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# NB Alternatives Advisers LLC

## Client Brochure

March 30, 2020

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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).

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

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## Item 2: Material Changes

This Brochure, dated March 30, 2020, 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. The following is a summary of the material changes set forth herein that have been made to this Brochure since the last annual update, on March 29, 2019. The Brochure has been updated to address changes to NBAA's investment strategies, including the acquisition of Almanac Realty Investors, LLC and its wholly-owned subsidiary, Almanac Investors, LLC (together, "**Almanac**").<sup>1</sup> In addition, consistent with ongoing regulatory guidance, this Brochure has been updated to provide additional disclosure concerning NBAA's advisory business and operations, including Fees and Compensation (**Item 5**); Methods of Analysis, Investment Strategies and Risk of Loss (**Item 8**); and Code of Ethics, Participation or Interest in Client Transactions and Personal Trading (**Item 11**).

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<sup>1</sup> NBG (as defined herein) acquired Almanac effective as of January 31, 2020. Almanac currently operates on the NBAA investment platform under the name "Almanac Realty Investors" and its business and operations are discussed herein along with the other business lines.

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## 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 vehicles, and other sophisticated investors. NBAA’s advisory business is focused on providing services to (i) private investment funds (including both comingled funds and funds-of-one); (ii) separate accounts for third-party clients; and (iii) registered funds.

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

NBG is a holding company the subsidiaries of which (collectively referred to herein as the “**Firm**” or “**Neuberger Berman**”) provide a broad range of global investment solutions – equity, fixed income, multi-asset class and alternatives – to institutions and individuals through products including separately managed accounts, mutual funds and private investment vehicles. As of December 31, 2019, Neuberger Berman had approximately \$356 billion under management.<sup>2</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 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, 2019, Neuberger Berman had approximately 2,197 employees in 35 cities around the world.

NBAA’s investment management services are further discussed below.

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<sup>2</sup> Firm assets under management figures reflect the collective assets for the various affiliated investment advisers that are subsidiaries of NBG.

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

NBAA currently provides the following types of investment management services:

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

NBAA acts as the investment manager or sub-adviser providing discretionary investment management services to privately offered investment vehicles (together with co-investment vehicles, 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 and funds-of-one.

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. Most of the Private Funds managed by NBAA require that investors be (1)(a) “accredited investors” as defined under Regulation D under the Securities Act (“**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, and international private equity partnerships (collectively, “**Portfolio Funds**”), as well as direct/co-investments in privately held operating companies, minority interests in asset managers, brand royalties, income-generating instruments in the broader healthcare sector, corporate and structured credit securities and holdings, 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 credit securities, CAT 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**”). These investment

management services include services to single client limited partnerships that were organized by affiliates of NBAA for which an NBAA affiliate serves as General Partner or clients for which NBAA acts as sub-adviser. These 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) not “U.S. persons” as defined under Regulation S of the Securities Act.

### ***Registered Funds***

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

### ***NBPE***

Furthermore, 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. All NBPE investors generally must qualify as (1)(a) Accredited Investors; and (b) Qualified Purchasers; or (2) not “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).

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

### ***Additional Services***

Finally, from time to time, NBAA provides additional services to certain investors, including the review of non-NBAA managed investments; portfolio modeling; as well as training and knowledge transfer. NBAA is not specifically compensated for such services.

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

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

NBAA generally enters into discretionary investment management agreements with the Private Funds, and services are performed in accordance with the terms of each such agreement. Each Private Fund 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 Registered Funds. Each Registered Fund sub-advised by NBAA is managed in accordance with the investment objectives, policies and strategies of the Registered Fund. Investors should refer to each Registered Fund’s offering/placement memorandum and constitutional documents as applicable (collectively, the “**Registered Fund Offering Documents**”) for additional information.

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

#### **D. Wrap Programs**

Not applicable.

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

<u><b>Discretionary Amounts:</b></u>	<u><b>Non-Discretionary Amounts:</b></u>	<u><b>Date Calculated:</b></u>
\$ 84,476,339,305*	\$0	12/31/2019

\* NBG acquired Almanac, effective as of January 31, 2020. The assets under management in this **Item 4.E** includes Almanac’s assets under management as of December 31, 2019.



## Item 5: Fees and Compensation

### A. Fee Schedule

#### I. PRIVATE FUNDS

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

Each Private Fund generally pays to NBAA (or its affiliate) semi-annual, 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 net asset value (as defined in the applicable Private Fund Offering Documents) ("**NAV**"). Management Fees are 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. These may be 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 generally is apportioned to the General Partners or special limited partners of the Private Funds, which are affiliates of NBAA. In the case of certain legacy funds managed by Almanac and NB Re (as defined herein), the Performance-based Compensation is apportioned to special limited partners that are not affiliated with NBAA. NBAA or its affiliate, acting as the General Partner of a Private Fund, in its 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. See **Item 6** for more information about Performance-based Compensation.

Management Fees and Performance-based Compensation are generally waived in connection with investments made by the General Partners or related persons, such as Neuberger Berman employees.

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

Investors should refer to 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 that is generally based on a percentage of the market value of assets held in the account. Some 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.

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. REGISTERED FUNDS**

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

## **IV. NBPE**

NBAA's fee 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

### **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. 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.

**Registered Funds**—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 fund’s Registered Fund Offering Documents. Investors should refer to the respective 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.

**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, and is presented to a valuation committee for approval. In addition, if significant issues regarding valuation arise that cannot be addressed by the methods described above, NBAA will consult with a central valuation committee of the Firm to evaluate the issues and seek prompt resolution thereof.

The Client Accounts retain third-party service providers to provide various administrative services to the Client Accounts. This includes assisting NBAA in calculating each Client Account’s 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.

### **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, which generally include the following:

***Custodial Fees and Expenses.*** Certain Private Funds and Separate Account clients elect to have account assets held in the custody of a bank, trust company, broker-dealer or other entity selected by the Private Fund or Separate Account client (as applicable). The Private Fund (and therefore the Private Fund's investors indirectly) or the Separate Account client will bear any custodial fees and expenses 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.*

***Fees and Expenses Related to Investments 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. 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, one directly at the Client Account level to NBAA and one indirectly through the Private Security investments. Moreover, subject to applicable law and NBAA's policies and procedures, NBAA is entitled to receive fees and expenses from certain Client Accounts and Portfolio investments. *See Items 5.E and 11.D.1.*

***Fees and Expenses Related to Investments in Public Securities.*** Certain Client Accounts invest in Public Securities. Such Client Accounts generally must 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.

***Additional Fees and Expenses.*** Investors in the Client Accounts will from time to time incur other fees and expenses associated with their investments that will generally include, but are not limited to, all organizational and operating expenses; diligence, transaction and investment monitoring-related costs; broken-deal expenses; reporting expenses; insurance premiums; and the fees and expenses of other service providers to these Client Accounts, such as custodians, transfer agents, consultants, administrators, valuation agents, auditors, counsel, tax, research, valuation and pricing services.

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

***The Business Services Program (Dyal Capital Partners).*** The Business Services Platform (the "BSP") is a team within the Dyal Capital Partners platform focused on providing client development, talent management, operational advisory and other services to the partner managers in which certain of the Dyal Funds invest. Pursuant to their Offering Documents, the Dyal Funds have agreed to bear certain fees and expenses incurred by the BSP. No other businesses of NBAA utilize the BSP (or a similar model) and the expenses associated with the BSP are not allocated to such other NBAA-advised Client Accounts.

***Other Fees and Expenses for Private Funds.*** Private Funds ordinarily bear their organizational and operating expenses. Those expenses include administrative fees and expenses; reporting expenses of the Private Fund or NBAA or its affiliates in connection with its operation of the Private Fund; insurance expenses; audit and tax preparation and other tax-related fees and expenses; legal and accounting fees; consulting fees; due diligence expenses; business-related travel expenses of employees and senior advisers providing services to NBAA, including in connection with due diligence and monitoring of investments; expenses associated with mailing and reproducing the Private Fund Offering Documents, any amendments thereto and other communications with investors; expenses of a Board of Advisors (or similar body); and expenses relating to the organization, operation and winding-up of any special purpose vehicles. Private Funds will also generally pay any extraordinary and non-recurring expenses (including any extraordinary legal or litigation expenses and indemnification costs) and taxes, if any. Investors should refer to the applicable Private Fund Offering Documents for more information with respect to the specific fees and expenses payable by a Private Fund.

***Other Fees and Expenses for Registered Funds and NBPE.*** Investors in the 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, directors, 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.*** NBAA has adopted policies and procedures 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.

#### **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. 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.

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

## **E. Sales Compensation**

NBAA's products and strategies are 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. Certain NB Salespersons are registered representatives of Neuberger Berman BD LLC ("**NBBD**"), an affiliate of NBAA and a registered investment adviser and broker-dealer and member of the Financial Industry Regulatory Authority ("**FINRA**"). Subject to applicable law, certain NB Salespersons are entitled to a sales commission or other compensation if NBAA is engaged to provide investment management services for a Separate Account or if an investment is made in a Private Fund or a Registered Fund. 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, 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. Specifically, as the compensation for NB Salespersons is generally revenue-based, this creates an incentive for NB Salespersons to increase the amount of assets invested with NBAA and its affiliates. 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.

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, NBBB, 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. Investors in Client Accounts 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 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 can invest in the Client Accounts on their own behalf. See **Item 10.C.1** and **Item 14.B**.

Certain Placement Agents, including NBBB, 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 Private Fund or Registered Fund. In the discretion of a Placement Agent, all or a portion of its placement fee may be allocated to such sub-placement agents. Each Placement Agent, in its sole discretion, 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, NBAA generally 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 and other fees that are paid to NBAA or its affiliate).



## 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 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.

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, these 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/or its portfolio managers to recommend Portfolio Investments that are riskier or more speculative than those which would be recommended under a different fee arrangement. Performance-based 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.

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. These 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 seek to ensure that investment opportunities are allocated fairly among Client Accounts and that Client Accounts are managed in accordance with their investment mandates; (iv) policies and procedures that seek to 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 does not consider fee structures in allocating investment opportunities.

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

NBAA's clients include the Private Funds, the Separate Accounts, the Registered Funds and NBPE. 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) not "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 will consider accounts with lesser commitment amounts. These customized portfolios are designed to meet the specific risk and return goals, liquidity restraints, factor sensitivity targets and other requirements of its clients. Separate Account investors generally must qualify as (1)(a) Accredited Investors and (b) Qualified Purchasers; or (2) not "U.S. persons" as defined under Regulation S of the Securities Act

### ***Registered Funds***

Investors in the 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 Registered Fund Offering Documents for information pertaining to the Registered Funds.

### ***NBPE***

Investors in NBPE generally must qualify as (1)(a) Accredited Investors; and (b) Qualified Purchasers or knowledgeable employees; or (2) not "U.S. persons" as defined under Regulation S of the Securities Act.

## **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.

Technical analysis– involves the analysis of past market data, primarily price and volume.

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

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

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

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

Operational due diligence – involves (a) an independent due diligence review of asset managers, and (b) a deal team due diligence review of certain other potential Portfolio Investments, in either case 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; 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 many investments made by the Client Accounts in Private Securities will be illiquid investments that may be difficult or impossible to sell.

## **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.

### ***Private Equity Co-investment Platform***

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

### ***Private Equity Investment Portfolios***

NBAA's Private Investment Portfolios seek to identify and select top performing managers and diversify appropriately across asset classes, vintage years and pace of capital deployment, maturity and stage of companies, geographies, industries and generalist versus industry specific funds. The team may also invest opportunistically into co-investments and secondaries. In addition, when determining proper diversification, 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, separate accounts and registered funds. This strategy may be diversified or focus on a particular area, including, but not limited to, emerging managers; energy and infrastructure; and impact investing.

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

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

### ***Dyal Capital Partners Platform***

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

### ***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 a highly focused investment platform for investments into private and public real estate companies. The Almanac Realty Public Securities strategy invests primarily in securities of publicly traded real estate investment trusts and real estate related companies with the goal of generating positive absolute total returns by taking both long and short positions.

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

NBAA's 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).

### ***Private Credit Platform***

NBAA's Private Credit team invests in sponsor-backed credit. The Private Debt business is focused on the origination of senior secured loans in conjunction with the financing activities of private equity firms, including new buyouts, recapitalizations, and add-on acquisitions. The PECO business is focused on opportunistic primary and secondary investing in loans, bonds and structured investments.

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

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

### ***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 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.

### ***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.

In addition, NBAA manages Private Funds, Separate Accounts and Registered Funds that pursue unique investment strategies based on the individual investment objectives or guidelines, time horizon, risk tolerance, policies and limitations of the clients.

## **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. Investors and potential investors should look to their Offering Documents for a more complete description of these risks. 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.

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 in the Client Accounts, 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. 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 may be little or no near-term cash flow available to investors in the interim. Likewise, a Client Account may not receive any distributions representing the return of capital for an indefinite period of time.
- **Restrictions on Transfer and Withdrawal.** Investments in 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 the Client Account interests or such 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.
- **Absence of Regulatory Oversight.** The Client Accounts and the Portfolio Investments generally will not be registered as investment companies under the Investment Company Act, and investors will not have the benefit of the protection afforded by the Investment Company Act to investors in registered investment companies (which, among other protections, require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company).

- **Performance-Based Compensation / Two Layers of Fees.** For most Client Accounts and Portfolio Funds, NBAA and the Underlying Managers 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 its investment indirectly through one or more Portfolio Funds, an investor in such Client Account is likely to be subject to two sets of such Performance-based Compensation and other fees and expenses. Consequently, the returns to investors will be lower than returns to a direct investor in the Portfolio Funds.
- **Investment Strategy and Portfolio Management Risk.** There can be no assurance that an investment strategy will produce an intended result, or will not result in losses to an investor, including, potentially, a complete loss of principal. The performance of a strategy depends on the skill of NBAA and its portfolio manager(s) in making appropriate investment decisions. Subjective decisions made by NBAA or a portfolio manager may cause a Client Account to incur losses or to miss profit opportunities on which it may otherwise have capitalized.
- **Lack of Operating History.** Partnerships and investment funds, including the Client Accounts and/or the Portfolio Funds, that are newly formed have no operating history. As such, there is no guarantee that a partnership or investment fund will achieve its investment objectives.
- **Sector Risk.** The Client Accounts and Portfolio Funds typically make a limited number of investments. As such, their returns as a whole may be substantially affected by the unfavorable performance of a single investment. In addition, certain 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.
- **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 may remain outstanding as permitted in the applicable Offering Documents before the General Partner calls capital from the investors. Although borrowing by the 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 the Client Account's cost of funds. In addition, borrowings by the 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 may 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, the 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 may 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 may receive disproportionate benefits from such borrowings. Moreover, tax-exempt investors should note that borrowing by the Client Account may cause them to realize unrelated business taxable income.

- **Unsecured Debt.** Certain Client Accounts will from time to time invest in unsecured debt, where all or a significant portion of the senior indebtedness may be 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 may 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 may be insufficient to meet scheduled payments after giving effect to the secured obligations of the borrower). Moreover, such Portfolio Investments may not be protected by financial covenants or limitations upon additional indebtedness.
- **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.
- **Competition Risk.** The Client Accounts and Portfolio Funds will face competition for potential investments from numerous other entities engaged in investment activities. As



such, there can be no guarantee that a sufficient quantity of suitable investment opportunities will be found. Competition for Portfolio Investments also typically increases costs, thereby reducing investment returns. Similarly, while the Client Accounts seek to maintain excellent relationships with the Underlying Managers and other counterparties, there can be no assurance that they will be able to secure interests in all of the investment opportunities identified.

- **Time Required to Maturity of Investments Risk.** There is generally a period of at least two to four years before a Client Account or Portfolio Fund has completed making its investments. Similarly, 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 may 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.

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

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

- **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.
- **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.
- **Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues.** Neuberger Berman's business activities as well as the activities of the Client Accounts and their operations and Portfolio Investments could be materially adversely affected by outbreaks of disease, epidemics and public health issues in Asia, Europe, North America, the Middle East and/or globally, such as COVID-19 (and other novel coronaviruses), Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics, pandemics, outbreaks of disease or public health issues. In particular, coronavirus, or COVID-19, has spread and is currently spreading rapidly around the world since its initial emergence in December 2019 and has negatively affected (and can be expected to 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). Although the long-term effects of coronavirus, or COVID-19 (and the actions and measures taken by governments

around the world to halt the spread of such virus), cannot currently be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease, such as H5N1, H1N1 and the Spanish flu, had material adverse effects on the economies, equity markets and operations of those countries and jurisdictions in which they were most prevalent. 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 Neuberger Berman and the Client Accounts. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to worsen), Neuberger Berman and the Client Accounts could be adversely affected by more stringent travel restrictions (such as mandatory quarantines and social distancing), additional limitations on Neuberger Berman's (or the Client Accounts') operations and business activities and governmental actions limiting the movement of people and goods between regions and other activities or operations.

- **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.
- **ESG and Impact Investing Risk.** NBAA frequently considers ESG and impact factors when managing Client Accounts. In addition, NBAA and its affiliates have an incentive to take actions (*e.g.*, make investments, vote proxies, etc.) based on ESG factors in order to maintain the Firm's ESG scores or improve the Firm's ESG standing so that the Firm can continue to reference those scores in marketing materials in an effort to attract new investors or additional assets from existing clients, and maintain or to retain the interest rate under one of the Firm's credit agreements. A Client Account could underperform similar accounts that do not take into account ESG and impact factors. Specifically, the use of ESG and impact factors could result in selling or avoiding Portfolio Investments that subsequently perform well or purchasing Portfolio Investments that subsequently underperform. NBAA is also permitted to take ESG and impact factors into account when voting proxies, which is not always consistent with maximizing performance of the issuer or the Client Account.
- **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 events related to the sub-prime mortgage crisis in 2008; governmental efforts to limit short selling and high frequency trading; measures to address U.S. federal and state budget deficits; social, political, and economic instability in Europe; economic stimulus by the Japanese central bank; sudden shifts in oil prices; dramatic changes in currency exchange rates; and China's economic slowdown. 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.

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.

The situation in the financial markets following the 2008 financial crisis resulted in the U.S. and other governments and the Federal Reserve and certain non-U.S. central banks taking steps to support financial markets. In some countries where economic conditions have somewhat recovered, they are nevertheless perceived as still fragile. Withdrawal of government support, failure of efforts in response to the crisis, or investor perception that such efforts have not succeeded could adversely impact the value and liquidity of certain securities. The severity or duration of adverse economic conditions is also often affected by policy changes made by governments or quasi-governmental organizations, including changes in tax laws. The impact of financial regulation legislation on the markets and the practical implications for market participants are often not fully known for some time. Regulatory changes are causing some financial services companies to exit long-standing lines of business, resulting in dislocations for other market participants. In addition, political events within the U.S. and abroad, 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, Iran, Syria, and other areas of the Middle East, and nationalist unrest in Europe and South America, also can cause market disruptions. The precise details and the resulting impact of the United Kingdom's departure from the European Union (the "EU") are discussed in *"Recent Market Conditions – Brexit"* in this **Item 8.C**.

These events and the potential for continuing market turbulence will have an adverse effect on certain Client Accounts and Portfolio Investments. Because the impact on the markets has been widespread, it is difficult to identify both risks and opportunities using past

models of the interplay of market forces, or to predict the duration of these market conditions. Changes in market conditions will not have the same impact on all types of securities. Interest rates have been unusually low in recent years in the U.S. and abroad. However, the Federal Reserve has raised the target range for the federal funds rate several times and then recently lowered it again. Those rate changes, and the possibility that the Federal Reserve will continue with such rate increases or decreases, among other factors, could cause markets to experience continuing high volatility. The U.S. is also considering significant new investments in infrastructure and national defense which, coupled with lower federal tax revenues following the passage of the Tax Cuts and Jobs Act, could lead to increased government borrowing and higher interest rates. A significant increase in interest rates could cause a decline in the market for equity securities. Also, regulators have expressed concern that rate increases contribute to price volatility. In addition, there is a risk that the prices of goods and services in the U.S. and many non-U.S. economies 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.

- **London Interbank Offered Rate (“LIBOR”) Discontinuance or Unavailability Risk.** Interest rates (such as LIBOR) and a wide range of other index levels, rates and values are treated as benchmarks and are the subject of recent regulatory reform that can have an impact on Client Accounts. For example, Client Accounts can invest directly or indirectly in fixed income securities and other instruments that utilize interest rate benchmarks. There are certain risks associated with loans, derivatives, fixed income, floating rate securities and other instruments or investments that rely on a benchmark that changes or is affected by benchmark reforms. While benchmark reforms are intended to make benchmarks more robust, the reforms could cause benchmarks to perform differently than in the past, to disappear entirely or have other consequences that cannot be predicted. This could have a material impact on any investments linked to or referencing such a benchmark. Possible impacts include: (i) reducing or increasing the volatility of the published rate or level of the benchmark; (ii) early redemption or termination of the investment; or (iii) adjustments to the terms of the investment. Any of these impacts could be disadvantageous to Client Accounts. In particular, reforms could increase costs and risks associated with investments that use an affected benchmark.

In June 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 Financing Rate (“**SOFR**”), which is intended to be a broad measure of secured overnight U.S. Treasury repo rates, as an appropriate replacement for LIBOR. The Federal Reserve Bank of New York began publishing the SOFR early in 2018, with the expectation that it could be used on a voluntary basis in new instruments and transactions. Bank working groups and regulators in other countries have suggested other alternatives for their markets, including the Sterling Overnight Interbank Average Rate (“**SONIA**”) in England.

In July 2017, the regulatory authority that oversees financial services firms and financial markets in the U.K. announced that, from the end of 2021, it will no longer persuade or

compel contributing banks to make submissions for purposes of determining the LIBOR rate. The LIBOR rate is intended to represent the rate at which contributing banks can obtain short-term borrowings from each other in the London interbank market. As a result, it is possible that commencing in 2022, LIBOR will no longer be available or no longer be deemed an appropriate reference rate upon which to determine the interest rate on or impacting certain loans, derivatives and other instruments or investments comprising Client Accounts.

Many derivatives transactions contemplate LIBOR to be used to calculate certain payments between the parties. Under current standard definitions published by the International Swaps and Derivatives Association (“ISDA”) that are often incorporated into the terms of derivatives contracts, if a reference rate (such as LIBOR) is not available, the rate is calculated based on quotations from banks. This approach is not expected to be workable if LIBOR is no longer available. As a result, ISDA has announced that it plans to publish new standard definitions that will use the new fallback rates (including SOFR and SONIA). These definitions are expected to be incorporated into the terms of new derivatives transactions going forward. ISDA has also announced that it will publish a related protocol. The outstanding transactions between market participants that adhere to the protocol will be amended by means of the protocol to reference the new rates, and financial compensation will be made from one party to the other to compensate for the difference in the rates. The publication by ISDA of the new definitions and the protocol has been delayed, due to uncertainty as to whether the change to the new rates will occur when LIBOR is no longer available, or earlier when LIBOR is no longer a representative rate. Such delay has slowed down the move of derivatives counterparties to the new rates and created uncertainty as to how and when such change will occur.

While market participants have begun transitioning away from LIBOR, there are obstacles to converting certain longer-term securities, instruments and transactions to a new benchmark or benchmarks. Although the period from the July 2017 announcement until the end of 2021 is generally expected to be enough time for market participants to transition to the use of a different benchmark for new securities and transactions, there remains uncertainty regarding the future utilization of LIBOR and the specific replacement rate or rates. The effectiveness of multiple alternative reference rates as opposed to one primary reference rate cannot yet be determined. The potential effect of a transition away from LIBOR on the financial instruments in which Client Accounts invest also cannot yet be determined. The replacement of LIBOR could require an adjustment to the terms and conditions (including a value payment between the parties) or otherwise result in rates being determined in accordance with fallback provisions. There could be mismatches between the rates applicable to different types of financial contracts that are linked to the same benchmark, and between hedging transactions and the transactions they are designed to hedge. As market participants transition away from LIBOR, LIBOR’s usefulness could deteriorate, potentially prior to the end of 2021. 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 could affect the value or liquidity or return on certain investments in Client Accounts and result

in costs incurred in connection with closing out positions and entering into new trades. The effect of any changes to, or discontinuation of, LIBOR Client Accounts will vary depending, among other things, on (1) existing fallback or termination provisions in individual contracts and (2) whether, how, and when industry participants develop and adopt new reference rates and fallbacks for both legacy and new products and instruments. Accordingly, it is difficult to predict the full impact of the transition away from LIBOR on Client Accounts until new reference rates and fallbacks for both legacy and new products, instruments and contracts are commercially accepted.

- **Recent Market Conditions - Brexit.** On January 31, 2020, after the United Kingdom (“UK”) voted to leave the EU and the UK Government invoked article 50 of the Lisbon Treaty, the UK left the EU, commonly referred to as “Brexit.” There is significant market uncertainty regarding Brexit’s ramifications, and the range and potential implications of possible political, regulatory, economic, and market outcomes are difficult to predict. This long-term uncertainty may affect other countries in the EU and elsewhere, and may cause volatility within the EU, triggering prolonged economic downturns in certain European countries.

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. This uncertainty will likely continue to adversely impact the global economic climate and impact companies or assets, including with respect to opportunity, pricing, regulation, value or exit, considered for prospective investment by a Client Account, including in particular companies based in, doing business in, or having service or other significant relationships in, the UK or the EU. Brexit may cause greater market volatility and illiquidity, currency fluctuations, deterioration in economic activity, a decrease in business confidence, and increased likelihood of a recession in the UK. 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 Funds or to which NBAA delegates investment or other authority.

- **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, recent revisions to the EU Markets in Financial Instruments Directive (“**MiFID II**”) and related regulations limit a manager’s ability to receive Products and Services from executing brokers (as such, terms are defined therein). While NBAA is not directly subject to these regulations, NBAA 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 Services and Products obtained; and non-participation in the generation of soft dollar credits. NBAA expects the effective commission rates in these circumstances to be substantially similar to those paid by similarly situated Client Accounts. However, as a

result of these accommodations, 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.

- **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.
- **New Fund Risk.** A new fund may not be successful in implementing its investment strategy, and its investment strategy may not be successful under all future market conditions, either of which could result in the Client Account or Portfolio Fund being liquidated at some future time without shareholder approval, where applicable, or at a time that may not be favorable for certain shareholders. New funds may not attract sufficient assets to achieve investment, trading or other efficiencies.
- **Valuation Risk.** Due to the illiquid nature of 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 may be sold or otherwise liquidated or disposed of. In particular, the impact of the recent COVID-19 pandemic is likely to lead to adverse impacts on valuations and other financial analyses for current and future periods.
- **Risk of Investor Default.** Any investor in a Client Account that fails to timely make capital contribution payments will be in default and subject to consequences that include the forfeiture of interest. The default of 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.

- **Tax Reform Risks.** On December 22, 2017, the President of the United States signed into law new tax legislation, commonly referred to as the Tax Cuts and Jobs Act. Many provisions of the Tax Cuts and Jobs Act are complex and, in certain cases, additional guidance will be necessary to interpret certain of the provisions. Although some U.S. Treasury Regulations and other guidance have been issued, it is expected that further U.S. Treasury Regulations or other guidance will be issued to provide additional clarification. The timing of any such guidance is not known. As a result, the effects that the Tax Cuts and Jobs Act will have on investments in Client Accounts, and on the investment activities of Client Accounts, remain uncertain.
- **Tax Risk.** Certain investor's' U.S. federal income tax liability with respect to income and gains of a Client Account will from time to time exceed their overall 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.
- **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 Private Funds 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/or 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 may be required to indemnify a General Partner and NBAA against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

- **Special Risks associated with Portfolio Funds.** Certain Client Accounts 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 may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments by such companies to us could be required to be returned if any such payment is later determined to have been a fraudulent conveyance or a preferential payment. Numerous other risks also arise in the workout and bankruptcy contexts. In addition, there is no minimum credit standard that is a prerequisite to a Portfolio Fund's investment in any instrument and 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 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 may be a complex capital structure, and thus subject to greater risk of loss compared to other more senior debt obligations. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the Client Accounts and Portfolio Funds 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, may not benefit from any increase in value that might otherwise result from declining interest rates and may lose any premium it paid to acquire the security. Higher interest rates generally result in slower payoffs, which effectively increase duration, heighten interest rate risk, and increase the potential for price declines. The prices of variable and floating rate securities (including loans) can be less sensitive to prepayment risk.
- **Senior Secured Credit.** Certain Client Accounts and Portfolio Funds will make senior secured debt investments. When a senior secured loan is made to a portfolio company, it will generally take a security interest in the available assets of the portfolio company, including the equity interests of its subsidiaries, which should help mitigate the risk that the Client Accounts and Portfolio Funds will not be repaid. However, there is a risk that the collateral securing the loans will decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise, and fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. In some circumstances, the lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that the 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 may not be able to meet their obligations on interest or principal payments at the time called for by an instrument. The rate of return or return of principal on some debt securities may be linked or indexed to the level of exchange rates between the U.S. dollar and a foreign currency or currencies. Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

- **Public Debt.** In the event that 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. In some circumstances, the Client Accounts and Portfolio Funds may be unable to obtain financial covenants or other contractual rights, including management rights, which it might otherwise be able to obtain in making privately-negotiated debt investments. Moreover, 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.** NB ILS has exposure to the catastrophe risk market, which is historically cyclical, and opportunities to capture gains from price inefficiencies may decline or disappear entirely. Demand for protection against catastrophic risks and, hence, industry loss warranties are influenced significantly by underwriting results of primary insurers and prevailing general economic and market conditions, all of which affect insurance and reinsurance companies' decisions as to the amount or portion of risk that they retain for their own accounts and consequently the terms of the securities or other investments through which they seek to hedge their risk. The supply of protection against catastrophe risks is related to prevailing prices, the levels of insured losses and levels of industry surplus that, in turn, may fluctuate in response to changes in rates of return on investments being earned in the reinsurance and catastrophe risk protection industry. The cyclical trends in the reinsurance and protection industry and the industry's profitability can also be affected significantly by volatile and unpredictable developments, including changes in the political, social, legal or economic environment, natural disasters (such as catastrophic hurricanes, windstorms, tornadoes, earthquakes and floods), fluctuations in interest rates, changes in the investment environment that affect market prices of and returns on investments, and inflationary pressures that may tend to affect the size of losses experienced by primary issuers. NB ILS or NB Re (as defined below in **Item 10.C.8**), cannot predict whether market conditions will improve, remain constant, or deteriorate. Unfavorable market conditions may negatively impact the ability of NB Re to locate investments or write insurance policies at rates that it considers appropriate relative to the risk assumed. If NB Re fails to locate investments or write insurance policies at favorable rates, its ability to produce investment returns would be significantly and adversely affected and the results of NB ILS in turn would also be significantly and adversely affected.
- Special Risks Associated with Real Estate.** Investments in real estate (including investments through portfolio companies of the Almanac Realty Investors funds and real estate operating companies) 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 may 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

## **Item 9: Disciplinary Information**

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

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. Some of NBAA's management personnel are registered representatives with FINRA through their affiliation with NBAA's registered broker-dealer affiliate, NBBB. In such capacity, subject to applicable law, they 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 registered as a Commodity Pool Operator ("CPO") with the Commodity Futures Trading Commission ("CFTC") and has filed a notice of exemption pursuant to CFTC Rule 4.7 from certain reporting and disclosure obligations otherwise applicable to registered CPOs, on the basis that it manages pools consisting of certain sophisticated investors. Notwithstanding NBAA's registration as a CPO, NBAA generally manages its accounts and pools as an exempt CPO, in reliance on available exemptions under CFTC Rules 4.13(a)(3) and CFTC No Action Letter 12-38. NBAA is exempt from registering with the CFTC as a Commodity Trading Advisor ("CTA").

Certain of NBAA's management personnel are registered with the National Futures Association (the "NFA") as principals and/or associated persons of NBAA or one or more affiliates of NBAA.

### **C. Material Relationships**

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

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

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

Registered representatives of NBBB and unaffiliated broker-dealers solicit certain investors for NBAA and its affiliates. Subject to applicable law, NBBB 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 or other compensation to (i) third parties and (ii) certain employees of Neuberger Berman and its affiliates (if they are not



otherwise involved in the management of the Client Accounts) for identifying Portfolio Investments made by the Client Accounts. *See* **Item 5.E** and **Item 14.B**.

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

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

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

NBAA acts as the sub-adviser to the Registered Funds, advised by an affiliate of NBAA. NBAA also acts as adviser to certain 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\*  
Neuberger Berman Investment Advisers LLC  
Neuberger Berman Asia Limited  
Neuberger Berman Europe Limited  
Neuberger Berman Singapore Pte. Limited  
Neuberger Berman Loan Advisers LLC  
Neuberger Berman Breton Hill ULC  
Neuberger Berman AIFM S.à.r.l (Exempt Reporting Adviser)

### Non-SEC-Registered Advisers:

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

\* While NBBD is also registered with the SEC as an investment adviser, it does not currently act as an investment adviser.

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

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

NBAA 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. *See Item 6 and Item 11.B.8* with respect to side-by-side management.

The views and opinions of NBAA, and those of these Advisory Affiliates and their research departments, may differ from one another. As a result, Client Accounts managed by NBAA or its Advisory Affiliates may hold securities or pursue strategies that reflect differing investment opinions or outlooks at the time of their acquisition or subsequent thereto. *See 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. In addition, Neuberger Berman Investment Advisers is registered as a CTTA and CPO and Neuberger Berman Breton Hill ULC is registered as a CPO. NBAA does not have a material relationship with these entities in such capacities.

**5. Banking or thrift institution**

None.

**6. Accountant or accounting firm**

None.

**7. Lawyer or law firm**

None.

## **8. Insurance company or agency**

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

## **12. Administrator**

None.

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

NBAA invests certain of its 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 Portfolio Managers, which it has developed throughout 30 years of private equity investing. The following items are examples of the qualitative and quantitative analyses conducted during due diligence of the Underlying Managers:

- 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
- Update on ODD Process
- Firm Governance & Culture
- 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; restrictions on the acceptance of significant gifts; the reporting of certain gifts and business entertainment items; and personal securities trading procedures, among other topics. All Employees must acknowledge the terms of the Code of Ethics at least annually, or when it is materially amended.

In addition, the Conflicts Procedures 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.

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 an interest in Client Account transactions as described below. NBAA seeks to make all investment management decisions in its Client Accounts’ best interests.

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

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, buys from, or sells any security to, an advisory client. A principal transaction would occur if NBAA bought securities for its own inventory from a Client Account or sold securities from its inventory to a Client Account. In certain instances, it may 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 is executed by an affiliate of the adviser. NBAA does not engage in agency cross transactions and would disclose the transaction to the Client Account and obtain the Client Account's consent in accordance with Section 206-3 of the Advisers Act.

## **2. Cross Transactions**

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

## **3. Affiliated Brokers**

NBAA is affiliated with NBBD. NBAA generally does not execute transactions for its Client Accounts through NBBD. *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 have direct or indirect financial interest. Such financial interest will include, but is not limited to, having a business relationship (whether 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. Certain of these transactions include co-investment opportunities offered to some but not all Client Accounts, NBAA and/or its affiliates. These instances, which constitute

conflicts of interest or the appearance of a conflict of interest, are disclosed to investors in the Offering Documents.

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

Certain Neuberger Berman employees and their family members invest in the Client Accounts, 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. Private Funds generally elect to waive Management Fees and/or Performance-based Compensation for employees of the Firm who invest in the Client Accounts 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 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.

NBAA believes that, subject to 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 affiliate may 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 in the Offering Documents.

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

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

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

## **C. Personal Trading**

NBAA, or one or more of its affiliates, including certain employees, from time to time, invest for their own account in the Client Accounts or Portfolio Investments in which NBAA may also invest

on behalf of its Client Account, and Management Fees and Performance-based Compensation are generally waived with respect to investments in the Private Funds. Moreover, NBAA and its affiliates and certain employees will from time to time buy, sell or hold securities while entering into different investment decisions for one or more Client Accounts. All such investments are made in accordance with the Conflicts Procedures.

NBAA's employees and those of its affiliates 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. 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 NBBD or other approved entities;
- (b) an employee price switch/disgorgement policy;
- (c) prohibitions against employee participation in certain IPOs;
- (d) prohibitions against trading on the basis of MNPI;
- (e) pre-approval requirements for certain security transactions such as private placement offerings;
- (f) a minimum holding period of 30 days for most personal securities transactions; and
- (g) annually affirming in writing that, (i) all reportable transactions occurring during the year were reported to the Firm; (ii) all reportable positions were disclosed; (iii) all newly opened securities accounts and/or private placements were disclosed; and, (iv) 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, that could arise from employees owning the same 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 security as a Client Account are reviewed to ensure that the employee does not receive a better price than the client. In the event that the employee does receive a better price, the employee's price is "switched" to that of the client's and the cash difference in the execution price is disgorged from the employee account. Disgorged proceeds are often allocated to Client Accounts in the form of revised execution prices. In some instances, however, a revised execution price 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. In addition, 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 a General Partner or NBAA determines in its good faith judgment constitutes a conflict of interest, or creates the appearance of a conflict of interests, the General Partner or 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 the Portfolio Investment; (ii) appointing an independent fiduciary to act with respect to the matter; (iii) with respect to a Private Fund, consulting with the limited partner advisory committee (each, an “**LP Advisory Committee**”) regarding the matter and/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 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) disclosing the conflict, or the issue presenting the appearance of a conflict, to the investors in the Client Account and/or obtaining a waiver or consent from such investors; (vi) implementing certain policies and procedures designed to ameliorate such conflict of interest, or issue presenting the appearance of a conflict; and (vii) referring the matter to the NBAA Conflicts Committee. There can be no assurance that a General Partner or NBAA will identify or resolve all 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.

With respect to a Private Fund, Registered Fund or NBPE, if NBAA consults with an LP Advisory Committee or Board of Directors with respect to a specific matter and the LP Advisory Committee or Board of Directors 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 LP Advisory Committee or Board of Directors, respectively, 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 act in their own interests, and not in the best interests of the Private Fund.

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

Neuberger Berman, which includes NBAA, is a large participant in the equity and fixed income markets and engages in a broad spectrum of activities including financial advisory services, research and sponsoring and managing public and private investment funds and accounts and other activities. In the ordinary course of its business operations, certain Neuberger Berman activities or strategies, or the activities or strategies used for other accounts or funds managed by Neuberger Berman, 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 may have a short position in a 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 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. NBAA's protocols with respect to allocations will be amended from time to time by Neuberger Berman in its discretion without notice to or the consent of the investors in the relevant Client Account or any other person.

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

Certain of the investment programs of the Client Accounts overlap in a number of material ways 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 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;
- **Sponsor Accounts.** Client Accounts invest in fund sponsors or their affiliates (each, a “**Sponsor**”), that, in turn, manage collective investment vehicles, managed accounts, and other funds (each, a “**Sponsor Account**”).
  - Certain Client Accounts make capital commitments to Sponsor Accounts;
  - Certain Client Accounts make debt and/or equity co-investments in a portfolio company (a) in which a Sponsor Account is an investor; or (b) to which a Sponsor Account provides financing.
- **Portfolio Companies.** Client Accounts make debt and/or equity investments in portfolio companies.
  - Certain Client Accounts make debt and/or equity investments in portfolio companies (a) in which another Client Account is a co-investor; or (b) to which another Client Account provides financing;
  - In particular, different Client Accounts make investments in different parts of a portfolio company’s capital structure or the same part of the capital structure at different prices. In addition, when negotiating the terms of a debt investment by one Client Account, it is possible that NBAA and its affiliates will take actions that adversely affect the interests of another Client Account or Sponsor 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 or Sponsor Accounts commit capital or invest in the equity and/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 when Client Account B has already invested in the Sponsor of Portfolio Fund I. Client Account A would want the terms of Portfolio Fund I (including the compensation of the Sponsor) to be more favorable to the fund investors, while Client Account B would want those terms to be more favorable to the Sponsor. At the same time, Client Account C could lend money to a portfolio company of Portfolio Fund I, and the terms of that loan would be negotiated with the Sponsor of Portfolio Fund I. Client Account B would want the terms of that loan to be more favorable to the borrower, while Client Account C would want terms most favorable to the lender, both for the initial extension of credit as well as any refinancing. Concurrently, Client Account D could make a co-investment in the equity of the same portfolio company of Portfolio Fund I, but at a different price than the investment by Portfolio Fund I. Portfolio Fund I would want to maximize the price of the co-investment, while Client Account D would want a lower price. In the event of a default under the loan, Client Account C would want to pursue a resolution more favorable to the lenders, while Client Accounts A, B and D would want terms more favorable to the equity owners. Furthermore, sponsors have simultaneously offered investment opportunities to different Client Accounts. For example, a sponsor could simultaneously offer three different Client Accounts an opportunity to make (a) a commitment to Sponsor Account X; (b) an investment in the equity of portfolio company Y; and (c) an investment in the debt of portfolio company Z. In such instances, each Client Account would want the terms of its respective transaction to be more favorable, for example by minimizing the purchase price of its respective investments. In each such case, NBAA would be acting for all of the relevant Client Accounts (subject to its policies and procedures related to conflicts described herein).

### ***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 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 may 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 may 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 may 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 may be substantially limited.

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

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

Furthermore, 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 interest of NBAA, the General Partner or the Client Accounts in restructuring, exercising rights with respect to or realizations from an investment can reasonably be expected to materially differ.

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

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

### ***Client Accounts and Sponsor Accounts: Fees and Expenses***

From time to time, NBAA receives certain fees and expenses with respect to Client Accounts and Sponsor Accounts, including: (a) Performance-based Compensation with respect to an NBAA-managed or Sponsor-managed Portfolio Funds; (b) Management Fees with respect to an NBAA-managed or Sponsor-managed Portfolio Funds; and (c) interest payments with respect to debt investments. 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 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.

### ***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.

### ***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 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 among the Client Account and the co-investors by NBAA in its sole discretion, taking into account such factors as the available capital, applicable diversification criteria, investment objectives, expected investment pipeline, whether the investment represents a follow-on investment for one of the entities, and legal, tax and regulatory considerations. Accordingly, the allocation of an investment to a Client Account will from time to time vary between the identification of an investment opportunity and the consummation of such investment opportunity. Where a Client Account co-invests alongside one or more co-investors, NBAA expects that investment-related expenses generally will be allocated between the Client Account and such co-investors pro rata on the basis of capital committed to such investment. The allocation of broken deal expenses incurred in respect of unconsummated investments, however, generally will not be pro rata and will be borne by a Client Account, and not by other anticipated co-investors, unless such other co-investors had committed to invest in such investment. 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 Registered Funds, are or will be subject to the Investment Company Act and/or other applicable regulations or considerations that, due to the role of NBAA, could restrict, limit or materially impact either the ability of a Client Account to invest or co-invest in the same securities as such other clients or the terms of the Client Account's investment. Such laws and regulations may have the effect of limiting the investment opportunities available to a Client Account, or result in a modification or restriction of certain rights or a change in certain terms applicable to a Client Account's investment in an entity or underlying fund including, without limitation, a waiver or reduction of all or a portion of a Client Account's voting rights with respect to such investment. In such circumstances, NBAA 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***

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.

### ***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 may alter the terms on which this “finder’s fee” is offered to such employees, or the Client Account or Neuberger Berman may discontinue such program in its entirety.

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

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 the General Partner or 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, the General Partner and NBAA will generally consider the investment and tax objectives of the Client Account and the investors as a whole, and not the investment, tax or other objectives of any investor individually. Certain investors, by virtue of the size of their investments or other special factors, 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.

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

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

The MNPI Procedures address the process by which MNPI could be acquired intentionally by the Firm, generally pursuant to a confidentiality agreement with the legitimate source of such MNPI,

and the general prohibition on the sharing of such information between or among different businesses within the Firm. In the ordinary course of operations, from time to time, certain businesses within the Firm seek access to MNPI. 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, the Firm will attempt to balance the interests of all 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 existing position in the issuer, if any; and the value of the information as it relates to the investment decision-making process. In determining whether or not to elect to receive MNPI, the Firm will endeavor to act fairly to its Client Accounts 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 publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, neither NBAA nor its personnel are permitted to trade in the securities of such issuer until such time as the information that NBAA is no longer deemed to be MNPI.

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

One or more Placement Agents 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 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 Agents will from time to time invest in the Client Accounts on their own behalf and/or on behalf of their clients.

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



## **2. Firm Personnel - Gifts/Gratuities/Entertainment**

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

Subject to applicable law, the Firm allows personnel to provide limited business gifts and entertainment to personnel/representatives of 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. Separate Firm policies and procedures specify how personnel subject to these requirements are to comply with it.

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 may also create conflicts of interest, or the appearance of a conflict of interest. Subject to applicable law, 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 is required to seek preapproval before the employee, the employee's spouse or domestic partner, the employee's dependent children or any other person that the employee materially supports (where any such person is either a U.S. citizen or a green card holder) makes

any political contribution or engages in other political activities, including, but not limited to, volunteering or fundraising for a campaign.

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

Certain types of outside affiliations or other activities pose a conflict of interest, the appearance of a conflict of interest or regulatory concern to the Firm. Therefore, the Firm 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. The Firm's relationships with outside vendors are managed so that appropriate controls and oversight are in place to protect the Firm's interests, including safeguarding of private and confidential information regarding the Firm's Client Accounts and employees.

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

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

NBAA faces a conflict of interest, or an issue that presents 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) and/or (ii) NBAA and its personnel have differing interests in such accounts (*e.g.*, where NBAA or its related persons are exposed to different potential for gain or loss through differential ownership interests or compensation structures) because NBAA has an incentive to favor certain Client Accounts over others that are likely less profitable. Such situations present particular concern 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 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 a single portfolio manager invests in different parts of an issuer's capital structure for its Client Accounts. 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.**

To mitigate these conflicts of interest, and issues that present the appearance of a conflict of interest, NBAA's Conflicts Procedures seek to ensure that investment decisions are made in accordance with the fiduciary duties owed to such Client Accounts and without consideration of NBAA's (or such personnel's) pecuniary, investment or other financial 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**

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, enter into agreements with, or make commitments to, any broker-dealer that would bind NBAA to compensate that broker-dealer, directly or indirectly, for client referrals (or sale of fund interests) through the placement of brokerage transactions, or have any clients that direct brokerage to certain brokers.

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

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

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

#### ***Aggregation***

Where NBAA invests Client Accounts in Private Securities, it is not generally able to aggregate or "bunch" securities transactions for multiple Client Accounts with respect to such transactions.

There 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 clients, NBAA also directs 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,

NBAA clients 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 and in what order. NBAA will generally endeavor to aggregate and allocate orders in a manner designed to ensure that no particular Client Account is favored 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; rather, to the limited extent it is applicable and as agreed upon by the Client Account, commissions charged by NBAA's affiliate will be charged at a rate as though the trades had not been aggregated.

### ***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 different Client Accounts; and (ii) NBAA and its affiliates, owners, officers and employees may have invested substantial amounts of their own capital in some Client Accounts (including the Private Funds) but do not invest their own capital in every Client Account. The majority of NBAA's 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 and make purchase and sale decisions among the Clients Accounts in a manner that it considers, in its discretion and consistent with its fiduciary obligations to its clients, to be reasonable. In many cases, these policies 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 objectives, limitations and requirements of each Client Account and applying a variety of factors, including those described herein, the policies and procedures referenced herein and the Offering Documents. Moreover, certain Client Accounts have Portfolio Investments directed to them, in whole or in part, by third parties. NBAA seeks to treat all Client Accounts reasonably in light of all factors relevant to managing its Client Accounts, and in some cases, the application of the factors described herein and therein result in allocations in which certain Client Accounts receive an allocation when other Client Accounts do not. NBAA reserves the right to amend such 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 13: Review of Accounts

### A. Periodic Reviews

NBAA reviews the accounts of the Client Accounts on a periodic basis, consistent with the Client Account's needs. In reviewing Client Accounts, NBAA may take into consideration 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 review of Client Accounts.

### C. Client Reports

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

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

**Registered Funds.** Registered Fund investors receive such reports as are required by the Investment Company Act or other applicable laws and regulations. In addition, NBAA provides reports to each Registered Fund's Board of Trustees/Directors/Managers, as they request and as required by the Investment Company Act.

**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.

## 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 management services. In addition, from time to time, in accordance with applicable law, NBAA retains and compensates third parties for introducing new clients to NBAA. 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.

#### ***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. Clients should confer with their Consultant regarding the details of the payments they may 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, 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.

### ***Registered Funds***

Please refer to the Offering Documents for information pertaining to the 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 Registered Fund are held in an account of a qualified custodian in accordance with the requirements of the Investment Company Act.

### ***NBPE***

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



## Item 16: Investment Discretion

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 their internal policies and certain Client Accounts have potential Portfolio Investments directed to them by third parties. 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 other 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 the NBAA has is no longer deemed to be MNPI. As such, there may be circumstances which will prevent the purchase or sale of securities for Client Accounts for a period of time. See **Item 11.D.1**.

## Item 17: Voting Client Securities

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 securities are distributed to a Client Account, NBAA will vote proxies for such securities in accordance with the best interest of such Private Fund (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 are designed to reasonably ensure that NBAA votes proxies prudently and 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 clients, the maintenance of appropriate books and records relating to proxies, and proxy voting guidelines for common proxy proposals. 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.