse effect on NBAA, Client Accounts, their investments and clients.

- **MiFID II Risks.** There is a risk that certain Client Accounts will be subject to non-U.S. regulations that are inconsistent with NBAA's standard trading practices. For example, the EU Markets in Financial Instruments Directive II ("**MiFID II**") and related regulations limit a manager's ability to receive products and services from executing brokers (as such, terms are defined therein). While NBAA is not directly subject to these regulations, NBAA will from time to time 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 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 products and services obtained; and non-participation in the generation of soft dollar credits. NBAA expects the effective commission rates in these circumstances to be substantially similar to those paid by similarly situated Client Accounts. However, as a result of these accommodations, Client Accounts or investors in Client Accounts from certain jurisdictions will likely account for a lower percentage of soft dollar credits than otherwise similar investors (in such Client Accounts or otherwise) from other jurisdictions.

The complexity, operational costs and reduction in flexibility occasioned by MiFID II compliance are expected to be further compounded as a result of Brexit, because the UK is both: (i) no longer generally required to transpose EU law into UK law; and (ii) electing to transpose certain EU legislation into UK law subject to various amendments and subject to



the FCA's oversight rather than that of EU regulators. Taken together, (i) and (ii) could result in divergence between the UK and EU regulatory frameworks.

- **Foreign Corrupt Practices Act ("FCPA") Risks.** Economic sanction laws in the United States and other jurisdictions may significantly restrict or completely prohibit NBAA from transacting with certain countries, individuals and companies, including among other things, transactions with, and the provision of services to certain foreign countries, territories, entities and individuals.
- **Foreign Sanctions Risks.** In the event that NBAA determines that a Client Account is subject to any trade, economic or other sanctions imposed by the United Nations or any other applicable governmental or regulatory authority, NBAA may take such actions as it determines appropriate to comply with applicable law, including: blocking or freezing accounts or interests therein; where permitted by the applicable sanctions law, requiring an investor in a pooled investment vehicle to redeem from a fund, and delaying the payment of any redemption proceeds, without interest, until such time as such payment is permitted under applicable law; excluding an investor in a pooled investment vehicle from allocations of net capital appreciation and net capital depreciation and distributions made to other investors; excluding an investor in a pooled investment vehicle from voting on any matter upon which investors are entitled to vote, and excluding the net asset value of such investor's interest in a fund for purposes of determining the investors entitled to vote on or required to take any action in respect of a fund.
- **Distressed Securities Risk.** Portfolio Investments in distressed securities will from time to time be exposed to greater risks than investments in higher-grade securities. Distressed securities are issued by companies that are, or might be, involved in reorganizations or financial restructurings, either out of court or in bankruptcy. As a result, it is often difficult to obtain information as to the true condition of financially distressed securities.
- **Lower-Rated Debt Securities Risk.** Debt securities receiving below investment grade ratings (*i.e.*, "junk bonds") typically have speculative characteristics, and compared to higher-grade securities, have a weakened capacity to make principal and interest payments in economic conditions or other circumstances. High-yield, high risk, and lower-rated securities are subject to additional risk factors, such as increased possibility of default, decreased liquidity and fluctuations in value due to public perception of the issuer of such securities. In addition, both individual high-yield securities and the entire high-yield bond market can experience sharp price swings due to a variety of factors, including changes in economic forecasts, stock market activity, large sustained sales by major investors or a higher profile default.
- **Hedging Policies/Risk.** Certain Client Accounts and Portfolio Funds employ hedging techniques, which involve the risk of unanticipated changes in interest rates, securities prices or currency exchange rates. These risks will from time to time result in a partnership's or investment fund's poorer overall performance.

- **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 could be delayed or limited in enforcing its rights against any margin or collateral posted by the counterparty, which would likely 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 will 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 could lead the Client Account to decide not to pursue its claims against the counterparty.

Counterparty risks are often greater for derivatives with longer maturities where events could intervene that prevent required payments from being made. Counterparty risk is also often 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 could be particularly pronounced for the Client Account. The Client Account, therefore, assumes the risk that it will be unable to obtain payments that NBAA believes are owed under an OTC derivatives contract or that those payments will 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. It is possible that a Client Account will obtain only a limited recovery or obtain no recovery upon a counterparty default.

- **New Fund Risk.** Certain Client Accounts and new Portfolio Funds will not be successful in implementing their respective investment strategies, and certain investment strategies will not be successful under all future market conditions, either of which could result in the Client Account or Portfolio Fund being liquidated at some future time without shareholder approval, where applicable, or at a time that is not be favorable for certain shareholders. Certain new funds will not attract sufficient assets to achieve investment, trading or other efficiencies.

- **Operational Risk.** NBAA uses service providers from time to time in connection with its products. A Client Account's ability to transact with NBAA can 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 NBAA or its clients. NBAA, through its monitoring and oversight of its service providers, endeavors 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 NBAA or its service providers to identify all of the operational risks that will affect NBAA 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, NBAA and the Client Accounts it manages are likely more susceptible to operational risks through breaches in cybersecurity. A cybersecurity incident refers to either intentional or unintentional events that enable an unauthorized party to gain access to client assets, customer data, or proprietary information (such as, for example, through "hacking" activity), or cause NBAA to suffer data corruption or lose operational functionality. Cybersecurity incidents may include, for example, phishing, use of stolen access credentials, structured query language attacks, infection from or spread of malware, ransomware, computer viruses or other malicious software code, corruption of data, and any other form of attack that shuts down, disables, slows or otherwise disrupts operations, business processes or website or internet access, or functionality or performance. Attacks using ransomware, which is a type of software that threatens to publish or block certain data unless a ransom fee is paid, have risen in recent years. These and other types of cybersecurity incidents are becoming increasingly sophisticated. It is likely that new cybersecurity threats will be developed in the future.

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, NAV 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 NBAA 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 could also cause NBAA to violate applicable privacy and other laws. NBAA has established risk management systems that seek to reduce the risks associated with cybersecurity threats and has established business continuity plans to enable NBAA to continue operating following a potential cybersecurity breach. However, there is no guarantee that such efforts will succeed, and NBAA does not directly control the cybersecurity systems of the issuers of securities in which Client

Accounts invest or of NBAA'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.

- **Valuation Risk.** Due to the illiquid nature of many Portfolio Investments, any approximation of their value of the Client Accounts will be based on a good-faith determination as to the fair value of those investments. There can be no assurance that these values will equal or approximate the price at which such Portfolio Investments could be sold or otherwise liquidated or disposed of.

A Client Account may use pricing services to provide values for certain securities, and there is no assurance that a Client Account will be able to sell an investment at the price established by such pricing services. Different pricing services use different valuation methodologies, potentially resulting in different values for the same investments. As a result, if a Client Account were to change pricing services, or if a pricing service were to change its valuation methodology, the value of the Client Account's investments could be affected. A Client Account's ability to value its investments in an accurate and timely manner can also be affected by technological issues or errors by third-party service providers.

- **Model Risk.** Some strategies may include the use of various proprietary quantitative or investment models. There may be deficiencies in the design or operation of these models, including as a result of shortcomings or failures of processes, people or systems. Investments selected in part models may perform differently than expected as a result of the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models (including, for example, data problems and/or software issues) and there is no guarantee that oversight processes in place to identify and mitigate such issues will work as intended. Moreover, the effectiveness of a model may diminish over time, including as a result of changes in the market and/or changes in the behavior of other market participants. A model's return mapping is based on historical data regarding particular asset classes. There is no guarantee that the use of these models will result in effective investment decisions for Client Accounts or that the inputs are appropriate.
- **Reliance on Service Providers.** NBAA relies on a variety of service providers in providing advisory and other services to Client Accounts. These could include, among others, attorneys, accountants, administrators, brokers, custodians, valuation agents, consultants and other agents. Failure by any of these third parties to timely and accurately perform their obligations to NBAA or a Client Account could adversely impact investors.
- **Risk of Investor Default.** Any investor in a Client Account that fails to timely make capital contribution payments may be in default and subject to consequences that include the forfeiture of interest. The default of an investor could result in a Client Account or Portfolio Fund being unable to fulfill its capital commitments to Portfolio Investments. This could have a material detrimental effect on investor returns and other existing investors.

- **Tax Risk.** Certain investors' U.S. federal income tax liability with respect to income and gains of a Client Account will from time to time exceed their overall cash/book return for such a year. Further, certain investors will from time to time face limitations with respect to their ability to use its allocable share of deductions and losses from its investments in a limited partnership. There are additional tax issues that will from time to time impact certain investors that invest in offshore limited partnerships and investment funds. Investors should consult their own tax advisors to determine the potential tax-related consequences of investing in a Client Account.
- **Terrorism Risk.** Terrorist attacks often lead to increased short-term market volatility and could have long-term effects on U.S. and world economies and markets. Terrorist attacks also could adversely impact interest rates, auctions, secondary trading, ratings, credit risk, inflation and other factors relating to a Client Account's securities and adversely affect such account's service providers and operations.
- **EU Directive on Alternative Investment Fund Managers.** Since July 2013, the EU Directive on Alternative Investment Fund Managers ("AIFMD") has applied to alternative investment fund managers ("AIFMs") that manage and/or actively market alternative investment funds ("AIFs") within the European Union. Certain Client Accounts are subject to certain requirements under AIFMD to the extent that interests in such Client Account are offered in the European Economic Area ("EEA").

AIFMD requires certain disclosures for prospective Investors that are domiciled or that maintain a registered office in the EEA. If a Client Account or Portfolio Investment becomes subject to these requirements, it will provide AIFMD-required disclosure to all existing and prospective investors.

- **Cybersecurity Risks.** The Client Accounts and NBAA and their respective service providers will depend on information technology systems and, notwithstanding the diligence that Client Accounts and NBAA perform on its or the Client Accounts' service providers, they will from time to time not be in a position to verify certain risks or reliability of such information technology systems. The Client Accounts and NBAA and their service providers will be subject to risks associated with a breach in cybersecurity. "Cybersecurity" is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and misappropriation of confidential information. The Client Accounts' and NBAA's service providers, and their information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although NBAA and its affiliates have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Client Accounts

and/or NBAA would likely have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason would be expected to cause significant interruptions in Client Accounts and NBAA operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could be expected to harm NBAA's or a Client Account's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems could be expected to cause losses to the Client Account or individual investors by interfering with the operations of the General Partner, NBAA, their respective affiliates and/or the funds sponsored or managed by NBAA or Neuberger Berman. A Client Account would also be expected to incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose one or more of a Client Account, a General Partner or NBAA to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and a Client Account could be required to indemnify a General Partner and NBAA against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

- **Investments with Emerging Managers.** Certain Client Accounts invest with venture capital and private equity managers whose teams have “spun out” from established firms. Investing with such managers involves a high degree of risk, as these managers typically do not have established track records of establishing or running private investment funds or investment management companies. In connection with starting their own firms, these persons often will be required to take on management and other responsibilities far in excess of their responsibilities at their prior firms, and such additional responsibilities could interfere with their ability to find attractive investment opportunities or to implement their investment strategies. There is a risk that such teams will not be able to maintain the same quality of deal flow that they had while at their previous firms, will not be able to successfully implement their investment strategies without the additional resources available to such persons at their prior firms, and will not be able to successfully attract and retain qualified personnel.
- **Special Risks associated with Portfolio Funds.** Certain Client Accounts invest in Portfolio Funds that will primarily hold Private Securities, and operating results for the portfolio companies in a specified period will be difficult to predict. Such Portfolio Investments involve a high degree of business and financial risk that can result in substantial losses and include the following risks:
  - **Buyout Funds.** Buyout transactions often result in new enterprises that are subject to extreme volatility, require time for maturity and require additional capital. In addition, they frequently rely on borrowing significant amounts of capital, which can increase profit potential but at the same time increase the risk of loss. Leveraged

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

- **Venture Funds.** Venture capital funds primarily invest in private companies that have limited operating history, are attempting to develop or commercialize unproven technologies or to implement novel business plans or are not otherwise developed sufficiently to be self-sustaining financially or to become public. Although these investments offer the opportunity for significant gains, such investments involve a high degree of business and financial risk that can result in substantial losses, which risks generally are greater than the risks of investing in public companies that are at a later stage of development.
- **Special Situations.** The special situations asset class will likely invest a significant portion of its assets in Portfolio Funds that invest in portfolio companies that are in transition, out of favor, financially leveraged or troubled, or potentially troubled or involved in major strategic actions, restructurings, bankruptcy, reorganization, or liquidation. These companies often experience, or are expected to experience, financial difficulties that are difficult to overcome. The securities of such companies are likely to be particularly risky investments although they also offer the potential for correspondingly high returns. Such companies' securities are often considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. Such investments could, in certain circumstances, subject a Portfolio Fund to certain additional potential liabilities. For example, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor could have its claims subordinated, or disallowed, or be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments by such companies to us could be required to be returned if any such payment is later determined to have been a fraudulent conveyance or a preferential payment. Numerous other risks also arise in the workout and bankruptcy contexts. In addition, there is no minimum credit standard that is a prerequisite to a Portfolio Fund's investment in any instrument and it is possible that a significant portion of the obligations and preferred stock in which a Portfolio Fund invests will be less than investment grade.

- **Special Risks Associated with Co-Investments.** Certain Client Accounts and Portfolio Funds co-invest alongside sponsors in the equity securities of portfolio companies (both public and private). Those Portfolio Investments involve a high degree of business and financial risk that can result in substantial losses and include the following risks:

- **Co-Investments Risk.** Certain Client Accounts make co-investments on an opportunistic basis. There can be no assurance that such Client Accounts will be given co-investment opportunities, or that any co-investment offered to NBAA would be appropriate or attractive. The market for co-investment opportunities is competitive and often limited, and it is possible that the co-investment opportunities to which NBAA wishes to allocate assets will not be available at any given time. Due diligence will be conducted on co-investment opportunities; however, it is possible that NBAA will not have the ability to conduct the same level of due diligence applied to other Portfolio Investments. NBAA will generally rely on the manager or sponsor offering such co-investment opportunity to perform most of the due diligence on the relevant portfolio company and to negotiate terms of the co-investment.

In general, the ability to dispose of co-investments will be severely limited, both by the fact that the securities are expected to be unregistered and illiquid and by contractual restrictions that limit, preclude or require certain approvals for any sale. NBAA could have little opportunity to negotiate the terms of such co-investments. On the other hand, where co-investments are heavily negotiated, NBAA will likely incur additional legal and transaction costs in connection therewith.

- **Private Investments in Public Equity (PIPEs).** Certain Client Accounts co-invest alongside sponsors in securities issued in private investments in public equity transactions, commonly referred to as “PIPEs.” A PIPE investment involves the sale of equity securities, or securities convertible into equity securities, in a private placement transaction by an issuer that already has outstanding, publicly traded equity securities of the same class. Shares acquired in PIPEs are commonly sold at a discount to the current market value per share of the issuer’s publicly traded securities. Securities acquired in PIPEs generally are not registered with the SEC until after a certain period of time from the date the private sale is completed, which could be months and perhaps longer. PIPEs will, from time to time, contain provisions that require the issuer to pay penalties to the holder if the securities are not registered within a specified period. Until the public registration process is completed, securities acquired in PIPEs are restricted and, like investments in other types of restricted securities, will, from time to time, be illiquid. Any number of factors could prevent or delay a proposed registration. Prior to or in the absence of registration, it is possible for securities acquired in PIPEs to be resold in transactions exempt from registration under the Securities Act. There is no guarantee, however, that an active trading market for such securities will exist at the time of disposition, and the lack of such a market could hurt the market value of the Client Account’s investments. Even if the securities acquired in PIPEs become registered, or the Client Account is able to sell the securities through an exempt



transaction, the Client Account will, from time to time, be unable to sell all the securities it holds on short notice and the sale could impact the market price of the securities.

- **Special Purpose Acquisition Companies.** Certain Client Accounts co-invest alongside sponsors (including any sponsors that may be affiliated with Neuberger Berman) in units, stock, warrants or other securities of SPACs or similar special purpose entities that seek potential acquisition opportunities. A SPAC or similar entity generally maintains assets received from public shareholders and a portion raised from private investors in a trust account comprised of qualifying U.S. Government securities for the benefit of public shareholders of the SPAC. Funds can be distributed from the trust for public company shareholder redemptions, in connection with the acquisition, and in limited amounts to pay liquidation expenses if there is no acquisition. If an acquisition is not completed within a pre-established period of time, the invested funds are returned to the entity's public shareholders. Because SPACs and similar entities are blank-check companies without an operating history or ongoing business other than seeking acquisitions, the value of their securities is dependent on the ability of the entity's management to identify and complete an acquisition. Certain SPACs pursue acquisitions only within certain industries or regions, which would serve to increase the volatility of their prices. In addition, there has been increasing regulatory scrutiny of SPACs relating to disclosures made to investors. If a SPAC or its management becomes involved in a regulatory investigation, the ability of the SPAC to complete a business combination could be impaired.

On January 24, 2024, the SEC adopted significant changes to the rules around SPAC transactions. Among other things, the rules require enhanced disclosure on conflicts of interest between SPAC investors and SPAC sponsors, including disclosure on sponsor economics and shareholder dilution, new requirements and disclosures related to any independent fairness opinion received on a de-SPAC transaction, and the removal of the safe harbor from liability when using financial projections and other forward-looking statements, which could lead to an increase in the potential liability for SPAC sponsors and underwriters should a target company materially miss those financial projections. The rules are silent on the treatment of existing SPACs. The rules could be damaging for SPAC sponsors and may curtail the total amount of SPAC sponsor capital while shrinking the overall SPAC market, including through a reduction in new SPAC IPOs.

- **Special Risks Associated with Secondary Investments.** Certain Client Accounts invest in secondary investments. Such Portfolio Investments involve a high degree of business and financial risk that can result in substantial losses and include the following risks:
  - **Market Conditions for Secondary Investments.** The supply and consequently the pricing of secondary market investments is dependent on a number of factors, including the rate at which funds pursuing such investments (including Client Accounts) are able to deploy capital, the performance and value of investments held

by other investment funds and the ability of such investment funds to realize, recapitalize and/or refinance their own investments in order to return capital to their investors. Higher valuations and increased liquidity and return of capital in the private equity investments market will, from time to time, result in fewer attractive investment opportunities being available for Client Accounts. Regulatory changes affecting large financial institutions and other potential sellers of investments in the secondary market have been another important aspect of overall conditions in this market, and the future pace and direction of such changes will, from time to time, adversely impact the availability of opportunities to investment funds such as the Client Accounts.

The market for secondary investments is inefficient and highly illiquid, and no efficient market is expected to develop. Moreover, the market for secondary investments has been evolving and is likely to continue to evolve. NBAA expects certain Client Accounts to make investments on an opportunistic basis from existing investors in underlying funds (and not from the issuers of such interests). There can be no assurance that such Client Accounts will be successful in consummating these targeted transactions or that it will be able to identify sufficient secondary investment opportunities or acquire sufficient secondary investments on attractive terms. Equally, there can be no assurance that the Client Accounts will be able to realize any secondary investments at a price that reflects what NBAA believes to be their market value. Although NBAA expects to be able to source investment opportunities through Neuberger Berman, including NBAA, and obtain other significant advantages by leveraging Neuberger Berman's and NBAA's relationships and using its professionals to evaluate investments, there can be no assurance that they will be successful. Moreover, information sharing with Neuberger Berman's research analysts and other investment professionals will be restricted under Neuberger's policies and procedures, including the Information Barrier Policies, as well as prior contractual obligations.

In addition, although NBAA intends to seek diversity in its secondary investments for certain Client Accounts, such investments could potentially be concentrated with relatively few sponsors or in relatively few industries, regions, sectors, or vintage years. As a consequence, the overall returns realized by the Client Accounts will, from time to time, be substantially adversely affected by the unfavorable performance of a small number or type of investments.

- **Stapled Secondary Transactions.** With respect to certain GP-Led transactions, a general partner or investment manager may expect Client Accounts to commit on a primary basis to a new fund that it is sponsoring in exchange for consent to a secondary transfer in what is otherwise known as a "stapled secondary" transaction, which may present a number of risks. While the general partner or investment manager will consider the ratio of secondary to primary investments when closing on a stapled secondary transaction, Client Accounts may commit to a greater number of primary investment opportunities than originally anticipated, which may adversely affect the diversification of portfolios, and any new fund in which Client

Accounts are required to invest may prove to be a less attractive opportunity than a primary investment chosen by the Client Account as part of its own independent investment strategy. Any such new fund may not produce positive investment returns, which may in turn adversely impact the results and performance. Client Accounts may have difficulty identifying attractive secondary transactions that are unencumbered by requirements to make less attractive primary investments.

- **Non-Traditional Secondary Transactions; Joint Investments; Other Investments.** Certain Client Accounts invest with third parties through joint ventures, structured transactions and similar arrangements, and invest in “synthetic secondaries” or other non-traditional secondary investments such as fund recapitalizations, as well as other assets. These investments will, from time to time, be designed to share risk in the underlying investments with third parties or involve the Client Account taking on greater risk with an expected greater return or reducing risk with a corresponding reduction in control or in the expected rate of return. These arrangements will, from time to time, expose such Client Accounts to additional risks, including risks associated with the lack of registered title to the investments in the underlying funds, in addition to the normal risks associated with the underlying funds, their managers and portfolio companies. In addition, such arrangements will, from time to time, expose such Client Accounts to the risk that a third-party co-venturer with (i) financial difficulties, resulting in a negative impact on the investment in question, (ii) economic or business interests or goals that are inconsistent with those of the Client Account or (iii) being in a position to take (or block) action in a manner contrary to such Client Account’s investment objectives. More generally, the use of joint ventures and similar arrangements will, from time to time, limit the degree of control that the Client Account can exercise with respect to certain investments.

In some cases, certain Client Accounts will have the opportunity to acquire a portfolio of interests in funds from a seller on an “all or nothing” basis. Interests in certain funds in the portfolio will, from time to time, be less attractive than others, and certain of the Underlying Managers will, from time to time, be more familiar than others, or be more experienced or highly regarded than others. In such cases, it will not generally be possible for the Client Accounts to carve out from such purchases those investments which NBAA considers (for commercial, tax, legal or other reasons) less attractive.

In direct secondaries transactions where certain Client Accounts will participate in the purchase of underlying portfolio companies, the continued financing, monitoring and eventual divestment of such portfolio companies will be dependent upon the Underlying Manager undertaking such direct secondaries transaction. Accordingly, the Client Accounts will be dependent upon the Underlying Managers with respect to the selection, management and ultimate realization of related portfolio investments. In addition, the investment manager associated with a direct secondaries portfolio will, from time to time, have a limited track record and experience in managing and divesting such direct secondaries portfolio and the

ability to conduct due diligence on the likely investment performance of such investment manager will, from time to time, be more limited than in traditional secondaries investments.

Certain Client Accounts will, from time to time, make other investments with risk and return profiles that NBAA determines to be similar to those of traditional secondary private equity investments. These investments will, from time to time, be outside the core expertise of NBAA and involve different risks to those of traditional secondary private equity investments.

- **Valuations and Structuring of Acquisitions.** The overall performance will depend in large part on the acquisition price paid by Client Accounts for investments, which is typically determined by reference to the carrying values most recently reported by the underlying funds and other available information. The underlying funds are not generally obliged to update any valuations in connection with a transfer of interests on a secondary basis, and such valuations may not be indicative of current or ultimate realizable values. Moreover, there is no established market for secondary investments or for the privately held portfolio companies in which the underlying funds may own securities, and there may not be any comparable companies for which public market valuations exist. As a result, the valuation of secondary investments may be based on limited information and is subject to inherent uncertainties.

Generally, Client Accounts will not acquire interests directly from issuers and will not have the opportunity to negotiate the terms of the interests being purchased or any special rights or privileges. Client Accounts expect to hold secondary investments on a long-term basis. As a result, the performance of Client Accounts will be adversely affected in the event the valuations assumed in the course of negotiating acquisitions of investments prove to have been too high. Client Accounts may also face portfolio sales or other situations where, in order to make investments considered desirable, the Client Account is required to make other investments considered less desirable or for which it is less comfortable with the estimated valuations.

- **Conflicts of Interest Among the Underlying Managers.** The Underlying Managers in which certain Client Accounts invest will, from time to time, have conflicts of interest, and issues that present the appearance of a conflict of interest. One example involves the overlap of investment interests by different underlying funds in which a Client Account will, from time to time, acquire interests and other funds that, in each case, are operated by the same Underlying Manager. This can be expected to result in competition between such Underlying Manager's funds for the same investment opportunities, and conflicts of interest in such Underlying Manager's decision-making in managing portfolio companies held by such Underlying Manager's different funds, particularly if such different funds own different portions of the portfolio company's capital structure. In addition, such underlying funds

could engage in other transactions with affiliated parties on terms and conditions not determined through arm's length negotiations.

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

decrease in value over time; will be difficult to sell in a timely manner; will be difficult to appraise, and will fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. In some circumstances, the lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, will, from time to time, be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that the Client Account or Portfolio Fund will receive principal and interest payments according to the loan's terms, or at all, or that it will be able to collect on the loan should it be forced to enforce its remedies.

- **Second-Lien Debt.** The Client Accounts and Portfolio Funds' investments in second lien loans will entail risks, including (i) the subordination of the liens securing the claims to a senior lien in terms of the coverage and recovery of the collateral and (ii) the prohibition of, or limitation on, the right to foreclose on a second lien or exercise other rights as a second-lien holder (including unsecured creditors' rights). In certain cases, therefore, no recovery is available from a defaulted second lien loan. The level of risk associated with investments in second lien loans increases to the extent such investments are loans of distressed or below-investment-grade companies.
- **Corporate Debt Securities.** Certain Client Accounts and Portfolio Funds invest in a variety of bonds and related debt obligations of varying maturities issued by U.S. and non-U.S. companies, banks and other corporate entities. Corporate debt securities include bills, notes, debentures, money market instruments and similar instruments and securities, and are generally used by corporations and other issuers to borrow money from investors for such purposes as working capital or capital expenditures. The issuer pays the investor a variable or fixed rate of interest and normally must repay the amount borrowed on or before maturity. Certain bonds are "perpetual" in that they have no maturity date.

The investment return of corporate debt securities reflects interest earnings, changes in the market value of the security and the expected principal recovery amount. The market value of a corporate debt obligation may be expected to rise and fall inversely with interest rates generally. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. In addition to interest rate risk, corporate debt securities also involve the risk that the issuers of the securities will, from time to time, be unable to meet their obligations on interest or principal payments at the time called for by an instrument. The rate of return or return of principal on some debt securities will, from time to time, be linked or indexed to the level of exchange rates between the U.S. dollar and a foreign currency or currencies. Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and will, from time to time, also be subject to price volatility due

to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

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

securities format. They are often structured as floating rate bonds whose principal is lost if specified trigger conditions are met. If the triggered conditions are met, the principal is paid to the sponsor and the purchaser of the CAT Bond may lose all or a portion of the principal. If the triggered conditions are not met, the purchaser of the CAT Bond will receive its principal plus interest. CAT Bonds are generally exposed to what are believed to be relatively low probability, large-scale natural or non-natural catastrophe events in the United States, Japan, Europe and elsewhere. CAT Bonds may also be structured as derivatives that are triggered by amounts actually lost by the protected counterparty, modeled losses (determined pursuant to predetermined algorithms or models), losses incurred by a specified industry, one or more event parameters or combinations of the foregoing. Certain CAT Bonds may cover the risk that multiple loss events will occur.

To issue a CAT Bond, the sponsor creates a special purpose vehicle that issues individual notes to capital markets investors. The special purpose vehicle provides protection to the sponsor against the risk of specified natural or non-natural catastrophes or events. More specifically, the obligation of the special purpose vehicle to repay principal is contingent on the occurrence or non-occurrence of whatever catastrophic event or events are specified. In the event that the specific natural or non-natural catastrophe mentioned in the CAT Bond occurs, the bond is “triggered” and all or a portion of the original principal can be used to pay the approved claims from the trigger event. CAT Bonds may provide for extensions of maturity that are mandatory, or optional, at the discretion of the issuer, in order to process and audit loss claims in those cases where a trigger event has, or possibly has, occurred. An investment in CAT Bonds may be subject to counterparty party risk, adverse regulatory and jurisdictional interpretations, adverse tax consequences, liquidity risk and foreign currency risk.

- **Special Risks Associated with Real Estate.** Investments in real estate (including, but not limited to, investments through portfolio companies of the Almanac Realty Investors funds and real estate operating companies or fund sponsors) will be subject to the risks inherent in the development, ownership and operation of real estate and real estate-related businesses and assets. Real estate investments are generally illiquid and, therefore, the ability of the General Partner or NBAA to vary a Client Account’s portfolio promptly in response to changes in economic or other conditions will, from time to time, be limited. These risks include, but are not limited to, the burdens of ownership of real property, general and local economic conditions, changes in environmental and zoning laws, decreases in property values, financing risks, and various insured or uninsurable risks, environmental liabilities, natural disasters, acts of God, terrorist attacks and other factors beyond the control of the General Partner or NBAA. Investments in securities of private and public real estate investment trusts (“**REITS**”) and other real estate companies are also subject to risks incidental thereto, including risks associated with ownership, acquisition, development, re-development, construction, and operation of real estate properties, possible lack of diversification and economic conditions on real estate companies, borrowing and illiquidity risks, risks associated with the management of properties by



third parties, and with respect to investments in REITS, special risks such as restrictions on ownership and tax compliance risks.

- **Risks Associated with the Specialty Finance Industry.** The technology-enabled specialty finance platform industry represents a novel approach to borrowing and investing that could fail to comply with, among other things, federal and state securities laws, borrower protection laws, state lending laws, federal consumer protection laws and the state counterparts to such consumer protection laws. It is possible that borrowers will dispute the enforceability of their obligations under borrower or consumer protection laws after collection actions have commenced, or otherwise seek damages under these laws. Federal regulatory agencies and their state counterparts could investigate a platform's compliance, or the compliance of the platform's business partners, with these regulatory obligations, and could undertake enforcement actions with respect to alleged law violations. A failure to comply with such regulatory regimes could subject specialty finance platforms to more extensive regulation and ultimately impair a Client Account's ability to achieve its investment objective.

### **Additional Risks for Investments in Digital Assets, Including Cryptocurrencies**

The following is a summary of material risks specific to Client Accounts that invest in digital assets, including cryptocurrencies, which should be considered along with the general risks listed above.

- **Risks Relating to Investing in Digital Assets, Including Cryptocurrency.** A "digital asset" is an asset that is issued and transferred using distributed ledger or blockchain technology, including, but not limited to, so-called "virtual currencies," "coins" and "tokens." Cryptocurrency is a form of digital asset. References made herein to "digital assets" should be construed as referring to all digital assets, including cryptocurrency, specifically.

Certain Client Accounts have the ability to directly invest in digital assets. As a general matter, although Client Accounts currently do not directly invest in any digital asset, including cryptocurrency, directly, certain Client Accounts may be indirectly exposed to cryptocurrency via cryptocurrency derivatives and investments in vehicles (such as trusts and ETFs) that invest in cryptocurrency, and will therefore be subject to the risks associated with investing in digital assets, generally, and in cryptocurrency, specifically.

Virtual currencies are not legal tender in the United States and many question whether they have intrinsic value. The price of many virtual currencies is based on the agreement of the parties to a transaction.

Digital assets are a rapidly evolving industry. The growth of this industry is subject to a high degree of uncertainty. The factors affecting the further development of this industry, include, but are not limited to:

- Continued worldwide growth in the adoption and use of digital assets;

- Government and quasi-government regulation of digital assets and their use (including the regulation of exchanges, custodians and other service providers in the digital assets industry), or restrictions on or regulation of access to and operation of digital asset networks;
  - Changes in consumer demographics and public tastes and preferences;
  - The maintenance and development of the open-source software protocol of the digital asset networks;
  - The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies (*i.e.*, currencies issued by a government and backed by the credit of that government, as opposed to being backed by a physical commodity such as gold or silver);
  - The use of the networks supporting digital assets for developing smart contracts and distributed applications;
  - General economic conditions and the regulatory environment relating to digital assets;
  - The actual or perceived role that digital assets play in exacerbating climate change and actual or anticipated corresponding regulatory responses; and
  - Negative consumer or public perception of digital assets, for instance, the perception that digital assets may disproportionately facilitate criminal activities.
- **Risks Relating to Cryptocurrency Price Volatility.** One of the risks in holding derivative instruments where value is tied to cryptocurrencies is the rapid fluctuation of the market price of the applicable cryptocurrency. Cryptocurrencies have demonstrated significant volatility. For example, the exchange rate of Bitcoin into U.S. dollars has been very volatile, including dropping by more than 50% in a single day. The price of cryptocurrencies, and related derivative instruments, could be affected by a wide variety of complex and difficult to predict factors such as: cryptocurrency supply and demand; rewards and transaction fees for the recording of transactions on the blockchain; difficulties with converting cryptocurrency to fiat currencies; availability and access to cryptocurrency service providers (such as payment processors), exchanges, miners or other cryptocurrency users and market participants; perceived or actual cryptocurrency network or cryptocurrency vulnerability; inflation levels; fiscal policy; interest rates; and political, regulatory, natural and economic events.
- **Risks Relating to the Safeguarding of Digital Assets.** Client Accounts and Portfolio Funds that invest in digital assets will need to utilize one or more third-party service platforms and networks to maintain custody, transfer, and secure a material portion of the digital assets associated with the trading businesses, which are referred to collectively as digital asset custodians. Portfolio Funds would engage digital asset custodians to help establish connections between the Portfolio Funds' wallets and counterparties, directly or through exchanges, as well as decentralized finance ("DeFi") protocols. Portfolio Funds would also expect to utilize digital asset custodians as a settlement layer to transact and settle with pre-approved counterparties. If a digital asset custodian fails to perform, it could have a material adverse impact on Portfolio Funds, including potentially the loss of a material portion of the portfolio. Portfolio Fund would also expect to utilize cold storage solutions to self-custody a portion of digital assets

offline. Private keys are generated, backed-up and stored in hardware wallets which are maintained in secured locations.

Given the characteristics of digital assets and the relative immaturity of the asset class, there are only a limited number of “qualified custodians” available at this time, and such “qualified custodians” may not support all digital assets. Difficulties in finding a “qualified custodian” could have a material adverse effect on Client Accounts and Portfolio Funds, including potentially causing the liquidation of a substantial portion of a portfolio. There is also a risk that the SEC determines that certain custodians used are not, regardless of their representations to the contrary, “qualified custodians,” which would potentially require the movement of certain digital assets and/or subject Clients Accounts and Portfolio Funds to regulatory action. The uncertainty and potential difficulties associated with this question and related questions could materially and adversely affect the asset management business of Client Accounts and Portfolio Funds.

- **The Value of Cryptocurrencies is Dependent, Directly or Indirectly, on Prices Established by Cryptocurrency Exchanges and Other Trading Venues, Which Are New and, in Most Cases, Largely Unregulated.** Cryptocurrency exchanges and other trading venues on which cryptocurrencies trade are relatively new and, in most cases, largely unregulated and therefore potentially more exposed to fraud and failure than established, regulated exchanges for securities, derivatives and other currencies. Many such cryptocurrency trading venues do not provide the public with significant information regarding proof of their reserves (e.g., confirmation of amounts standing to the credit of customers’ accounts) or their ownership structure, management teams, corporate practices or regulatory compliance. Much of the daily trading volume of cryptocurrencies is conducted on poorly capitalized, unregulated, unaudited and unaccountable exchanges located outside of the United States where there is little to no regulation governing trading of cryptocurrencies. Such exchanges could engage in unethical practices that have a significant impact on cryptocurrency pricing, such as front-running, wash trades and trading with insufficient funds. To the extent that the cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in cryptocurrency market prices and adversely affect an investment in digital assets.

Cryptocurrency prices on exchanges have been volatile and subject to influence by many factors including the levels of liquidity on the exchanges specifically and on the exchange market generally. For example, digital asset exchanges generally lack certain safeguards put in place by more traditional exchanges to enhance the stability of trading on the exchange and prevent flash crashes, such as limit-down circuit breakers. Even the largest exchanges have been subject to operational interruption and malfeasance (*e.g.*, thefts of cryptocurrencies from operational or “hot” wallets, misappropriation of deposited digital assets, suspension of trading on exchanges due to distributed denial-of-service attacks by hackers and/or malware and bankruptcy proceedings or cessation of services by exchanges), limiting the liquidity of cryptocurrencies on the affected exchange and resulting in volatile prices and a reduction in confidence in the exchange market generally. The price of cryptocurrencies on exchanges could also be impacted by policies

on or interruptions in the deposit or withdrawal of fiat currency into or out of larger cryptocurrency exchanges. The prices of digital assets on digital asset exchanges could be subject to larger and/or more frequent sudden declines than assets traded on more traditional exchanges. These risks also apply to other cryptocurrency trading venues, including OTC markets and derivatives platforms. Although Client Accounts will generally not invest in cryptocurrency directly and currently NBAA intends to trade cryptocurrency derivatives only through regulated U.S. exchanges, and despite global efforts to ensure accurate pricing of cryptocurrency, the price of cryptocurrencies generally remains subject to volatility experienced by the exchanges and other trading venues for the reasons outlined above. Such volatility can adversely affect investments in cryptocurrency and related derivative instruments.

Unlike broker-dealers registered with the SEC, digital asset exchanges are not required to maintain possession of the digital assets deposited by customers. As a result, digital assets held in an account at an exchange are subject to the risk that the exchange operator may sell, lend or otherwise rehypothecate those digital assets, subjecting them to risk of loss. Those digital assets may also be lost as a result of fraud or other bad acts of the exchange operator or its employees. To the extent that a digital asset exchange, as a result of fraud, the rehypothecation of customer assets or otherwise, becomes insolvent or fails to return its customers' digital assets upon a withdrawal request, customers' rights to recover deposited digital assets are uncertain and those customers could incur material losses. Any amounts deposited with an exchange are subject to credit risk.

Client Accounts that trade in derivatives referencing cryptocurrency will trade on a limited number of exchanges (and potentially only a single exchange) because of the limited availability of exchanges offering the ability to trade in options on cryptocurrency futures. Trading on a single exchange could result in less favorable prices and decreased liquidity and therefore could have an adverse effect on the Client Account.

Some of the largest virtual currency exchanges are located outside the United States. In general, certain less developed countries lack fully developed legal systems and bodies of commercial law and practices normally found in countries with more developed market economies.

In 2023, the SEC proposed various rules (e.g., the Custody Rule Proposal and rules under the Exchange Act governing "alternative trading systems") that, if adopted as proposed, would have a materially adverse effect on most, if not all, exchanges operating in the United States or with customers in the United States. These proposed rules may cause exchanges to move outside of the United States and/or prohibit U.S. customers from establishing accounts. Other exchanges may be forced to cease operations. Any material disruption to the operation of digital asset exchanges will likely have a material adverse effect on digital assets in general and any cryptocurrency derivatives held by Clients. For more information on the proposed rules, please see "*U.S. Regulatory Developments and Government Intervention*" in this Item 8.C.

While Client Accounts do not currently invest in cryptocurrency directly, the occurrence of any of the foregoing could have an adverse effect on the cryptocurrency-related securities and derivatives in which certain Client Accounts could invest.

- **Scalability Risks.** Many digital asset networks face significant scaling challenges. As the use of digital asset networks increases without a corresponding increase in throughput of the networks, average fees and settlement times can become prohibitively high. Certain digital networks have been, at times, at capacity, which has led to increased transaction fees. Increased fees and decreased settlement speeds could preclude certain use cases for digital assets (*e.g.*, micropayments), and can reduce demand for and the price of digital assets, which could adversely impact an investment in digital assets. Additionally, digital assets which rely on proof-of-work validation utilize substantial resources to power the network. The environmental drain could curb adoption and growth of digital assets.
- **Risk to Digital Asset Networks from Malicious Actors.** Certain digital asset networks, including the Bitcoin network, are subject to control by entities that capture a significant amount of the network's processing power, a significant percentage of the digital asset issued and outstanding, or a significant number of developers or intermediaries important for the operation and maintenance of such digital asset network. Blockchain networks secured by a proof-of-work algorithm depend on the strength of processing power of participants to protect the network. If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on a digital asset network, it could be able to alter the blockchain on which the network and most transactions rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could exclude or modify the ordering of transactions. However, it could not generate new digital assets or transactions using such control. The malicious actor could also "double-spend" its own digital assets (*i.e.*, spend the same digital assets in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the digital asset network, or the network community did not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Further, a malicious actor or botnet could create a flood of transactions in order to slow down confirmations of transactions on the relevant digital asset network.

A significant disruption in internet connectivity could also disrupt a digital asset's network operations until the disruption is resolved and have an adverse effect on the price of digital assets. In particular, some digital assets have been subjected to a number of denial-of-service attacks, which have led to temporary delays in block creation and in the transfer of the digital assets. While in certain cases in response to an attack, an additional "hard fork" (see below) has been introduced to increase the cost of certain network functions, the relevant network has continued to be the subject of additional attacks. Moreover, it is possible that as digital assets increase in value, they could become

bigger targets for hackers and subject to more frequent hacking and denial-of-service attacks.

Advances in code cracking, or technical advances such as the development of quantum computers, could result in the theft or loss of digital assets.

- **Blockchain “Fork” Risk.** The software powering digital assets is generally open source, meaning that any user can download the software, modify it and then propose that the users and miners of the digital asset adopt the modification. If less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “fork” of the network, with one prong running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of the digital asset running in parallel, yet lacking interchangeability. Such a fork could adversely affect the digital asset’s viability. Furthermore, a hard fork can introduce new security risks. Additionally, a Client Account with exposure to a digital asset that experiences a hard fork could be unable to participate in any benefits of the hard fork (for instance, where an ETF through which the Client Account indirectly holds the digital asset is unable to receive the new alternative asset or where the terms of the relevant derivative instrument do not provide for the Client Account to receive the economic benefit of the new asset).
- **Digital Asset Derivatives Risks.** Regulated markets for digital asset derivatives are developing in the United States. Registered futures exchanges and registered swap execution facilities, which are regulated by the CFTC, currently offer futures, options, and swaps on Bitcoin (BTC) and Ether (ETH) and may in the future offer derivatives referencing other digital assets. However, there can be no assurance that these exchanges and swap execution facilities will continue to offer the existing digital asset derivatives or will offer any additional derivatives in the future. Regulated markets for digital asset derivatives, particularly where those derivatives trade at a material volume, will impact the value, and could impact the liquidity, of the referenced digital assets. For instance, these markets may facilitate more short interest in digital assets. Markets for unregulated, or “over the counter,” digital asset derivatives are also developing and could have similar effects on digital assets.

Digital asset derivatives could experience significant price volatility and the initial margin for digital asset derivatives will, in certain cases, be set as a percentage of the value of the particular contract, which means that margin requirements for long positions can increase if the price of the contract rises. In addition, some futures commission merchants could pose restrictions on customer trading activity in digital asset derivatives, such as requiring additional margin, imposing position limits, prohibiting naked shorting or prohibiting give-in transactions. The rules of certain designated contract markets impose trading halts that may restrict a market participant's ability to exit a position during a period of high volatility.

- **Intellectual Property Rights or Other Legal Claims May Adversely Affect the Operation of Digital Asset Networks.** Third parties may assert intellectual property claims relating to the operation of various digital assets and their source codes, or related mathematical algorithms, relating to the holding and transfer of such assets. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in a digital asset's long-term viability or the ability of end-users to hold and digital assets may adversely affect an investment in those digital assets.
- **Open-Source Protocol Risk.** Certain digital asset networks operate based on open-source protocol maintained by the groups of core developers. As these network protocols are not sold and their use does not generate revenues for development teams, core developers may not be directly compensated for maintaining and updating the network protocols. Consequently, developers could lack a financial incentive to maintain or develop the network, and the core developers could lack the resources to adequately address emerging issues with the networks. There can be no guarantee that developer support for any network will continue or be sufficient in the future. Additionally, some development and developers are funded by companies or other entities whose interests (or whose controlling persons' interests) may be at odds with other participants in the network or with investors' interests.
- **Lack of Sufficient Mining Incentives.** Miners for digital assets may generate revenue from both newly created digital assets known as the "block reward" and from fees taken upon verification of transactions. If the aggregate revenue from transaction fees and the block reward is below a miner's cost, the miner could cease operations. If the award of new units of digital assets for solving blocks declines and/or the difficulty of solving blocks increases, and transaction fees voluntarily paid by participants are not sufficiently high, miners may not have an adequate incentive to continue mining and therefore cease their mining operations. Miners ceasing operations would reduce the collective processing power on the network, which would adversely affect the confirmation process for transactions (*i.e.*, temporarily decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make digital asset networks more vulnerable to a malicious actor or botnet obtaining sufficient control to manipulate the blockchain and hinder transactions.
- **Risk of Distortion from Stablecoins.** Although Client Accounts will generally not invest in stablecoins, certain Client Accounts could nonetheless be exposed to risks that stablecoins pose for the digital asset market. Stablecoins are digital assets designed to have a stable value over time as compared to typically volatile digital assets and are typically marketed as being pegged to a fiat currency, such as USD. Although the prices of stablecoins are intended to be stable, in many cases their prices fluctuate, sometimes significantly. This volatility has in the past coincided with increased volatility in the prices of other digital assets. The majority of transactions in the digital asset ecosystem are pairs of stablecoins with other tokens. Because stablecoins are systemically important to the digital asset ecosystem, volatility in stablecoin prices could foreseeably have an outsized impact on the market that is difficult to predict. In addition, some digital asset exchanges, including those with significant global volumes, are reliant upon stablecoins because they

cannot obtain or choose not to obtain banking relationships, and therefore cannot receive or send USD or other fiat currencies to or from customers.

Stablecoins are currently subject to limited regulation and are therefore subject to higher risk of theft, fraud, or operational problems relative to cash and cash equivalents. It is difficult to predict how the U.S. government may regulate stablecoins in the future. However, any legislation enacted to address the risks associated with stablecoins could affect the growth and usability of stablecoins, and adversely affect digital assets in general.

- **Risks Related to Regulation of Digital Assets and the Digital Asset Industry.**

*U.S. Regulatory Risk.* As digital assets have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies have been examining the operations of digital asset networks, digital asset users and the digital asset exchange market. Many of these state and federal agencies have issued enforcement actions, advisories, and rules relating to digital asset markets.

The Financial Crimes Enforcement Network (“**FinCEN**”) requires any administrator or exchanger of convertible digital assets to register with FinCEN as a money transmitter and comply with the anti-money laundering regulations applicable to money transmitters.

The SEC and some state regulators have determined that certain tokens are securities, and courts in the United States are considering whether various digital assets are appropriately treated as securities under federal and state securities laws. The SEC has brought enforcement actions against firms engaged in digital asset activities on the basis that various digital assets are appropriately treated as securities under U.S. federal securities laws. In addition to several cases alleging violations of anti-fraud provisions of U.S. federal securities laws in connection with digital asset offerings, the SEC has also brought actions against intermediaries providing services related to digital assets. The SEC could determine that additional types of digital assets should be classified or treated as securities, which would result in regulation of one or more digital assets or intermediaries engaged in services involving those assets under the U.S. federal securities laws.

U.S. state securities regulators have also been scrutinizing activities involving digital assets. Various U.S. states have considered or approved digital asset business activity statutes or rules, passing, for example, regulations or guidance. The inconsistency in the applicability of state laws to various digital asset businesses could make it more difficult for these businesses to provide services, which may affect consumer adoption of digital assets and their price. U.S. state agencies have brought action against firms engaged in digital asset activities.

Should a digital asset exchange or other service provider determine that certain digital assets are or may soon be determined by the SEC to be securities, the exchange could delist such digital assets. Additionally, there have been and may in the future be enforcement



actions against current U.S. and foreign digital asset exchanges doing business in the United States that facilitate trading in digital assets that are securities, which could decrease the prices for all digital assets.

The CFTC treats certain digital assets as “commodities” and the CFTC has not, to date, taken the view that any particular digital asset is a “commodity interest” under the Commodity Exchange Act, as amended (the “CEA”). To the extent that any digital assets are deemed to fall within the definition of a “commodity interest” under the CEA, NBAA could be subject to additional regulation under the CEA and CFTC regulations, including disclosure and reporting requirements. If NBAA determined not to comply with such additional regulatory and registration requirements, strategies trading in some or all digital assets may be terminated. Any such termination could result in the liquidation of a Client Account’s digital assets at a time that is disadvantageous to the Client Account.

The effect of any future regulatory change on digital assets is impossible to predict, but such change could be substantial and adverse.

*Potential Regulations in Foreign Jurisdictions.* Digital assets currently face an uncertain regulatory landscape in many foreign jurisdictions. Many foreign regulatory bodies have not yet issued official statements regarding determinations on regulation of digital assets, users or networks. As a result, there remains significant uncertainty regarding these regulator’s future determinations and actions with respect to the regulation of digital assets and digital asset exchanges.

Various foreign jurisdictions could, in the near future, adopt laws, regulations or directives that affect the digital assets. Such laws, regulations or directives could conflict with those of the United States and negatively impact the acceptance of digital assets by users, merchants and service providers outside the United States and therefore impede the growth or sustainability of the digital asset economy in these jurisdictions as well as in the United States and elsewhere, or otherwise negatively affect the value of digital assets.

## **Item 9: Disciplinary Information**

On December 17, 2018, the SEC announced the issuance of an Order (the “Order”) concerning expense allocations by the former Dyal Capital Division of NBAA relating to the Business Services Platform (the “BSP”), a team within Dyal focused on providing client development, talent management, operational advisory and other services to the partner managers in which the Dyal Funds invest. Without admitting or denying any wrongdoing, NBAA consented to the entry of the Order. Following the completion of the Blue Owl transaction in May 2021, in which the Dyal Capital Partners Division ceased to be a division of NBAA, no businesses of NBAA utilize the BSP and allocates the expense associated with the BSP to an NBAA-advised fund. The SEC Order had no finding of intentional wrongdoing or fraud and found that the issues relating to the BSP expenses ceased in 2017. According to the Order, with respect to certain of the Dyal Funds, the Dyal Funds’ manager did not appropriately allocate a portion of the BSP expenses to certain Dyal Funds and

did not have proper policies and procedures in place to ensure that all allocations were related to the utilization of the BSP. The Order required NBAA to cease and desist from committing or causing any violations and future violations of Sections 206(2) and 206(4) of the Advisers Act, as amended, and Rules 206(4)-7 and 206(4)-8 thereunder. NBAA agreed as part of the settlement to pay disgorgement of \$2,073,988 (plus prejudgment interest of \$284,620) to certain Dyal Funds covering 2012-2016, and pay a civil monetary penalty of \$375,000 to the SEC. The civil monetary penalty was satisfied on January 3, 2019. The disgorgement and prejudgment interest was satisfied on June 7, 2019.

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

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

NBAA is not a registered broker or dealer. Most NBAA personnel are registered representatives with FINRA through their affiliation with NBAA's registered broker-dealer affiliate, NBBD. In such capacity, subject to applicable law, they are permitted to receive sales commissions in connection with the sale of interests in certain Client Accounts. *See Items 5.E and 10.C.1.*

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

NBAA is exempt from registration as a commodity pool operator ("CPO") or a commodity trading advisor ("CTA") with the CFTC. NBAA manages its accounts and pools as an exempt CPO, generally in reliance on available exemptions under CFTC Rules 4.13(a)(3) and CFTC No Action Letter 12-38.

### **C. Material Relationships**

NBAA currently has certain relationships or arrangements with related persons that are material to its investment management business and the Client Accounts. Below is a discussion of such relationships/arrangements and any conflicts of interest, or issues that present the appearance of a conflict of interest, which arise therefrom.

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

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

Registered representatives of NBBD and unaffiliated broker-dealers solicit certain investors for NBAA and its affiliates. Subject to applicable law, NBBD receives sales commissions in connection

with the sale of interests in certain Client Accounts. Some sales commissions will be a portion of, or calculated from, NBAA's Management Fee with respect to such interests.

From time to time, certain Client Accounts pay commissions, expenses, finder's fees or other compensation to (i) third parties and (ii) certain employees of Neuberger Berman and its affiliates for identifying Portfolio Investments. *See* **Item 5.E** and **Item 14.B**.

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

The existence of these relationships will from time to time cause a conflict of interest, or the appearance of a conflict of interest. *See* **Item 11.B.6** and **11.D.1**.

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

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

NBAA acts as the adviser to NBPE; the sub-adviser to the U.S. Registered Funds, advised by an affiliate of NBAA; and a portfolio manager to the Sub-Funds. NBAA also acts as adviser to NB Private Funds where an affiliate acts as General Partner. Affiliates of NBAA act as General Partners to other pooled investment vehicles (collectively, the "**Affiliated Funds**"). Certain management persons of NBAA act as directors or officers of Affiliated Funds.

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

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

### SEC-Registered Advisers:

Neuberger Berman BD LLC<sup>3</sup>  
Neuberger Berman Investment Advisers LLC  
Neuberger Berman Asia Limited  
Neuberger Berman Europe Limited  
Neuberger Berman Singapore Pte. Limited  
Neuberger Berman Loan Advisers LLC  
Neuberger Berman Loan Advisers II LLC  
Neuberger Berman Loan Advisers IV LLC  
Neuberger Berman Canada ULC  
Neuberger Berman AIFM S.à.r.l (Exempt Reporting Adviser)

---

<sup>3</sup> While NBBD is also registered with the SEC as an investment adviser, it does not currently provide advisory services to any clients.

Neuberger Berman Asset Management Ireland Limited (Exempt Reporting Adviser)

Non-SEC-Registered Advisers:

Neuberger Berman East Asia Limited  
Neuberger Berman Australia Pty Limited  
Neuberger Berman Information Consulting (Shanghai) Limited  
Neuberger Berman Overseas Investment Fund Management (Shanghai) Limited  
Neuberger Berman Taiwan (SITE) Limited  
Neuberger Berman India Private Limited

In providing investment management services to the Client Accounts, NBAA draws upon the resources of certain of the Advisory Affiliates. For example, and subject to the Information Barrier Procedures (defined below), NBAA employees speak with employees of NBIA's dedicated research department. Where required, personnel of the non-SEC-registered advisers involved in NBAA's advisory activities are deemed "associated persons" of NBAA and are subject to certain NBAA policies and procedures as well as supervision and periodic monitoring.

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

NBAA acts as sub-adviser to certain Separate Account clients of third-party advisers and Advisory Affiliates. In addition, NBAA serves as sub-adviser to certain Client Accounts, including those advised by Advisory Affiliates.

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

The views and opinions of NBAA, and those of the Advisory Affiliates and their research departments, will, from time to time, differ from one another. As a result, Client Accounts managed by NBAA, or its Advisory Affiliates can be expected to 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.7 and Item 11.D.6.*

The Firm has adopted policies and procedures reasonably designed to prevent the misuse by the Firm and its personnel of material non-public information ("MNPI"). *See Item 11.D.1.*

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

NBBD is registered with the CFTC as a CTA and introducing broker and is a member of the NFA. In addition, NBIA is registered as a CTA and CPO and Neuberger Berman Canada ULC is registered as a CPO and CTA. NBAA does not have a material relationship with these entities in such capacities.

**5. Banking or thrift institution**

None.

**6. Accountant or accounting firm**

None.

**7. Lawyer or law firm**

None.

**8. Insurance company or agency**

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

**9. Pension consultant**

None.

**10. Real estate broker or dealer**

None.

**11. Sponsor or syndicator of limited partnerships**

The Private Funds are generally organized or “sponsored” by NBAA, and an affiliate of NBAA acts as the General Partner of the Private Funds, where applicable. *See Item 10.C.2.* Further information about the partnerships for which affiliates of NBAA serve as the General Partner is available in **Section 7.B.(1) of Schedule D of Part 1A** of NBAA and its affiliated SEC-registered investment advisers’ Form ADVs. *See Item 10.C.3.*

**12. Administrator**

None.

**D. Selection of Other Investment Advisers**

NBAA invests certain Client Accounts in Portfolio Funds for which a third-party acts as the Underlying Manager. NBAA maintains an extensive due diligence process for the selection of

Underlying Managers, which it has developed throughout 30 years of private equity investing. The following items are examples of the qualitative and quantitative analyses that may be conducted during due diligence of the Underlying Managers, to the extent determined by NBAA to be appropriate:

- Track Record
  - Commentary on performance
  - Relevance of track record to current team
  - Assessment of unrealized value
- Strategy, Portfolio Construction & Value Creation
- Funded Primary Analysis (if applicable)
- Fund Size
- Investment Team
  - Size and stability of team
  - Partner Attribution
  - Board Seat Activity
- Investment Committee / Decision Making
- Capital Efficiency
  - Recycling Analysis
- Co-Investment Opportunities
- Operating Capabilities & Other Team Resources
- ESG Analysis
- 
- Firm Governance & Culture
- Legal / Compliance
- Valuation
- NAV
- Cash Management
- IT / Disaster Recovery / Cybersecurity
- Counterparties / Service Providers
- Economics
- Terms
- Relevant litigation, reputational issues, legal/structuring, etc.
- Reference Calls

## **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, and issues that present the appearance of a conflict of interest, NBAA has adopted a Compliance Manual and additional policies and procedures as well

as the Neuberger Berman Code of Ethics and Code of Conduct (collectively, the “**Conflicts Procedures**”). The Conflicts Procedures are applicable to all of NBAA’s officers, members, and employees (collectively, the “**Employees**”). The Conflicts Procedures generally set the standard of ethical and professional business conduct that the Firm and NBAA requires of the 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) conduct all personal securities transactions in such a manner as to avoid any conflicts of interest, and issues that present the appearance of a conflict of interest, and to avoid any abuse of an individual’s position of trust and responsibility; (3) refrain from taking advantage of their positions inappropriately; and (4) at all times conduct themselves in a manner that is beyond reproach and that complies with all applicable laws and regulations.

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

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

NBAA reserves the right to amend its policies and procedures from time to time without notice to, or the consent of, the investors in the Client Accounts, or any other person.

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

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

From time to time, NBAA will participate or have a direct or indirect interest in Client Account transactions as described below. NBAA’s policies and procedures provide that NBAA make all investment management decisions in its Client Accounts’ best interests.

### **1. Principal and Agency-Cross Transactions:**

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

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

An "agency cross transaction" is defined as a transaction where an adviser acts as broker for both its advisory client and the party on the other side of the brokerage transaction. An agency cross transaction would also occur if the brokerage transaction were executed by an affiliate of the adviser. NBAA does not expect to engage in agency cross transactions but would disclose any such transactions to the relevant Client Account and obtain the Client Account's consent in accordance with Section 206(3) of the Advisers Act, in the event such a transaction was to occur.

## **2. Other Cross Transactions**

Cross trades involve the transfer, sale or purchase of assets from one Client Account to another Client Account without the use of a broker-dealer. NBAA is permitted to engage in cross trading where permissible under applicable law and the terms of the relevant Offering Documents, if it determines that such action would be favorable to both Client Accounts and the conditions for the transaction are fair to both parties. NBAA has adopted policies and procedures for Client Account transactions that present a conflict of interest, or the appearance of a conflict of interest, including principal and cross trades.

## **3. Affiliated Brokers**

NBAA is affiliated with NBBD. NBAA generally does not execute transactions for its Client Accounts through NBBD. As described in **Item 5.E**, from time to time NBAA utilizes Neuberger Berman's central trading desk to execute transactions with third-party brokers for certain Client Accounts. In the event NBAA were to execute a transaction on behalf of Client Accounts with NBBD as broker, NBAA would only do so in accordance with all applicable laws and regulations. Such transaction would only be executed if NBAA believes that executing through NBBD is consistent with our duty to seek best execution under the circumstances. *See Item 12.*

NBBD receives sales commissions in connection with the sale of interests in certain Client Accounts. *See Item 5.E. and Item 10.C.1.*

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

From time to time, NBAA recommends or causes certain Client Accounts to invest in Portfolio Investments in which NBAA or its affiliates (including, without limitation, Employees) have a direct or indirect financial interest. Such financial interest will include, but is not limited to, having a business relationship (whether as client, investor, co-investor, broker, vendor or investment consultant), or serving as investment adviser, General Partner or director for a particular investment product. In such instances, the purchase or sale of a Portfolio Investment directed by NBAA on behalf of a Client Account will from time to time directly or indirectly benefit NBAA or its affiliates and could have an impact on the price of such Portfolio Investment. Moreover, NBAA has caused Client Accounts to invest in Dyal Funds as well as funds (each, a "**Dyal Partner**



**Manager Fund”)** managed by an adviser (each, a “**Dyal Partner Manager**”) in which a Dyal Fund has invested, and, in particular, certain Employees have investments in the Dyal Funds. Accordingly, these investments could create an incentive for NBAA to make an investment decision on behalf of a Client Account that might not have been made absent the investment. Further discussion of related conflicts of interest, and issues that present the appearance of a conflict of interest, are disclosed herein and to investors in the Offering Documents.

## **5. Employee Investment in NBAA Products and Dyal Funds**

Certain Neuberger Berman employees, senior advisors and their family members invest, or have invested, in the Client Accounts as well as certain Dyal Funds, either directly or indirectly. Any such investments are made in conformity with the Conflicts Procedures, which includes procedures governing the use of confidential information and personal investing. The Private Funds generally elect to waive Management Fees and/or Performance-based Compensation for Employees of the Firm and their family members who, directly or indirectly, invest in the Private Funds pursuant to the Firm’s employee investment program. In addition, certain closed Dyal Funds have elected to waive Management Fees and/or Performance-based Compensation for employees of the Firm and their family members who, directly or indirectly, invested pursuant to the Firm’s employee investment program.

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

NBAA or its affiliates serve as the General Partner, investment manager, investment adviser and/or sub-adviser to the Client Accounts. NBAA or an affiliate generally has a material personal investment in each Client Account, including through the General Partner or special limited partner of each Private Fund and as limited partners or affiliate of each Private Fund. In addition, NBAA is permitted to invest Client Accounts in the Portfolio Investments (including, without limitation, Private Equity Securities) in which NBAA, its affiliates or Employees of either are also invested and the Performance-based Compensation and Management Fees can be expected to be separately negotiated for such investments. Moreover, NBG and certain NBAA Employees have investments in Blue Owl and the Dyal Funds. Furthermore, from time to time, NBAA or one or more of its affiliates is permitted to invest seed capital in a Client Account and could, from time to time, own or control a significant percentage of the Client Account’s interests. NBAA or its affiliate may redeem or withdraw all or a portion of its interest in the Client Account in accordance with Neuberger Berman’s Seed Capital Policy, including where it is required to redeem or withdraw all or a portion of its interest in order to comply with applicable regulatory restrictions. Redemptions or withdrawals therefrom could force the Client Account to sell securities at an unfavorable time and/or under unfavorable conditions in order to meet redemption or withdrawal requests. These sales could adversely affect a Client Account and/or result in increasing the Client Account’s liquidity risk, transaction costs and/or taxable distributions.

NBAA believes that, when engaged in a manner consistent with the Conflicts Procedures, these investments generally function to better align the interests of the investors with NBAA’s interests since its capital is being invested alongside the investors’ capital. For example, by virtue of NBAA’s or its affiliate’s capital investment in the Private Funds, NBAA and/or its affiliates could be considered to participate, indirectly, in transactions effected for the Private Funds. The foregoing

relationships, fees and any other conflicts of interest, or issues presenting the appearance of a conflict of interest, arising therefrom are disclosed herein and in the Offering Documents. *See Item 12.B.*

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

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

### **C. Personal Trading**

NBAA, or one or more of its affiliates, including certain Employees, from time to time, invest for their own account in the Client Accounts or Portfolio Investments in which NBAA also invests on behalf of the Client Accounts, and Management Fees and Performance-based Compensation will generally be waived with respect to such persons' investments in the Client Accounts. Moreover, NBAA and its affiliates and certain Employees will from time to time buy, sell or hold securities for their own account while taking the same or different actions for one or more Client Accounts. The Conflicts Procedures are intended to mitigate conflicts of interest inherent in personal investing.

NBAA's Employees and those of its affiliates are permitted to participate directly or indirectly in certain Portfolio Investments to the extent permitted by the Conflict Procedures. Such participation in each investment will be on substantially the same terms and conditions as provided for in the Conflict Procedures, although, as noted above, NBAA or an affiliate will often waive fees with respect to related person investments in an affiliated Portfolio Investment. The sale or disposition by NBAA or an Employee or affiliate must also be consummated in accordance with internal policies and procedures and applicable law.

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

- (a) a requirement for securities accounts to be maintained at NBBB or other approved entities;
- (b) an Employee price switch/disgorgement policy;
- (c) prohibitions against Employee participation in certain IPOs;
- (d) prohibitions against trading on the basis of MNPI;
- (e) pre-approval requirements for transactions in securities, digital assets, and private placement offerings;
- (f) a minimum holding period of 60 days for most personal securities transactions; and
- (g) annually affirming in writing that, (i) all reportable transactions occurring during the year were reported to the Firm; (ii) all reportable positions were disclosed; (iii) all newly

opened securities accounts and/or private placements were disclosed; and (iv) the Employee has read, understood and complied with the Code of Ethics and Code of Conduct.

The price switch/disgorgement policy attempts to address the conflict, or the appearance of a conflict, which could arise from Employees owning the same Public Securities as Client Accounts, 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 Public 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 Account'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 will not be feasible, and the proceeds will either be remitted to Client Accounts or donated to charity.

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

## **D. Other Conflicts of Interest**

### **1. Conflicts of Interest**

Various conflicts of interest, and issues that present the appearance of a conflict of interest, will from time to time arise from the investment activities of the Client Accounts. The following briefly summarizes some of these issues but is not intended to be an exclusive list of every conflict of interest that could arise. Investors should consult their Offering Documents for a more complete discussion. Any references to a General Partner, NBAA or Neuberger Berman in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees.

If any matter arises that NBAA determines in its good faith judgment constitutes a conflict of interest, or creates the appearance of a conflict of interests, NBAA will take such actions as it determines in good faith may be necessary or appropriate to resolve the matter on a case-by-case basis. These actions include, by way of example and without limitation: (i) disposing of a Portfolio Investment; (ii) appointing an independent fiduciary to act with respect to the matter; (iii) with respect to a Private Fund, consulting with the LP Advisory Committee regarding the matter or obtaining a waiver or consent from the LP Advisory Committee of the matter or acting in a manner, or pursuant to standards or procedures, approved by the LP Advisory Committee with respect to such matter; (iv) with respect to a U.S. Registered Fund or NBPE, consulting with the Board of Directors (or similar body) regarding the matter and/or obtaining a waiver or consent from the Board of Directors of the matter or acting in a manner, or pursuant to standards or procedures, approved by the Board of Directors with respect to such matter; (v) with respect to a Sub-Fund or other Luxembourg fund, consulting with the Board of Directors of NB Lux regarding the matter and/or obtaining a waiver or consent from the Board of Directors of the matter or acting in a

manner, or pursuant to standards or procedures, approved by the Board of Directors with respect to such matter; (iv) disclosing the conflict, or the issue presenting the appearance of a conflict, to the investors in the Client Account (including via post-transaction disclosure) and/or obtaining a waiver or consent from investors; (vii) implementing certain policies and procedures designed to mitigate such conflict of interest, or issue presenting the appearance of a conflict; and (viii) referring the matter to the NBAA Conflicts Committee. There can be no assurance that NBAA will identify or resolve conflicts of interest, or issues that present the appearance of a conflict of interest, in a manner that is favorable to any particular Client Account or any particular investor. NBAA will have the power to resolve, or consent to the resolution of, conflicts of interest, and issues that present the appearance of a conflict of interest, on behalf of, and such resolution will be binding on, Client Accounts, subject to the terms of the respective Offering Documents.

If NBAA consults with a Client Account with respect to a specific matter and the Client Account waives a conflict of interest, or issue presenting the appearance of a conflict of interest, or NBAA acts in a manner, or pursuant to the standards and procedures approved by the Client Account, then NBAA and its affiliates will not have any liability to the Client Account or investors for such actions, including actions in pursuit of their own interests. Finally, investors should be aware that members of an LP Advisory Committee are permitted to act in their own interests, and not in the best interests of the Private Fund.

### ***Conflicts Relating to Other Neuberger Berman Activities***

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

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

rights of such other vehicles or accounts. Neuberger Berman will from time to time also furnish similar management, advisory and/or consulting services to certain separate accounts or make investments for its own account.

Neuberger Berman, including NBAA, will, from time to time, be presented with investment opportunities that fall within the investment objective of a Client Account. In such circumstances, there can be no assurance that the Client Account will have an opportunity to participate in such investments and Neuberger Berman will be under no obligation to make such investments available, in whole or in part, to the Client Account.

### ***The Investment Programs of the Client Accounts***

Certain of the investment programs of the Client Accounts overlap in a number of material ways that give rise to conflicts of interest, and issues that present the appearance of a conflict of interest. In general, NBAA works to resolve these issues in a manner that it believes to be fair and equitable to each Client Account and investor involved, but there can be no assurance that any conflict, or appearance of a conflict, will be resolved in a manner that is favorable to any particular Client Account or investor.

The following briefly summarizes certain ways that the investment programs of the Client Account overlap, but is not intended to be an exclusive list:

- ***Portfolio Funds.*** Client Accounts invest in Portfolio Funds.
  - Certain Client Accounts make capital commitments to (i) Portfolio Funds in which another Client Account is an investor; and/or (ii) Portfolio Funds managed by NBAA and its affiliates;
  - Certain Client Accounts purchase interests in (i) Portfolio Funds in which another Client Account is an investor and/or (ii) Portfolio Funds managed by NBAA and its affiliates; and
  - Certain Client Accounts purchase portfolio companies from, or participate in the recapitalization of, Portfolio Funds in which another Client Account is an existing investor and could be provided the option to sell or roll in connection with such recapitalization.
- ***Portfolio Companies.*** Client Accounts make debt and equity investments in portfolio companies.
  - Certain Client Accounts make debt or equity, or both, investments in portfolio companies (a) in which another Client Account is a co-investor; or (b) to which another Client Account provides financing;
  - In particular, different Client Accounts make investments in different parts of a portfolio company's capital structure or the same part of the capital structure at different prices. In addition, when negotiating the terms of a debt investment by one

Client Account, it is possible that NBAA and its affiliates will take actions that adversely affect the interests of another Client Account investing in that same portfolio company; and

- Moreover, certain portfolio companies in which a Client Account has invested, or to which a Client Account has provided financing, compete with other portfolio companies in which a Client Account has invested, or to which a Client Account has provided financing.
- ***Follow-On Investments.*** Certain Client Accounts make new or follow-on commitments to Portfolio Funds and investments in portfolio companies in which Client Accounts commit capital or invest in the equity or debt, as applicable.

The foregoing will from time to time result in issues that present a conflict of interest, or the appearance of a conflict of interest. By way of example, Client Account A could invest in Portfolio Fund I and Client Account B could lend money to a portfolio company of Portfolio Fund I, and the terms of that loan would be negotiated with the Sponsor of Portfolio Fund I. Client Account A would want the terms of that loan to be more favorable to the borrower, while Client Account B would want terms most favorable to the lender, both for the initial extension of credit as well as any refinancing. Concurrently, Client Account C could make a co-investment in the equity of the same portfolio company of Portfolio Fund I, but at a different price than the investment by Portfolio Fund I. Portfolio Fund I would want to maximize the price of the co-investment, while Client Account C would want a lower price. In the event of a default under the loan, Client Account B would want to pursue a resolution more favorable to the lenders, while Client Accounts A and C would want terms more favorable to the equity owners. Furthermore, sponsors have simultaneously offered investment opportunities to different Client Accounts. For example, a sponsor could simultaneously offer different Client Accounts an opportunity to make an investment in the equity of portfolio company Y and an investment in the debt of portfolio company Z. In such instances, each Client Account would want the terms of its respective transaction to be more favorable, for example by minimizing the purchase price of its respective investments. In each such case, NBAA would be acting for all of the relevant Client Accounts (subject to NBAA's Conflicts Procedures described herein). Similarly, Client Account J could seek to participate in a GP-led restructuring of Portfolio Fund K, through an investment in a continuation fund established to acquire all, or a portion, of Portfolio Fund K's assets, when Client Account L has already invested in such Portfolio Fund. Client Account L would want the terms of the continuation fund and the transaction documents to be more favorable to current investors in Portfolio Fund K, while Client Account I would want those terms to be more favorable to new investors in the continuation fund.

To mitigate conflicts of interest, and issues that present the appearance of a conflict of interest, NBAA's Conflicts Procedures provide that investment decisions be made in accordance with the fiduciary duties owed to Client Accounts and that NBAA's (or such personnel's) pecuniary, investment or other financial interests are not placed ahead of our client's interests.

### ***Interpretation of Offering Documents and Legal Requirements***

The Offering Documents of each Client Account are frequently detailed agreements that establish complex agreements among NBAA, the investors and other parties. Questions will arise from time to time under these documents regarding the parties' rights and obligations in certain situations, some of which the parties might not have considered while preparing these documents. In these instances, the applicable provisions, if any, could be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times, there will not be provisions directly applicable to the situation at hand. While NBAA will seek to construe the relevant documents in a manner consistent with NBAA's legal obligations, the interpretations adopted by NBAA will not necessarily be, and need not be, the most favorable interpretations for the Client Accounts or some or all of the investors in a Client Account, as applicable.

### ***Allocation of Investment Opportunities***

NBAA and its affiliates are actively engaged in advisory and management services for the Client Accounts. NBAA and its affiliates will, from time to time, sponsor or manage additional collective investment vehicles and managed accounts in the future. NBAA or its affiliate will, from time to time, employ the same or different investment strategies for the various Client Accounts it manages or otherwise advises. Investment opportunities that are potentially appropriate for one Client Account will likely also be appropriate for other Client Accounts, and such Client Accounts will compete for investments and could compensate NBAA or its affiliate differently. Portfolio Investments that are within the investment objectives of a particular Client Account will, from time to time, be allocated to other Client Accounts and there is no assurance any Client Account will be allocated those investments it wishes to pursue.

In addition, NBAA and its affiliates will, from time to time, sponsor or manage collective investment vehicles or managed accounts that are similar to existing Client Accounts and permit existing or future funds to have exclusive rights to certain investment opportunities. Furthermore, from time to time, third parties will direct certain potential investment opportunities, either entirely or in part, to certain Client Accounts. As a result, a Client Account will, from time to time, not be afforded the chance to participate in attractive investment opportunities in which other Client Accounts are given the opportunity to participate, or in some cases be allocated a small part of an investment opportunity within the investment objectives of the Client Account when other Client Accounts are allocated a larger portion. A Client Account will, from time to time, be prohibited (due to, for example, exclusivity rights granted to other investment funds or regulatory limitations) from pursuing certain investment opportunities and find that its ability to participate in any particular opportunity will be substantially limited.

NBAA has adopted policies and procedures concerning the allocation of investment opportunities that provides that it will make allocation decisions among the Client Accounts in a manner that it considers, in its discretion and consistent with its fiduciary obligations, to be fair and equitable. **See Item 12.B.**

### ***Loans to Client Accounts***

Neuberger Berman will, from time to time, provide loans to certain Client Accounts as set forth in such Client Account's Offering Documents. Neuberger Berman will have differing interests from such Client Accounts in setting interest rates and other terms of such lending and would have the ability to enforce any default against a Client Account in a manner that would be adverse to such Client Account.

### ***Portfolio Company Financial Distress***

Conflicts of interest, or issues that present the appearance of a conflict of interest, will from time to time arise when a Client Account makes an investment in a portfolio company in which another Client Account has also invested, including in a different part of the capital structure, and the issuer experiences financial or operational challenges. As a result, the interests of NBAA or the Client Accounts in restructuring, exercising rights with respect to or realizations from an investment can reasonably be expected to materially differ. NBAA has adopted policies and procedures to mitigate conflicts of interest, or issues that present the appearance of a conflict of interest, in such situations.

### ***Client Accounts Portfolio Company Ownership in Loan Originators***

Conflicts of interest, or issues that present the appearance of a conflict of interest, will from time to time arise when Client Accounts or other affiliated entities have an ownership interest in a loan originator and Client Accounts transact with the loan originator's portfolio company. To mitigate those risks NBAA and its affiliates will consider their respective fiduciary duties to the applicable Client Accounts, determine whether terms of any proposed transaction are comparable to what could be obtained through an arm's length transaction with a third party on commercially reasonable terms, and otherwise act in compliance with its relevant policies and procedures.

### ***Transactions with Portfolio Companies or Portfolio Funds in which a Client Account Has a Pre-Existing Investment***

Conflicts of interest, or issues that present the appearance of a conflict of interest, will from time to time arise when NBAA pursues a transaction on behalf of a Client Account with a portfolio company or Portfolio Fund in which a different Client Account has a pre-existing investment. Examples include, without limitation, GP-led transactions or other Portfolio Fund restructurings; mid-life co-investment transactions; and the recapitalization of a portfolio company, in each such case where a Client Account is invested in the existing portfolio company or Portfolio Fund, as applicable. In those instances, NBAA generally is required to make investment decisions on behalf of Client Accounts on different sides of the transaction, and those Client Accounts often have different investment objectives, and NBAA will from time to time receive different compensation from the relevant Client Accounts.

### ***Client Account Investments on Different Terms***

When NBAA makes an investment or commitment on behalf of a Client Account, it is typically done on an independent basis from the prior capital commitments or investments made by the other



Client Accounts. Accordingly, such capital commitments or investments will from time to time be made at different prices and on different terms and in different types of securities of such entity, and thus provide for different rights and privileges to the Client Accounts.

### ***Differing Investment Returns of Client Accounts***

While Client Accounts often invest on a side-by-side basis, the returns realized by Client Accounts (even with respect to the same investment) could differ significantly due to many factors, including the use of leverage by certain Client Accounts and not others; differing fees and expenses associated with each Client Account; exit timing; the structure of certain transactions; and legal, tax, regulatory or other considerations, including ERISA.

### ***Client Accounts and Dyal Funds: Fees and Expenses***

From time to time, Neuberger Berman, NBAA and their affiliates (including Employees) receive certain fees and expenses with respect to Client Accounts and Dyal Funds, including: (a) Performance-based Compensation with respect to an NBAA-managed Portfolio Fund or Dyal Fund; (b) Management Fees with respect to an NBAA-managed Portfolio Fund or Dyal Fund; and (c) interest payments with respect to debt investments. In addition, Neuberger Berman will, from time to time, provide a loan to a Client Account, on terms in accordance with the relevant Offering Documents, and Neuberger Berman will receive interest payments thereon. Except as set forth explicitly in a Client Account's Offering Documents, none of the fees, expenses or other payments received by NBAA or its affiliates for any of the foregoing will be shared with a Client Account or reduce the Management Fee or Performance-based Compensation to which NBAA and/or its affiliates is entitled. The potential to receive such fees, expenses and other payments could be viewed as an incentive for NBAA or its affiliate to engage in such transactions with respect to the Client Accounts and Dyal Funds.

### ***Blue Owl***

On May 19, 2021, the strategic combination between Owl Rock and Dyal Capital Partners became effective. As of the closing of the transaction, an entity owned by certain current and former NBG employees owned approximately 31% of the interests in Blue Owl's operating entities and certain NBAA employees have invested in the Dyal Funds. NBAA can be expected to recommend or cause Client Accounts to engage in transactions with the various Dyal Funds and Dyal Partner Manager Funds – for example, investing in a Dyal Fund or a Dyal Partner Manager Fund; investing in or alongside or lending to the portfolio companies of a Dyal Partner Manager Fund - and thus would be incentivized to recommend or cause Client Accounts to engage in such transactions. The relationship between NBG, including NBAA and its employees, with Blue Owl will thus from time to time result in conflicts of interest, or issues that present the appearance of a conflict of interest.

### ***Ancillary Benefits***

NBAA and its affiliates will from time to time also derive certain ancillary benefits from providing investment advisory and other services to the Client Accounts and providing such services to the Client Accounts can be expected to enhance NBAA's or its affiliates', as applicable, relationships

with various parties, such as sponsors or private equity advisers or other financial institutions, and can be expected to lead to additional business for NBAA or its affiliates, as applicable. In addition, managing the Client Accounts can be expected to also benefit NBAA and its affiliates. Moreover, a Portfolio Investment's employees currently include, and in the future can be expected to include, immediate family members and other persons associated with Neuberger Berman, provided that the retention and compensation of any such employee will be subject to that entity's standard employment practices.

### ***Service Providers***

Certain advisors and other service providers (including, without limitation, accountants, administrators, custodians, trustees, lenders, bankers, valuation agents, brokers, attorney or consultants) to a Client Account also provide goods or services to, or have business, personal, political, financial or other relationships with, Neuberger Berman, NBAA, its affiliates or Employees. Certain Client Accounts have passive ownership interests in service providers that provide valuation services in connection with an investment, and subjects NBAA to conflicts of interest or the appearance of a conflict of interest, because, although NBAA selects service providers that it believes are appropriate, NBAA or its affiliates can benefit from recommending those service providers because of a financial or other business interest. Those relationships will create a conflict of interest, or the appearance of a conflict of interest, for NBAA in deciding whether to select or recommend any such advisor or service provider to perform services on behalf of a Client Account.

### ***Co-Investment with Client Accounts***

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

### ***Affiliation with Registered Investment Companies***

Certain Client Accounts, including the U.S. Registered Funds, are or will be subject to a variety of regulations, including the Investment Company Act or other applicable regulations that, due to the

role of NBAA, could restrict, limit or materially impact either the ability of a Client Account to invest or co-invest in the same securities as such other clients or the terms of a Client Account's investment. Such laws and regulations could have the effect of limiting the investment opportunities available to a Client Account; result in the incurrence of additional expenses or result in a modification or restriction of certain rights or a change in certain terms applicable to a Client Account's investment in an entity or underlying fund including, without limitation, a waiver or reduction of all or a portion of a Client Account's voting rights with respect to such investment. In such circumstances, NBAA will from time to time in its discretion restrict or limit transactions or the exercise of rights for a Client Account or limit the amount of voting securities purchased for a Client Account or restrict the type of governance rights it acquires or exercises in connection with certain investments.

Moreover, NBIA, NBAA and the U.S. Registered Funds obtained an exemptive order from the SEC expanding the U.S. Registered Funds' ability to co-invest alongside its affiliates in privately negotiated transactions, but the exemptive order also contains certain conditions that could limit or restrict the U.S. Registered Funds' ability to participate in an investment or participate in an investment to a lesser extent than other Client Accounts.

#### ***Affiliation with Client Accounts Subject to ERISA***

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

#### ***Neuberger Berman AIFM SARL***

Certain Client Accounts and affiliated client accounts are managed or advised, directly or indirectly, by NB Lux, a Luxembourg-based investment adviser regulated by the CSSF and an exempt reporting investment adviser registered with the SEC. Certain of these accounts are or will be subject to applicable European Union, Luxembourg or CSSF regulations or considerations that could restrict, limit or materially impact either the ability of a Client Account to invest or co-invest in the same securities as such other clients or the terms of a Client Account's investment. Such laws and regulations will from time to time have the effect of limiting the investment opportunities available to the Client Accounts; result in the incurrence of additional expenses; or result in a modification or restriction of certain rights or a change in certain terms applicable to a Client Account's investment in an entity or underlying fund including, without limitation, a waiver or reduction of all or a portion of a Client Account's voting rights with respect to such investment. In

such circumstances, NBAA will from time to time in its discretion restrict or limit transactions or the exercise of rights for a Client Account or limit the amount of voting securities purchased for a Client Account or restrict the type of governance rights it acquires or exercises in connection with certain investments.

### ***Allocation of Personnel; Other Activities; Retirements and Departures***

NBAA investment team members typically work on multiple projects for Neuberger Berman at any time. In particular, members of an investment team typically have additional responsibilities to Neuberger Berman in their respective capacities as senior executives of Neuberger Berman. Additionally, other persons are involved with a Client Account, including investment professionals of NBAA that have other responsibilities for Neuberger Berman. Finally, certain NBAA employees can be expected to retire or otherwise leave the firm. Overall, the loss of one or more key individuals' time, in whole or in part, could have an impact on a Client Account's performance.

### ***Finder's Fees for Portfolio Investments***

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

### ***Diverse Group of Client Accounts***

The Client Accounts typically have conflicting investment, tax, regulatory and other interests. Conflicts of interest, and issues that create the appearance of a conflict of interest, will from time to time arise from, among other things, NBAA's decision-making authority as a member of a Portfolio Fund LPAC, Portfolio Company board of directors or similar body with respect to a Portfolio Investment held by multiple Client Accounts. NBAA will consider the best interests of a Client Account when making investment decision on behalf of that Client Account - for example, arising from a Portfolio Fund's offer to existing NBAA-managed investors of the option to sell or roll in a GP-led transaction - which will, from time to time, result in NBAA reaching different investment decisions for Client Accounts in the same scenario.

### ***Diverse Group of Investors***

Investors in Client Accounts typically have conflicting investment, tax, regulatory and other interests with respect to their investments in the Client Account. The conflicting interest of individual investors will from time to time relate to or arise from, among other things, the investment vehicles through which such investor invests; the nature of investments made by the Client Account; the structuring or the acquisition of investments; the timing of disposition of investments; and liquidity strategies. As a consequence, conflicts of interest, and issues that present the appearance of a conflict of interest, will from time to time arise in connection with decisions made by NBAA that are more beneficial for one investor than for another, especially with respect to an investor's individual tax situations. In selecting and structuring investments appropriate for a Client Account, NBAA will generally consider the investment and tax objectives

of the Client Account and the investors as a whole, and not the investment, tax or other objectives of any investor individually. Certain investors, by virtue of the size of their investments or other special factors, will from time to time negotiate special arrangements more beneficial than those obtained by other investors in the Client Account. In a Private Fund, a General Partner can be expected to enter into a side letter or other similar agreement with a particular investor without the approval of any other limited partner, which would have the effect of establishing rights under, altering or supplementing the terms of the Organizational Documents with respect to such limited partner in a manner more favorable to such limited partner than those applicable to other investors.

### ***Side Letters and other Similar Agreements***

Certain investors enter into side letters or other similar agreements that provide investors with differing or preferential rights or terms, including, but not limited to, one or more of (i) different economic or other rights including, but not limited to, reductions, modification or waivers of fees and expense caps or partial or total reimbursement or rebate of certain fees, charges, and/or expenses (including Management Fees and Performance-based Compensation); (ii) a most favored nation (“**MFN**”) right to receive the same rights or arrangements offered to certain other investors generally based on such other investors having made an equal or lower capital commitment to the Client Account; (iii) the right to appoint a member to an advisory board or similar body; (iv) additional or modified reporting obligations or other enhanced additional information or notice rights; (v) the right to be offered co-investment opportunities; (vi) modified or expanded excuse or exclusion rights applicable to particular investments; (vii) waiver of certain confidentiality obligations; (viii) transfer rights; (ix) rights or terms necessary in light of particular legal, regulatory or policy characteristics of an investor; (x) additional obligations and restrictions of NBAA with respect to the structuring of any particular investment in light of the legal, tax and regulatory considerations of particular investors; or (xi) certain obligations and restrictions on the applicable general partner with respect to the exercise of its discretion on certain matters, including amendments, exercising default remedies and waiving confidentiality or terms. In particular, when Client Accounts commit to Private Funds, such Client Accounts will generally receive an MFN right upon request.

### ***Relationship with Neuberger Berman***

Certain investors have invested in multiple Client Accounts and/or have an engagement whereby Neuberger Berman provides services to that investor (including affiliates) other than in its capacity as an investor in a Client Account. These arrangements could take into account the scope of the broader relationship of such investor with Neuberger Berman, including the investments in the Client Accounts. NBAA will, from time to time, provide more favorable economic or other terms to such investor as a whole or with respect to some or all investments, and, in certain

circumstances, these arrangements will not be specifically disclosed to the other investors or otherwise be made available to other investors, including under MFN provisions.

### ***Information Barrier Procedures/Material Non-Public Information/Insider Trading***

The Firm has implemented policies and procedures, including certain information barriers (both physical and technological, as well as employee conduct measures) within the Firm (collectively, the “**MNPI Procedures**”), that are reasonably designed to prevent the misuse by the Firm and its personnel of MNPI. The MNPI Procedures are designed to be in accordance with the requirements of the Advisers Act and other federal securities laws and regulations. In general, under the MNPI Procedures and applicable law, when one side of the Firm is in possession of MNPI related to a Public Security or the issuer of such security, whether acquired unintentionally or otherwise, neither the businesses on the applicable side of the Firm nor its personnel are permitted to render investment advice as to, or otherwise trade or recommend a trade in, the Public Securities of such issuer until such time as the relevant information is no longer deemed to be material non-public information.

The MNPI Procedures include the creation of an Information Barrier between the “public” and “private” sides of the Firm to control the flow of investment-related communications between certain employees on each side of the Information Barrier (“**Information Barrier Procedures**”). The Information Barrier Procedures are reasonably designed to prevent the misuse of by the Firm and its personnel of MNPI and to allow the Firm to disaggregate positions between the “public” and “private” sides of the Firm for purposes of Section 13 and Section 16 of the Exchange Act. The Information Barrier Procedures also prohibit the sharing of MNPI to personnel on the other side of the Information Barrier without approval from the Legal and Compliance Department, which will determine appropriate steps to comply with applicable laws and regulations.

The MNPI Procedures address the process under which certain businesses within NBAA intentionally acquire MNPI, generally pursuant to a confidentiality agreement with the legitimate source of such MNPI, and the general prohibitions on the sharing of such information between or among different sides of the Information Barrier. For instance, the co-investment businesses within NBAA obtains and utilizes MNPI acquired pursuant to the terms and conditions of confidentiality agreements when evaluating whether or not to engage in private transactions.

When considering whether to acquire or share MNPI, NBAA and the Firm will attempt to balance the interests of all Client Accounts (including, in certain instances, public side client accounts), taking into consideration relevant factors, including, but not limited to, the extent of the prohibition on trading that would occur; the size of the Firm’s clients’ existing position in the issuer, if any; and the value of the information as it relates to the investment decision-making process. Relatedly, in those cases when the Firm declines access to (or otherwise does not receive or share within the Firm) MNPI regarding an issuer, NBAA could potentially base its investment decisions with respect to assets of that issuer solely on public information, thereby limiting the amount of information available to NBAA in connection with such investment decisions. Additionally, when the Firm declines to receive or share MNPI, Client Accounts could miss the opportunity to make certain investments, such as SPAC PIPEs, which require potential investors to be “brought over the wall” and accept material non-public information prior to making the

investment. In determining whether or not to elect to receive MNPI, NBAA and the Firm will endeavor to act fairly to its clients as a whole, including pursuant to the Conflicts Procedures discussed herein.

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

### ***Placement of Interests***

One or more Placement Agents and introducers will from time to time be engaged, retained or otherwise involved in connection with the offering of direct or indirect interests in certain Client Accounts. Such Placement Agents are expected to receive fees and/or other compensation with respect to all or certain of the direct or indirect investors that such Placement Agent referred and introduced, either indirectly through fees and/or other compensation paid or borne by such referred and introduced investors or directly from the Client Account. Any such direct or indirect investors that are introduced or referred by Placement Agents should carefully review the applicable documents and information provided to them by the Placement Agent for details regarding such specific additional fees or other compensation that is or may be applicable to them in connection with their direct or indirect investment. The engagements with such Placement Agents are generally not exclusive, and the Client Accounts can be expected to engage multiple Placement Agents. In light of the foregoing, potential investors should recognize that a Placement Agent's participation as such can be expected to be influenced by its interest in such current or future fees and commissions, including differentials in the placement fees that are offered by other third-party fund sponsors for which the Placement Agents act as placement agent. Prospective investors should also be aware that certain affiliates and employees of a Placement Agent or introducer will from time to time invest in the Client Accounts on their own behalf and/or on behalf of their clients. For certain Private Funds, Private Wealth Account clients will be subject to a Private Fund-level PW Access Fee paid to NBBD for placement and onboarding. The PW Access Fee is described in the Offering Documents of the applicable Private Funds. **See Item 5.A.**

**For a further discussion of conflicts of interest, please see the applicable Offering Documents.**

## **2. Firm Personnel - Gifts and Entertainment**

Generally, Firm employees, wherever located, are prohibited from providing business gifts or entertainment that are excessive or inappropriate or intended to inappropriately influence recipients in accordance with the Firm's Gifts & Entertainment Policies and Procedures (the "**G&E Policy**").

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

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

In addition to the above prohibitions, the Firm imposes additional restrictions on providing gifts and entertainment to particular types of Client Accounts or investor representatives, such as government officials at all levels and representatives of U.S. Labor Organizations. The Firm's Global Anti-Corruption Policy and Procedures also sets forth rules governing certain gifts and entertainment and imposes pre-approval or reporting requirements. Furthermore, many public, as well as private, institutions 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 many of the institutions with whom they deal have certain additional restrictions.

In addition to these requirements, which apply to all Firm personnel, different geographic regions typically have regulatory rules and requirements relating to business gifts and entertainment specific to their region. While the G&E Policy is the global Firm policy, Firm subsidiaries in each region can adopt changes that further limit the amounts and activities permitted by the G&E Policy in order to comply with the specific applicable requirements.

Accepting gifts or entertainment from investors, prospective investors, employees, or agents of investors, outside vendors, suppliers, consultants, and other persons or entities with whom the Firm does business will, from time to time, also create conflicts of interest, or the appearance of a conflict of interest. Subject to applicable law and the G&E Policy, the Firm does not prohibit personnel from accepting all business-related gifts or entertainment. However, none of the Firm personnel, immediate family members, nor other household members are permitted to accept any gift or entertainment that is significant in value or impairs, or appears to impair, employee ethics, loyalty to the Firm, or ability to exercise sound judgment. Furthermore, Firm personnel are prohibited from accepting gifts or entertainment that is, or could be perceived as being, compensation from someone other than the Firm. Firm personnel are prohibited from soliciting gifts or entertainment and giving any gifts or entertainment to anyone who solicits them.

### **3. Firm Personnel - Political Contributions**

Due to the potential for conflicts of interest, the Firm has established policies and procedures relating to political activities that are designed to comply with applicable federal, state and local law. Each employee, who is a U.S. citizen or green card holder, is required to obtain preapprovals for all political contributions and other political activities, including the political contributions and other political activities of the employee's spouse, domestic partner, dependent children, or any other person that the employee materially supports.

### **4. Firm Personnel - Outside Business Activities**

Certain types of outside affiliations or other activities pose a conflict of interest, the appearance of a conflict of interest or regulatory concern to the Firm. Therefore, the Firm generally prohibits certain activities and affiliations, and requires employees to disclose outside activities to the Firm in writing so that responsible personnel are able to assess the compatibility of the outside



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

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

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

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

The Firm conducts appropriate due diligence on any outside vendor that provides products or services to the Firm and enters into an appropriate contract. From time to time, service providers engaged by NBAA are expected to include: (i) a related person of NBAA (which may include a portfolio company of another fund managed by NBAA); (ii) an entity with which NBAA or its affiliates has a relationship, passive interest or from which NBAA or its affiliates or their personnel otherwise derives financial or other benefit, including relationships from joint venturers or co-venturers; or (iii) certain limited partners or their affiliates. For example, NBAA has engaged, and may in the future engage, service providers that will provide services, including financing, to a fund or portfolio company (e.g., valuation or rating services) in connection with a Client Account’s investments. That discretion subjects NBAA to conflicts of interest or the appearance of a conflict of interest, because, although NBAA selects service providers that it believes are appropriate for the services provided, NBAA can benefit from recommending such service provider because of financial or other business interests.

The Firm’s seeks to manage its relationships with outside vendors so that appropriate controls and oversight are in place to protect the Firm’s interests, and those of the Client Accounts and

investors, including safeguarding of private and confidential information regarding the Firm's Client Accounts and employees. Periodic ongoing monitoring and oversight of outside vendors occurs in an effort to ensure that service-level expectations are satisfied. The Firm's engagement with outside vendors is subject to the Firm's policies and procedures, including the Code of Conduct and Code of Ethics.

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

NBAA and its personnel typically have differing investment, compensatory or other pecuniary interests in different Client Accounts managed by NBAA, and NBAA personnel have differing compensatory interests with respect to different Client Accounts. In addition, many NBAA employees are registered representatives with FINRA through their affiliation with NBBB, and also receive a portion of the fees or other compensation received by NBAA and its affiliates. *See Item 5.E* for a discussion of compensation to NB Salespersons and certain conflicts with respect thereto. Compensation methodology varies and is based upon a variety of factors.

NBAA faces a conflict of interest, or the appearance of a conflict of interest, when (i) the actions taken on behalf of one Client Account impact other similar or different Client Accounts (*e.g.*, where Client Accounts have the same or similar investment strategies or otherwise compete for investment opportunities, have potentially conflicting investment strategies or investments); or (ii) NBAA and its personnel have differing interests in such accounts (*e.g.*, where NBAA or its related persons are exposed to different potential for gain or loss through differential ownership interests or compensation structures) because NBAA has an incentive to favor certain Client Accounts over others that are likely less profitable. Moreover, certain strategies are managed in a substantially similar manner across multiple investment vehicles (*i.e.*, Private Funds, Separate Accounts, U.S. Registered Funds, NBPE and Sub-Funds) and certain vehicles have higher expenses, fees and other charges. In addition, for a limited number of Client Accounts, a portion of the Management Fee and/or the Performance-based Fee will be paid to one or more anchor investors. Such situations present a conflict of interest, or the appearance of a conflict of interests, when, for example, NBAA allocates investment opportunities that NBAA believes could more likely result in favorable performance; engages in cross trades among Client Accounts; or executes potentially conflicting or competing Portfolio Investments.

In particular, from time to time, NBAA, on behalf of different Client Accounts, will make investments in different parts of an issuer's capital structure (*e.g.*, equity or debt, or different positions in the debt structure), including situations where NBAA invests in different parts of an issuer's capital structure for its Client Accounts or will engage in transactions with portfolio companies or Portfolio Funds in which Client Accounts have an existing investment. Conflicts of interest, or issues that present the appearance of a conflict of interest, will from time to time arise over items such as whether to make an investment; exercise certain rights; or take an action; proxy voting; corporate reorganization; how to exit an investment; or bankruptcy or similar matters (including, for example, whether to trigger an event of default or the terms of any workout). *See Item 11.D.1.*

Moreover, from time to time and subject to legal, tax, regulatory and other considerations, NBAA permits certain parties to participate, on a preferred basis, in investment opportunities alongside certain Client Accounts.

To mitigate these conflicts of interest, and issues that present the appearance of a conflict of interest, NBAA's Conflicts Procedures provide that investment decisions be made in accordance with the fiduciary duties owed to Client Accounts and to require that NBAA (or such personnel) not place their pecuniary, investment or other financial interests ahead of our Clients Accounts' interests. For example, NBAA has adopted policies and procedures reasonably designed to allocate investment opportunities in a fair and equitable manner among Client Accounts.

See **Item 12.B** and **Item 11.D.1** regarding investment allocation procedures.

## **Item 12: Brokerage Practices**

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

#### ***Brokerage Selection***

NBAA generally invests Client Accounts in Private Securities that are investments directly with the issuers. Such trades are generally not placed through a broker-dealer. Accordingly, NBAA does not generally engage directly in soft dollar arrangements with respect to Private Securities, enter into agreements with, or make commitments to, any broker-dealer that would bind NBAA to compensate that broker-dealer, directly or indirectly, for client referrals (or sale of fund interests) through the placement of brokerage transactions, or have any clients that direct brokerage to certain brokers.

As described in **Item 5.E** NBAA will from time to time utilize the Firm's central trading desk to execute Public Securities transactions with third-party brokers for certain Client Accounts. Accordingly, where appropriate, references to NBAA in connection with trade execution in this **Item 12** include the affiliates of NBAA that support the central trading desk. See **Item 11.B.3**.

If NBAA trades Public Securities or other securities (e.g., foreign currency forwards and hedges, etc.) through a broker-dealer (and subject to the paragraph below), NBAA generally looks to the overall quality of service provided by the broker and will consider many factors when making a selection for execution. NBAA has discretion to utilize soft dollars in connection with brokerage trades for certain Client Accounts in Public Securities to obtain research and/or brokerage services used for the benefit of clients, although it only does so within the safe harbor provided in Section 28(e) of the Exchange Act. Subject to the foregoing, it is NBAA's policy to seek to obtain the best price on every trade given all the relevant circumstances, and NBAA monitors and regularly evaluates the execution quality it receives from every broker with which it trades. However, in addition to price, traders are also permitted to consider the size and potential market impact of the transaction, liquidity of both the security and the market, the broker's ability to provide or find liquidity, time limitations, and confidentiality of the transaction. In addition, NBAA is permitted to consider research and other services in making brokerage decisions. (See "*Research and Other Soft*

*Dollar Benefits*” in this **Item 12.A**). Accordingly, Client Accounts will from time to time be able to obtain more favorable brokerage commission rates elsewhere. NBAA will also utilize electronic trading networks when they can provide liquidity and price improvement over and above what is available through traditional methods for execution.

In the event Public Securities are distributed to certain Client Accounts, NBAA generally expects that it will rely on the broker-dealer with whom the securities account for such Client Account is held, which will from time to time include an affiliate of NBAA, for trade execution.

NBAA has selected one or more firms to serve as prime broker (“**Prime Broker**”) to hold the funds and securities of certain Client Accounts. The Prime Broker also executes transactions on behalf of certain Client Accounts, consistent with the principles of best execution. Specific trades can be “traded away,” (i.e., executed through brokers other than the Prime Broker) where NBAA believes that doing so could provide access to greater inventory or better price or execution. NBAA has selected Prime Brokers it believes will provide specific services beneficial to certain Client Accounts, allowing the Client Account to operate more effectively and efficiently by, for example, providing NBAA with electronic access to account information and trade confirmations and bulk mailing of statements to investors.

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

Soft dollars refer to the practice of using a portion of the commissions generated when executing client transactions to acquire research and brokerage services from broker-dealers. In general, this discussion relates to equity trading; NBAA does not generally pay additional commissions to obtain soft dollars for fixed income transactions to brokers or dealers on behalf Client Accounts.

*Use of Soft Dollars:* NBAA is permitted to consider research and other services as a factor in making brokerage decisions for certain Client Accounts and, as it deems appropriate, use a portion of the commissions generated when executing certain Client Account transactions (commonly referred to as “**soft dollars**”) to acquire research and brokerage services (“**soft dollar benefits**”) in a manner consistent with the “safe harbor” provided by Section 28(e) of the Exchange Act. Under the safe harbor, as it has been interpreted by the SEC, NBAA is permitted to use soft dollars to pay for soft dollar benefits, even where such benefits are also be available for cash, to the extent appropriate and permitted by law and other global jurisdictional requirements, when such benefits assist NBAA in meeting Client Accounts’ investment objectives or in managing the Client Accounts. As described in **Item 5.E**, NBAA will from time to time utilize the Firm’s central trading desk to execute transactions with third-party brokers for certain Client Accounts. In addition, NBAA participates in the Firm’s soft dollar program for certain Client Accounts and, where appropriate, this discussion concerns those Client Account’s use of soft dollars and participation in the Firm’s soft dollar program.

The use of soft dollars to receive research and services benefits NBAA by allowing NBAA, at no cost to it, to (i) supplement and enhance its own research and analysis activities; (ii) receive the views and information of individuals and research staff of other securities firms; and (iii) gain access to persons having special expertise on certain companies, industries, areas of the economy and market factors. Subject to the Firm’s policies and procedures, NBAA is permitted to take into

account the value of permissible soft dollar benefits provided by a broker-dealer, as long as such consideration is not inconsistent with the objective of seeking best execution for Client Account transactions. Certain Client Accounts are permitted to pay a higher commission rate than the rate that would be charged solely for execution to a broker-dealer in recognition of such soft dollar benefits.

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

NBAA is permitted to use "step outs" or "commission sharing arrangements" to obtain soft dollar benefits for certain Client Accounts. A step out would occur if NBAA directs a broker-dealer, who executes a trade, to allocate (or "step out") a portion of the trade to another broker-dealer for clearance and settlement. NBAA primarily expects to use step outs for block trades and believes that this practice assists in seeking best execution.

In commission sharing arrangements, NBAA is permitted to effect transactions, subject to best execution, through a broker with a request that the broker allocate a portion of the commission or commission credits to a segregated "research pool" maintained by the broker. NBAA is permitted to then direct such broker to pay for eligible products and services directly or transfer the credits to a commission credit aggregator for future payment to a research provider. Participating in commission sharing arrangements enables NBAA to (1) strengthen its key brokerage relationships; (2) consolidate payments for eligible products and services; and (3) receive a variety of high-quality eligible products and services while facilitating best execution in the trading process.

NBAA also is permitted, in its discretion, to elect to pay cash for soft dollar items.

*Allocation of Soft Dollar Research:* Research obtained with soft dollars will not always be utilized by the Firm for the specific Client Account or Client Accounts that generated the soft dollars and, in fact, will also be used for NBIA-managed clients. It should be noted that the value of many soft dollar benefits cannot be measured precisely, and commissions paid for such services cannot always be allocated to Client Accounts in direct proportion to the value of the services to each Client Account. Because, as discussed in **Item 12.B**, NBAA will aggregate or "bunch" certain Client Account transactions, brokerage commissions attributable to one or more Client Accounts are

permitted to be allocated to brokers who provide statistical data and research used by the Firm in managing other clients' accounts.

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

Commissions paid by one Client Account would, in effect, subsidize services that benefit another Client Account or NBAA-managed clients. However, any distortions should balance out over time as NBAA believes that its various sources of research and brokerage services enable NBAA to make better investment decisions and execute more effective trades. Therefore, the Firm does not usually attempt to allocate the relative costs or benefits of research or brokerage services among clients. Certain Client Accounts' ability to pay for expenses through soft dollars will be limited by laws or regulations such as the restrictions under MiFID II or by client restrictions. Although the Firm makes efforts to ensure that clients are treated equally when it comes to bearing these expenses, these legal or client restrictions could result in Client Accounts who are not subject to the legal restrictions paying more commissions for soft dollars than similarly situated clients who are subject to such legal restrictions. Additionally, those restrictions on paying soft dollar commissions could impact the ability to aggregate the orders of clients with restrictions on soft dollars with the orders of clients who do not have such soft dollar restrictions, which could impact the execution received by one or both groups of clients. As part of the efforts to fairly distribute soft dollar expenses, NBAA works with other parts of the Firm to set a budget estimating the spending on research over the upcoming quarter that is monitored against the research commissions generated by the Firm's clients. NBAA believes that, in the aggregate, the services it receives benefit Client Accounts and assists NBAA in fulfilling its overall fiduciary duty to Client Accounts.

NBAA is permitted to receive directives from certain Client Accounts to make a "best effort" attempt to transact business with a client-designated broker in consideration of services received solely by that client from the broker. In such instances, only the particular Client Account's own soft dollars would be used. Unless contrary written instructions are provided by the client, primary consideration would be still given to seeking best execution of such transactions.

*Types of Soft-Dollar Products and Services:* Research services provided by a broker-dealer can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third-party (created by a third-party but provided by the broker-dealer). NBAA is permitted to use soft dollars to acquire either type of research or any permissible brokerage services. The Firm has received the following soft-dollar products and services during the last fiscal year: current and historical data concerning particular companies, industries and the financial economy as a whole, as well as information and analysis thereof, technical and statistical studies and data dealing with various investment opportunities, risks and trends, and analysis involving special situations.

## ***Trade Errors***

Trade 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.) (collectively, “**Trade Errors**”). In situations where correcting a Trade Error would result in NBAA bearing financial losses, NBAA has an incentive to ignore or understate the Trade Error. However, the Firm has adopted policies and procedures for correcting Trade Errors. The policies and procedures require that all Trade Errors affecting a Client Account be resolved promptly and fairly. Under certain circumstances, the policy provides that trades can, where appropriate, be cancelled or modified prior to settlement. The intent of the policy is to reasonably assure that, if a Trade Error results in a Client Account being in a worse financial position, the Client Account is restored to the appropriate financial position considering all relevant circumstances surrounding the error.

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

#### ***Aggregation***

Where NBAA invests Client Accounts in Private Securities, it generally enters into such transactions for multiple Client Accounts.

There also will be occasions when NBAA decides to purchase or sell the same Public Security or financial instrument for several Clients Accounts at approximately the same time. While NBAA is not obligated to do so, in some cases, NBAA will combine or “bunch” such orders in order to secure certain efficiencies and results with respect to execution, clearance and settlement of orders. NBAA is not obligated to include any Client Account in an aggregated trade.

While NBAA effects 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 its Client Accounts, NBAA is also permitted to 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 NBAA. As a result, Client Accounts will not always pay the lowest available commission rates, so long as NBAA believes that they are obtaining best execution under the circumstances, taking into account the soft dollar benefits provided.

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

NBAA will receive no additional compensation or remuneration of any kind as a result of the aggregation of Client Account trades.

### ***Allocation of Investment Opportunities:***

NBAA is subject to conflicts of interest, and issues that present the appearance of a conflict of interest, when allocating investment opportunities among its various Client Accounts. For example: (i) NBAA receives different Management Fees and/or Performance-based Compensation from the various Client Accounts; and (ii) NBAA and its affiliates, owners, officers and employees will invest various amounts of their own capital in some Client Accounts (including the Private Funds) but will not invest the same amount in every Client Account. The majority of NBAA's Client Accounts pursue specific investment strategies, many of which are similar.

NBAA has adopted policies and procedures that provide that it will allocate investment opportunities in a manner that it considers, in its discretion and consistent with its fiduciary obligations, to be reasonable. In many cases, these policies and procedures result in the *pro rata* allocation of limited opportunities across Client Accounts, but in many other cases, the allocations reflect numerous other factors based upon NBAA's good faith assessment of the best use of such limited opportunities relative to the investment objectives, limitations and requirements of the Client Accounts and applying a variety of factors, including those described herein; NBAA's policies and procedures; and the Offering Documents of the relevant Client Accounts. Moreover, certain third-party sponsors will from time to time direct Portfolio Investments, in whole or in part, to certain Clients Accounts, or request that other Client Accounts not participate in a potential Portfolio Investment. NBAA seeks to treat each Client Account reasonably in light of all factors relevant to managing the Client Accounts, and the application of the factors described herein and therein will from time to time result in allocations in which certain Client Accounts receive an allocation when other Client Accounts do not. NBAA reserves the right to amend its policies and procedures from time to time without notice to, or the consent of, the Client Accounts, investors, or any other person.

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

### **A. Periodic Reviews**

NBAA generally reviews the accounts of the Client Accounts on a periodic basis, consistent with the Client Account's needs, including, without limitation, in connection with investor reporting. In reviewing Client Accounts, NBAA is permitted to take into consideration a variety of factors, including the investment strategies set forth in the Offering Documents.

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

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



## C. Client Reports

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

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

**Separate Accounts.** Please refer to the Separate Account Offering Documents for information pertaining to the Separate Accounts.

**U.S. Registered Funds.** U.S. Registered Fund investors receive such reports as described in the applicable U.S. Registered Fund Offering Documents and annual and semi-annual reports as required by the Investment Company Act or other applicable laws and regulations. In addition, NBAA provides reports to each U.S. Registered Fund's Board of Directors/Managers, as they request and as required by the Investment Company Act.

**Sub-Advised Accounts.** NBAA coordinates with Sub-Advised Account clients or their permitted designees to provide periodic reviews and reporting to the client or investors as required. Clients and investors in a sub-advised fund receive such reports as required by the investment adviser as provided in the applicable sub-advisory agreement and as required by applicable law or regulation.

**NBPE.** NBPE investors receive such reports as are described in the NBPE Offering Materials. In addition, NBAA provides reports to NBPE's Board of Directors, as they request and as required by applicable law.

**Sub-Funds.** Sub-Fund investors receive such reports as are described in the Sub-Fund Offering Materials.

## 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 NBAA and its affiliates are eligible to earn an account referral commission for referring a potential investor to NBAA that engages NBAA to provide investment advisory services. In addition, from time to time, in accordance with applicable law, NBAA retains and compensates financial intermediaries and other third parties for introducing new clients to NBAA for NBAA's advisory services. Those third parties are retained as independent contractors to refer clients and engage in other promotional activity for NBAA and its advisory services. In that capacity, the third-party promoter is authorized to recommend, solicit, approve, support, discuss or describe experiences, or engage in other promotional activity related to NBAA, its investment advisory services and personnel that constitutes an "endorsement" or "testimonial" of NBAA, as such terms are defined under Rule 206(4)-1 under the Advisers Act. See **Item 5.E**.

Referral arrangements give rise to conflicts of interests, and issues presenting the appearance of a conflict of interest, given that the referring party has a financial incentive to introduce new investors to NBAA. In certain cases, other conflicts of interest exist. In those cases, the referring party is required to disclose the specific conflict to the potential client prior to, or at the time of, the referral. NBAA's participation in the referral arrangements does not diminish its fiduciary obligations to its clients. Consistent with its obligations under the Advisers Act, NBAA provides disclosures for the referral parties to distribute to potential clients relating to the applicable referral arrangement.

#### ***Consultants***

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

## **Item 15: Custody**

### ***Private Funds***

With the exception of certain Private Securities, none of NBAA or its affiliates will maintain physical custody of the funds or securities of any Private Fund. Custody of the assets of a Private Fund generally will be maintained with a qualified custodian selected by NBAA or its affiliate, in its exclusive discretion, which selection may change from time to time generally without the consent of investors in the Private Fund.

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

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

### ***Separate Accounts***

Generally, none of NBAA nor its affiliates will be deemed to have custody of the assets of the Separate Accounts. The assets in a Separate Account typically are deposited with a qualified custodian selected by the client. Under each investment management agreement, NBAA generally invoices the Separate Account client, and the client directs its custodian to pay NBAA.

### ***U.S. Registered Funds***

Please refer to the Offering Documents for information pertaining to the U.S. Registered Funds. None of NBAA nor its affiliates maintain physical possession of the assets of any Registered Fund, including any securities. The assets of each U.S. Registered Fund are held in an account of a qualified custodian in accordance with the requirements of the Investment Company Act.

### ***Sub-Advised Accounts***

Sub-Advised Accounts are custodied in accordance with the particular type of client (*e.g.*, Separate Accounts, Private Funds, and Non-U.S. Registered Funds).

### ***NBPE***

Please refer to the NBPE Offering Documents for information pertaining to NBPE.

## ***Sub-Funds***

Please refer to the Sub-Fund Offering Documents for information pertaining to the Sub-Funds.

### **Item 16: Investment Discretion**

#### ***Discretionary Accounts***

NBAA generally has the authority to determine, for the Client Accounts, without obtaining specific client consent, the Portfolio Investments to be bought or sold; the amount to be bought or sold; and, if applicable, the broker dealer to be used and commission rates paid. In limited circumstances, certain Client Accounts are permitted to request exclusion from participating in certain Portfolio Investments pursuant to the terms of their agreement with NBAA. In addition, certain third-party sponsors will from time to time direct Portfolio Investments, in whole or in part, to certain Client Accounts, or request that other Client Accounts not participate in a potential Portfolio Investment. NBAA's discretionary authority is derived from an express grant of authority under each Client Account's investment advisory agreement or investment management agreement with NBAA or pursuant to a sub-advisory agreement, as applicable.

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

From time to time, the Firm itself places restrictions on trading in certain securities or other assets in Client Accounts. Legal or regulatory considerations or Firm risk management policies and procedures will necessitate that the Firm restrict trading in certain issuers. Limitations will also be imposed if the purchase of a security, when aggregated with positions in such security held by NBAA and its affiliates, and by the Client Accounts or other Firm clients, would exceed applicable law or NBAA's self-imposed rules with regard to maximum size of positions in a security. NBAA will not be able to trade in any securities on the Firm restricted list on behalf of any Client Accounts, except with approval by the Firm's Legal and Compliance Department.

For example, pursuant to the Firm's MNPI Procedures, when NBAA is in possession of MNPI related to the issuer of any security, whether acquired unintentionally or otherwise, NBAA is not permitted to render investment advice as to, or otherwise trade or recommend a trade in, the securities of such issuer until such time as the information that NBAA has is no longer deemed to be MNPI. As such, there are circumstances which will prevent the purchase or sale of securities for Client Accounts for a period of time. See **Item 11.D.1**.

#### ***Non-Discretionary Accounts***

For certain accounts, NBAA provides non-discretionary investment management services where it is required to consult with the Client Account before effecting any transactions on behalf of the Client Account. In each such case, the investor is the final decision maker on all buy, sell and hold decisions with respect to those transactions and holdings. Please refer to "Non-Discretionary Services" in **Item 4.B** for a discussion of Non-Discretionary Accounts.

## Item 17: Voting Client Securities

With certain exceptions, Client Accounts are typically invested in Private Securities. Due to the nature of these investments, NBAA does not typically anticipate having authority to vote proxies since it does not make direct investments in Public Securities. However, in the event Public Securities are distributed to a Client Account, NBAA will vote proxies for such securities in accordance with the best interest of such Client Account (and as described further below).

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

NBAA has implemented written Proxy Voting Policies and Procedures (the “**Proxy Voting Policy**”) that provide that NBAA will vote proxies in the best interest of the Client Accounts for whom NBAA 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 investors; the maintenance of appropriate books and records relating to proxies; and proxy voting guidelines for common proxy proposals. For certain Client Accounts that own public equities, Neuberger Berman has engaged Glass, Lewis & Co. (“**Glass Lewis**”) as its advisor and voting agent to: (1) provide research on proxy matters; (2) vote proxies in accordance with Neuberger Berman’s Governance and Proxy Voting Guidelines or as otherwise instructed and submit such proxies in a timely manner; (3) handle other administrative functions of proxy voting; (4) maintain records of proxy statements received in connection with proxy votes and provide copies of such proxy statements promptly upon request; and (5) maintain records of votes cast. For public equities, if there is a material conflict of interest, the proxy will be voted as Glass Lewis recommends.

NBAA believes that this process is reasonably designed to address conflicts of interests and issues presenting the appearance of a conflict of interest that arise in conjunction with proxy voting decisions. Investors may obtain a copy of the Proxy Voting Policy or obtain information about how NBAA voted their specific proxies upon request.

## **Item 18: Financial Information**

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

Not applicable.

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

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

### **C. Bankruptcy Petitions**

NBAA has not been the subject of a bankruptcy proceeding.