

# Neuberger Berman Investment Advisers LLC

## Client Brochure

March 30, 2020

1290 Avenue of the Americas

New York, NY 10104

[www.nb.com](http://www.nb.com)

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

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

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

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

## **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. This Brochure was last updated on December 4, 2019.

This Brochure has been updated to include information relating to the discretionary and non-discretionary investment advisory services available through the NB Private Wealth Management Advisory Program and additional information relating to conflicts that exist with respect to NBIA's advisory services.

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## Item 4: Advisory Business

### A. Description of the Firm

Neuberger Berman Investment Advisers LLC (“**NBIA**”) is a Delaware limited liability company, formed in November 2002 and registered with the U.S. Securities and Exchange Commission (the “**SEC**”) in January 2003. Previously known as Neuberger Berman Fixed Income LLC, the firm adopted its present name on January 1, 2016, concurrent with the transfer of certain businesses from its affiliates Neuberger Berman BD LLC (formerly Neuberger Berman LLC) (“**NBBD**”), NB Alternative Investment Management LLC (“**NBAIM**”) and Neuberger Berman Management LLC. On January 1, 2017, NBBD and NBAIM transferred the remainder of their advisory businesses to NBIA. The combined firms’ antecedents date to the founding of Neuberger & Berman in 1939. NBIA’s principal office is located in New York, New York. NBIA is directly owned by Neuberger Berman Investment Advisers Holdings LLC and Neuberger Berman AA LLC, which are subsidiaries of Neuberger Berman Group LLC (“**NBG**”).

NBIA is registered with the U.S. Commodity Futures Trading Commission as a Commodity Trading Advisor (“**CTA**”) and a Commodity Pool Operator (“**CPO**”), and is a member of the U.S. National Futures Association.

NBIA provides a wide range of discretionary investment management services to a variety of clients, including individuals, institutions, registered investment companies, non-U.S. registered funds, collective investment trusts and private investment funds. The firm also provides discretionary investment management services and non-discretionary securities recommendations through wrap fee and similar programs, and acts as sub-advisor to a variety of products, including registered investment companies, separately managed accounts, non-U.S. registered funds, and private investment vehicles.

#### *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, registered funds and private investment vehicles. As of December 31, 2019, Neuberger Berman had approximately \$356 billion under management.<sup>1</sup>

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

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

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.

NBIA's investment management services are further discussed below.

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

NBIA currently provides the following types of advisory services:

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

NBIA provides ongoing discretionary investment management services to individual and institutional clients based on the individual investment goals, objectives, time horizon, and risk tolerance of each client. NBIA provides its advisory services through (i) separately managed accounts for individual and institutional clients that are serviced by the Private Wealth Management segment of NBIA's business ("**Private Wealth Management Accounts**") and (ii) separately managed accounts for clients that are serviced by the institutional segment of NBIA's business ("**Institutional Accounts**", and collectively with Private Wealth Management Accounts, "**Separate Accounts**"). Private Wealth Management Accounts include accounts managed under the NB Private Wealth Management Advisory Program ("**PWM Advisory Program**"), through which NBIA provides, on a discretionary and non-discretionary basis, asset allocations and investment management by allocating assets among proprietary and non-proprietary investment strategies available through the PWM Advisory Program, and the Guided Portfolio Solutions Program ("**GPS Program**"), through which NBIA provides asset allocations and investment management by discretionarily allocating assets among a portfolio of NB Registered Funds (as defined below). Retail clients that have a Private Wealth Management Account or invest through the PWM Advisory Program or the GPS Program should also review NBIA/NBBD's Form CRS, which will be available at <http://www.nb.com/form CRS nbia nbbd/> after June 30, 2020.

With respect to each Private Wealth Management Account client that invests through the PWM Advisory Program ("**PWM Program Client**"), based on investment guidelines established by the client, NBIA, on a discretionary basis ("**Discretionary PWM Program**") or non-discretionary basis ("**Non-Discretionary PWM Program**"), allocates the PWM Program Client's assets to various proprietary and third-party investment strategies and investment vehicles that are available as investment options through the PWM Advisory Program, including discretionary separate account strategies managed by NBIA or its affiliate ("**Proprietary Separate Accounts**"), third-party discretionary separate account strategies ("**Third-Party Separate Accounts**"), NB Mutual Funds (as defined below), unaffiliated open-end investment companies registered under the Investment Company Act ("**Third-Party Mutual Funds**"), exchange-traded funds ("**ETFs**"), and collective investment trusts managed by NBIA or its affiliates or by third parties ("**CITs**"). From time to time, where specifically agreed with a PWM Program Client, NBIA can allocate a PWM Program Client's assets to (i) affiliated and unaffiliated privately offered investment vehicles ("**Private Funds**"), (ii) Non-U.S. Registered Funds (as defined below), including UCITS, managed by NBIA or its affiliates, or (iii) Private Investments (each, as defined below). The strategies that are available through the PWM Advisory Program are further described in "*The PWM Advisory Program and the NB Investment Platform*" in Item 8.B. NBIA utilizes proprietary strategies as its primary investment options. Non-proprietary strategies are available on a limited basis and

generally only as a complement to proprietary strategies. Similarly, where the NBIA representative for the PWM Program Client is part of a portfolio management team, the representative will utilize that team's own strategies as the primary investment options. See also Items 10.C.1, 10.D and 11.B.4.

For certain of NBIA's large Institutional Account clients, NBIA offers customized multi-asset or multi-strategy investment management services that utilize the services of NBIA and its affiliates ("**Multi-Asset Class Mandates**"). For Multi-Asset Class Mandates, where agreed with the client and in accordance with applicable law, NBIA could allocate the client's assets to NB Registered Funds, NB Private Funds (as defined below), affiliated Non-U.S. Registered Funds and CITs sponsored or maintained by Neuberger Berman Trust Co. N.A. or its affiliate ("**Affiliated CITs**").

From time to time, NBIA provides investment management services to Separate Accounts for which it helps to establish investment objectives and monitor the achievement of those objectives through investments in pooled investment vehicles for which a third party acts as general partner, managing member or adviser ("**Third-Party Portfolio Funds**") and in Third-Party Separate Accounts. The general partner, managing member or adviser to the Third-Party Portfolio Funds and the Third-Party Separate Accounts are collectively referred to as "**Third-Party Portfolio Managers**".

From time to time existing Private Wealth Management Account clients direct NBIA or its affiliate, NBBD, to purchase or sell securities on their behalf ("**Client-Directed Transactions**"). Securities purchased as Client-Directed Transactions by NBIA or NBBD will, unless otherwise agreed, generally be held in a segregated portion of the client's account as unsupervised holdings; however, it is possible that securities purchased as Client-Directed Transactions will not be reflected in the custodian's books and records by a specific mark, designation, or other indication. Neither NBIA nor NBBD will provide portfolio management services to the segregated portion of the account and will not receive advisory fees with respect to that portion of the account. Any decisions concerning the retention, disposition, or other change with respect to securities purchased as Client-Directed Transactions remain solely with the client. It is possible that Clients will be required to establish a separate brokerage account for unsupervised holdings and Client-Directed Transactions.

For Private Wealth Management Account clients, NBIA utilizes a prime brokerage arrangement with National Financial Services LLC to facilitate the transfer of shares for initial public offerings ("**IPOs**"). Under SEC guidance, an advisory client is not permitted to participate in a prime brokerage arrangement unless the client maintains at least \$100,000 in assets with the prime broker. Therefore, clients that maintain less than \$100,000 with National Financial Services LLC will be excluded from receiving shares of IPOs as they are not eligible for utilizing the prime brokerage arrangement needed to deliver the shares to their accounts. In addition, portfolio managers, from time to time, invest client assets in private companies, private investments in public equity, SPACs (as defined below) or other private placements or restricted securities (collectively, "**Private Investments**"). Certain Private Investments are limited to investors that meet certain qualifications, are subject to minimum investment requirements or other eligibility requirements, and or hold accounts for which National Financial Services LLC acts as the clearing

firm. Accordingly, that impacts NBIA's ability to allocate certain Private Investments to some clients' accounts for which other clients receive an allocation.

### ***Proprietary Registered Investment Companies***

NBIA serves as investment adviser to certain investment companies that are registered under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), including open-end investment companies that are distributed by one or more of NBIA's affiliates (the "**NB Mutual Funds**") and closed-end funds ("**NB Closed-End Funds**", and together with NB Mutual Funds, "**NB Registered Funds**"). The NB Closed-End Funds include funds that issue interests via private placement transactions only to persons or entities that are both "accredited investors" as defined in Section 501(a) of Regulation D under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and "qualified clients" as defined in Rule 205-3 under the Advisers Act (the "**NB PE Closed-End Funds**").

NBIA typically provides investment services that include, among other things, determination as to: (a) which securities to buy or sell; (b) the total amount of securities to buy or sell; (c) the broker or dealer through which securities are bought or sold; (d) the commission rates at which securities transactions are effected; and (e) the prices at which securities are to be bought or sold, which include dealer spreads or mark-ups and transaction costs. NBIA also selects and oversees sub-advisers, both affiliated and unaffiliated, for certain of the NB Registered Funds. The advisory services provided by NBIA to the NB Registered Funds cover a broad range of strategies and investments. NBIA carries out its duties subject to the general oversight of each NB Registered Fund's Board of Trustees/Directors/Managers. NBIA has entered into sub-advisory agreements with certain of its affiliates, including Neuberger Berman Europe Limited, whereby those affiliates provide investment advisory services to certain of the NB Mutual Funds. NBIA has also entered into sub-advisory agreements with certain of its affiliates, including NB Alternatives Advisers LLC, whereby those affiliates provide investment advisory services to the NB PE Closed-End Funds.

NBIA will invest the NB PE Closed-End Funds in a portfolio of Third-Party Portfolio Funds, including, from time to time, opportunistically in Third-Party Portfolio Funds acquired as "secondary investments" in privately negotiated transactions from investors in the Third-Party Portfolio Funds typically after the end of the Third-Party Portfolio Fund's fundraising period (each, a "**Secondary Investment**"). In addition, from time to time, NBIA will also invest the NB PE Closed-End Funds directly in equity or debt securities of portfolio companies alongside Third-Party Portfolio Funds and other private equity firms (each, a "**Co-Investment**"). The interests in Third-Party Portfolio Funds consist of a variety of private equity fund types and strategies, such as venture capital partnerships, special situations partnerships, buyout private equity partnerships, international private equity partnerships (together with Secondary Investments and Co-Investments, the "**Private Equity Securities**").

Clients should refer to each NB Registered Fund's summary prospectus, prospectus, Statement of Additional Information, offering/placement memorandum and constitutional documents, as applicable (with respect to NB Registered Funds, the "**Offering Documents**") for additional information.



## ***Private Investment Vehicles***

NBIA acts as the investment manager (or similar capacity), providing discretionary investment management services to Private Funds. The Private Funds advised by NBIA or its affiliates are referred to herein as “**NB Private Funds**”.

The NB Private Funds are generally organized or “sponsored” by NBIA or an affiliate of NBIA, and NBIA or an affiliate of NBIA will typically act as the managing member or general partner or similar entity (collectively, the “**GP Entity**”) of the NB Private Funds. For certain NB Private Funds, affiliates of the Firm also serve as officers, directors or other persons authorized to facilitate the operation of the NB Private Funds. In some cases, NBIA serves as an adviser or sub-adviser to NB Private Funds that are organized, managed or sponsored by entities that are not affiliated with NBIA.

The NB Private Funds are not registered under the Investment Company Act, and their shares or interests, as applicable, are not registered under the Securities Act, and are instead sold to qualified investors who meet certain criteria on a private placement basis. Most of the NB Private Funds require that investors be (1)(a) “accredited investors” as defined under Regulation D under the Securities Act (“**Regulation D**”) and (b) “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act or “knowledgeable employees” under Rule 3c-5 of the Investment Company Act or (2) not “U.S. Persons” as defined under Regulation S of the Securities Act. Accordingly, the NB Private Funds are not publicly offered in the United States. Some NB Private Funds are not continuously offered.

Certain of the NB Private Funds will invest in affiliated and unaffiliated pooled investment vehicles (“**Portfolio Funds**”) or Separate Accounts. The general partner, managing member or adviser to the Portfolio Funds and the Separate Accounts (which, for affiliated Portfolio Funds (“**Affiliated Portfolio Funds**”) and Proprietary Separate Accounts, will be NBIA or its affiliate) are collectively referred to as “**Portfolio Managers**”. NBIA (or its affiliate) has the overall responsibility for implementing the investment strategies of each NB Private Fund and has the authority to select Portfolio Funds or Separate Accounts within the stated investment strategies and objectives of each NB Private Fund.

Clients should refer to each NB Private Fund’s offering memorandum, private placement memorandum and constitutional documents, as applicable (with respect to NB Private Funds, the “**Offering Documents**”) for additional information. For a list of certain of the NB Private Funds, please refer to Section 7.B(1) of Schedule D of Part 1A of NBIA’s Form ADV, which is publicly available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ***Sub-Advisory Services***

NBIA acts as sub-adviser to a variety of products, including the following (collectively, the “**Sub-Advised Accounts**”):

- Third-Party Mutual Funds;
- affiliated and unaffiliated non-U.S. funds registered under the securities laws of offshore jurisdictions (“**Non-U.S. Registered Funds**”), including Undertakings for Collective Investments in Transferable Securities (“**UCITS**”);

- Separate Accounts; and
- Private Funds (for a list of certain of the Private Funds sub-advised by NBIA, please refer to Section 7.B(2) of Schedule D of Part 1A of NBIA's Form ADV, which is publicly available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)).

### ***Wrap and Related Program Accounts***

See Item 4.D for a description of wrap and related programs.

### ***Non-Discretionary Services; NB Investment Platform***

NBIA provides non-discretionary investment management services to institutional and individual client accounts ("**Non-Discretionary Accounts**"), including those where it is required to consult with the client before effecting any transactions for the client's account. For those accounts, NBIA's services include (i) one-time, periodic or ongoing responsibility to make recommendations to a client as to investment policy statement design and specific securities, strategies, managers, vehicles or other investments to be purchased, sold or held for a client's account, and, if NBIA's recommendations are accepted by the client, to arrange or effect the implementation of any accepted recommendations, including the purchase or sale of the recommended securities or other investments and establishing or closing accounts for separate account strategies; or (ii) non-binding investment advice in the form of written investment analyses on specific securities. With respect to the provision of those non-discretionary services, clients have sole discretion and final responsibility for deciding whether to buy, sell, hold or otherwise transact in any security. Where applicable, NBIA's recommendations will include equity, fixed income and alternative products and strategies managed by NBIA or its affiliate.

Certain existing clients have invested through NBIA's investment platform ("**NB Investment Platform**") of proprietary and third-party investment strategies and investment vehicles that are eligible as investment options, including Proprietary Separate Accounts, Third-Party Separate Accounts, NB Mutual Funds, Third-Party Mutual Funds, ETFs, CITs, and Private Funds. NBIA's affiliate, NBBB, provides brokerage services by recommending strategies and investment vehicles in proposals for the PWM Program Client's or Platform Client's (as defined below) consideration. The client makes the ultimate decision regarding the strategies and investment vehicles in which to invest. While clients that invest through the NB Investment Platform ("**Platform Clients**") have the sole discretion as to the specific strategies and investment vehicles in which to invest (including the specific allocation to be invested in each), the strategies and investment vehicles that are available through the NB Investment Platform are selected by NBIA as further described in "*The PWM Advisory Program and the NB Investment Platform*" in Item 8.B. Proprietary strategies will be presented as the primary investment options for Platform Clients and third-party investment strategies will be available on a limited basis and presented solely as a complement to the proprietary strategies. The NB Investment Platform is no longer being offered to new clients. See also Items 10.C.1, 10.D and 11.B.4.

As discussed in "*Separately Managed Accounts*" in this Item 4.B., clients that invest through the PWM Advisory Program can do so on a non-discretionary basis.

Retail clients that invest through the NB Investment Platform or the PWM Advisory Program should also review NBIA/NBBD's Form CRS, which will be available at <http://www.nb.com/form CRS nbia nbbd/> after June 30, 2020.

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The Separate Accounts, NB Registered Funds, NB Private Funds, Sub-Advised Accounts, Wrap Program accounts, Unbundled Program accounts, Platform accounts, and Dual Contract Program accounts (each as defined herein) are collectively referred to herein as the “**Client Accounts**.”

With respect to the services provided above, in many cases, NBIA engages in discussions or provide materials that are not individualized or directed to any particular investor or that otherwise would not be deemed to constitute “investment advice” under applicable rules, including the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), or Section 4975 of the Internal Revenue Code of 1986, as amended (the “**Code**”).

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

NBIA enters into discretionary or non-discretionary investment management agreements with its Separate Account clients. See Item 16. Clients are permitted to impose restrictions on investing in certain securities or other assets in accordance with their particular needs. However, NBIA can decide not to accommodate investment restrictions deemed unduly burdensome or materially incompatible with NBIA's investment approach. With respect to discretionary asset allocation programs offered by NBIA that allocate assets among various strategies or pooled investment vehicles, clients are generally permitted to impose reasonable restrictions on investing in certain securities or other assets with respect to proprietary and third-party discretionary separate account strategies (to the extent the restriction is accepted by the relevant portfolio manager) and on investing in certain funds or other pooled investment vehicles, but are not permitted to restrict the securities in which the pooled investment vehicle can invest. Further, NBIA can decline to permit any account restriction that affects more than a stated percentage of the Client Account. From time to time, NBIA is engaged to provide limited investment management services such as liquidating a client's account.

Certain Institutional Account clients impose restrictions on investing in certain securities or other assets in accordance with their particular needs. Other clients allow NBIA to determine, and change from time to time, the asset allocation among asset classes and investment strategies of NBIA and its affiliates for their accounts based on the clients' investment objectives, tax considerations and other client-specific factors. Some clients also have access to customized educational programs or participate in, or be involved in the selection of, investment management research projects of NBIA and its affiliates.

NBIA enters into discretionary investment management agreements with the NB Private Funds. Services are performed in accordance with the terms of each such agreement. Each NB Private Fund imposes investment restrictions, if any, as it deems appropriate. Investment restrictions are typically set forth in the Offering Documents for each NB Private Fund.

NBIA has entered into discretionary investment advisory or management agreements with the NB Registered Funds. Each NB Registered Fund managed by NBIA is managed in accordance with the

investment objectives, policies and strategies of the NB Registered Fund, as described in its Offering Documents. Each NB Registered Fund has a Board of Trustees/Directors/Managers that is responsible for providing oversight of the NB Registered Fund. Each NB Registered Fund and its Board of Trustees/Directors/Managers have the ability to impose restrictions on investing in certain securities or types of securities.

In the case of the Sub-Advised Accounts, NBIA enters into a sub-advisory agreement with the relevant investment adviser. The terms and conditions of those arrangements vary, and any contact between NBIA and the ultimate client will typically take place through the relevant investment adviser. Each Sub-Advised Account is managed in accordance with the investment objectives, policies and restrictions set forth in the sub-advisory agreement between NBIA and the investment adviser.

The advisory agreement or investment guidelines of some Separate Accounts (including the NB Investment Platform and the PWM Advisory Program), Sub-Advised Accounts, Wrap Program accounts, Unbundled Program accounts, and Dual Contract Program accounts restrict the ability of NBIA to invest in certain products including NB Registered Funds or Private Funds (including NB Private Funds).

Certain Platform Clients and Non-Discretionary PWM Program clients impose restrictions that limit the strategies and investment vehicles presented to the client by NBBD or NBIA, respectively.

See Item 4.D for a description of client-tailored services and the restrictions on Wrap Programs, Unbundled Programs, and Dual Contract Programs.

The performance of Client Accounts that are subject to restrictions imposed by clients will vary from the account performance of unrestricted accounts that NBIA manages with the same or a similar investment strategy.

#### **D. Wrap and Related Programs**

NBIA participates as an investment manager in discretionary and non-discretionary wrap programs (“**Wrap Programs**”). A Wrap Program is an investment program where the Wrap Program Clients generally pay to the Wrap Program sponsors (“**Wrap Sponsors**”) one bundled or “wrapped” fee that covers investment management, trade execution, custodial services and other administrative services. In some cases, financial intermediaries, generally banks (“**Unbundled Program Sponsors**” and, together with Wrap Sponsors, “**Program Sponsors**”), offer clients programs that function like Wrap Programs (“**Unbundled Programs**” and, together with Wrap Programs, “**Programs**”), except that instead of paying a bundled or “wrapped” fee, clients pay fees on an unbundled basis to separate parties, including a fee for trade execution to a designated broker other than the Program Sponsor. The clients of the Wrap Programs are referred to herein as “**Wrap Program Clients**” and the clients of the Unbundled Programs are referred to herein as “**Unbundled Program Clients**,” and together with Wrap Program Clients, “**Program Clients**”. The Program Sponsors are typically broker-dealers, financial institutions or other investment advisers that establish, operate and administer the Programs. The Program Sponsors are responsible for reviewing the financial circumstances, investment objectives, risk tolerances and investment restrictions of each Program Client. For each Program Client, the

Program Sponsors are responsible for determining the suitability of, and eligibility (including any applicable investor qualifications) to participate in, the Programs and the suitability of the investment strategy(ies) selected.

In discretionary Programs, the Program Sponsor typically selects or appoints NBIA as its sub-adviser to manage designated assets of its Program Clients in one or more investment strategies. In those discretionary Programs, NBIA has no direct contractual relationship with the Program Clients, but has investment discretion over the designated assets in the accounts of the Program Clients. NBIA manages the accounts in accordance with the selected investment strategy and reasonable client-directed restrictions.

In some cases, a Program Sponsor will make NBIA's advisory services available to their clients in a "dual contract" capacity, where the clients ("**Dual Contract Clients**") contract separately with the Program Sponsor or a designated broker for brokerage and other services and with NBIA for portfolio management services ("**Dual Contract Program**"). Certain of the Dual Contract Client accounts are managed in the investment strategies that are also available to Program Clients. In other cases, Dual Contract Client accounts are managed in certain investment strategies that are otherwise available to Private Wealth Management Account clients.

Subject to its obligation to seek best execution, NBIA will seek to execute equity transactions for Wrap Program Client accounts, Unbundled Program Client accounts and Dual Contract Client accounts, and anticipates that the majority of equity transactions for the accounts will be executed, through the Program Sponsors or designated brokers. However, depending on their capabilities or the types of securities traded, such as securities with smaller market capitalizations, foreign securities, or thinly traded securities, NBIA generally will trade certain equity strategies away from the Program Sponsors or designated brokers more frequently, which could result in a material percentage of equity transactions being executed with brokers other than the Program Sponsors or designated brokers. NBIA frequently executes transactions with broker-dealers other than the Program Sponsors or designated brokers for fixed income transactions, including for almost all municipal securities. When trades are executed through the Program Sponsors or designated brokers, the bundled fee paid by each Wrap Program Client, or brokerage fee agreed to by the Unbundled Program Client or Dual Contract Client and the Program Sponsor or the designated broker, as applicable, typically covers all brokerage commissions and execution costs on the trades.

When NBIA chooses to trade away from the Program Sponsors or designated brokers and execute trades through broker-dealers other than the Program Sponsors or designated brokers, while NBIA does not charge any additional fees or commissions, the Program Clients or Dual Contract Clients will generally incur transaction-related charges, which include mark-ups/concessions built into fixed income transaction prices due to the over-the-counter nature of the market, trade-away fees, which include electronic trading platform fees, and fees associated with foreign securities transactions, that are in addition to the bundled fee or the Program Sponsor's or designated broker's brokerage fee paid by each Program Client or Dual Contract Client. Please refer to Item 5.C for a further description of additional execution costs that are incurred by Program Clients or Dual Contract Clients. Clients that enroll in Wrap Programs, Unbundled Programs, or Dual Contract Programs should satisfy themselves that the Program Sponsors or designated brokers are able to provide best execution of transactions.

NBIA also participates in non-discretionary Wrap Programs or Unbundled Programs. In those Programs, NBIA furnishes investment advice and recommendations to the Program Sponsors or their designee through the provision of model portfolios (“**Model Portfolio Programs**”). Some Program Sponsors use NBIA’s model portfolios and updates, either alone or together with other model portfolios, to manage the accounts of the Program Clients, although the Program Sponsors retain investment discretion over the accounts. NBIA is responsible solely for providing its model portfolios to the Program Sponsors of Model Portfolio Programs or their designees and the Program Sponsor or designated broker is responsible for executing portfolio transactions for the accounts of the Program Clients.

The services provided by each of NBIA and the Program Sponsors are described in the Program Sponsors’ disclosure materials and the contracts Program Sponsors have with their Program Clients.

NBIA does not generally communicate directly with Program Clients (including communications with respect to changes in a Program Client’s investment objectives or restrictions), and all communications generally must be directed through the Program Sponsor. Also, NBIA does not provide overall investment supervisory services to Program Clients. NBIA is not in a position to determine and is not responsible for determining the suitability of, or eligibility (including any applicable investor qualifications) to participate in, any Program for a Program Client or the suitability of any investment strategies available under the Program with respect to Program Clients.

Please refer to Section 5.I(2) of Schedule D of Part 1A of NBIA’s Form ADV for a full list of the Wrap Programs in which NBIA participates. Retail clients that are Dual Contract Clients should also review NBIA/NBBD’s Form CRS, which will be available at [http://www.nb.com/form\\_CRS\\_nbia\\_nbbd/](http://www.nb.com/form_CRS_nbia_nbbd/) after June 30, 2020.

## **E. Assets under Management**

<b><u>Discretionary Amounts:</u></b>	<b><u>Non-Discretionary Amounts:</u></b>	<b><u>Date Calculated:</u></b>
\$ 279,601,237,124	\$ 4,252,553,016	12/31/2019



## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### **1. Separate Accounts**

NBIA's standard fee schedules for Separate Accounts are set forth below. See also Item 7 for minimum account size requirements. The fees payable to NBIA for Separate Accounts are generally based on a percentage of the market value of the assets held in the Separate Account. Some Separate Accounts are subject to minimum annual fees. In limited circumstances, NBIA also provides investment management services to a Separate Account for a fixed fee. NBIA negotiates the Separate Account standard fee schedules from time to time for certain accounts based on a variety of factors including the account size, investment objectives, whether or not the Separate Account involves a Multi-Asset Class Mandate and the type and number of other accounts a client has with NBIA, including other accounts with affiliates of NBIA. Also, certain strategies do not have standard fee schedules but are individually negotiated based on a variety of factors including the portfolio manager or group managing the account, account size and investment objectives. There are also differences in fees paid by certain clients based on (i) account inception dates, including clients who became clients as the result of an acquisition or "lift-out" of a firm or investment personnel by NBIA, or whose accounts are managed or serviced by individuals or teams who have joined NBIA through such an acquisition or lift-out and (ii) arrangements with the client's third-party intermediary or consultant. Additionally, some Separate Account clients are billed on fee schedules that are no longer offered. Those schedules are not otherwise available to new or other existing clients of NBIA. In certain limited circumstances, Institutional Account fee schedules are also offered to non-Institutional Account clients. Further, Private Wealth Management Account clients who have assets managed by the portfolio management groups for Institutional Accounts will generally be subject to Private Wealth Management Account fee schedules, and vice versa. Moreover, certain Private Wealth Management Accounts that are serviced by, introduced to, or that obtain access to, NBIA or NBIA products by or through other entities, such as third-party broker-dealers and investment advisers, are generally subject to varying types and degrees of client services directly from such other entity and consequently some of those accounts are subject to an NBIA fee schedule that provides for lower fees than NBIA's published fee schedules for the same products serviced directly by NBIA.

The management and billing for certain options strategies are based on target notional exposure/value. The target notional exposure/value is often higher or lower than the actual notional exposure for the Client Account. In addition, for options strategies that are implemented on an overlay basis, the assets serving as collateral for the option strategies are held outside of the Client Account in which the options strategies are implemented. Accordingly, Clients should be aware that those assets are generally invested in managed investment products and strategies, including products and strategies of NBIA or its affiliates, which themselves are subject to fees and expenses that are separate and distinct from, and in addition to, the fees and expenses for the Client Account, including any fees assessed for the Client Account that are based upon the target notional exposure/value for the Client Account.

In some instances, based upon particular facts and circumstances and, as permitted by applicable law, NBIA as a courtesy will, in its sole discretion, permit “family billing” arrangements, where the account values of two or more related accounts are combined for the purpose of reducing the overall fees paid by the account. In certain cases, with respect to existing Separate Account clients that convert to an investment through the PWM Advisory Program, the “family billing” calculation will take into account a discount to a PWM Program Client’s fees that reflects the PWM Program Client’s existing effective fee rate at the time of the conversion. For those PWM Program Clients, the discount will not apply to the investment strategy fee of any strategy in which the PWM Program Client’s assets are invested thereafter. For Private Wealth Management Accounts, any “family billing” arrangement is non-contractual and NBIA is permitted to terminate the arrangement at any time. Because “family billing” would result in a Separate Account client paying lower fees to NBIA, and NBIA and its employees are generally compensated based on the revenues generated by NBIA and its affiliates with respect to its clients, this creates an incentive for NBIA and its employees to limit “family billing” arrangements or to combine accounts in a manner that limits the reductions of fees.

NBIA will, in its sole discretion, reduce or waive fees (including minimum annual fees) or apply a different fee schedule for certain of its Separate Account clients, including employees and affiliates of the Firm and certain clients who invest in new strategies or products at the initial launch.

Some Private Wealth Management Accounts will include Client-Directed Transactions, which are generally not included in the valuation of the Client Account for purposes of calculating the advisory fee payable to NBIA.

For its Private Wealth Management Accounts, clients generally enter into account agreements where advisory services are provided by NBIA and brokerage services are provided by NBBD. Certain of the fee schedules below assume that the clients have entered into such agreements and consented to the use of NBBD as broker for the account. Generally, those accounts are billed an “all-inclusive” fee that captures NBIA’s investment management and NBBD’s brokerage fees. No separate fees are charged by NBIA or its affiliates for brokerage transactions in the account other than client-directed transactions and, where applicable, ADR conversion fees or pass-through fees. There are a limited number of existing Private Wealth Management Accounts for which advisory services are provided by NBIA and brokerage services are provided by NBBD where clients are subject to advisory fees pursuant to a customized fee schedule that are not “all-inclusive” (*i.e.*, the accounts will pay separate brokerage commissions and other execution and transaction-related costs). See Item 5.C.

Alternatively, clients who have Private Wealth Management Accounts can engage NBIA solely for the provision of investment advisory services. In those instances, the accounts will pay separate brokerage commissions and other execution and transaction-related costs. Similarly, Institutional Accounts generally engage NBIA solely for the provision of investment advisory services and pay separate brokerage commissions and other execution and transaction-related costs.

In some cases, Private Wealth Management Account clients that are subject to Title I of ERISA or Section 4975 of the Code (“**Plan Clients**”) are subject to different fees than non-Plan Clients. For example, certain fee schedules for Private Wealth Management Accounts have different fee rates



for equity and fixed income securities (*i.e.*, “balanced” fee schedules), including those Private Wealth Management Accounts subject to Schedule E below. Where that is the case, Plan Clients are charged the rates provided in the schedule based on the account’s target allocation to equity per the account’s equity investment goal (“**EIG**”), as selected by the Plan Client, while non-Plan Clients are charged the rates provided in the schedule based on the account’s actual allocation. (For non-Plan Clients subject to balanced fee schedules, only assets that have been designated for permanent investment in fixed income securities will be subject to the fixed income fee rate. Accordingly, cash and cash equivalents that are not held for permanent investment in fixed income securities will be subject to the equity fee rate.)

Similarly, Plan Clients that invest through the PWM Advisory Program are subject to different fee schedules than Non-Plan Clients. Plan Clients that invest through the PWM Advisory Program pay a single tiered retirement fee that does not vary based on the underlying investment strategies and is based on the risk profile selected by the client. Non-Plan Clients that invest through the PWM Advisory Program are subject to an investment advisory fee and the investment strategy fees applicable to the strategies in which they invest.

The differing fee schedules can result in certain conflicts of interest and issues that present the appearance of a conflict of interest. For example, with respect to the PWM Advisory Program, because Plan Clients are charged a single tiered retirement fee that does not vary based on the underlying investment strategies and non-Plan Clients are charged an investment strategy fee that varies by strategy, where a client’s assets includes both Plan Client assets and non-Plan Client assets, there is an incentive for NBIA and its advisory personnel to allocate non-Plan Client assets to strategies with higher fees and Plan Client assets to strategies with lower fees in order to maximize revenues for NBIA and compensation for the NBIA advisory personnel, which would result in increased overall fees for the client. In addition, for Plan Client accounts, because NBIA receives a single fee that does not vary based on the underlying investment strategies, but bears the advisory costs of the strategies in which the Plan Client assets are allocated, NBIA has an incentive to encourage NBIA advisory personnel to allocate Plan Client assets to proprietary strategies and to strategies with lower advisory costs. On the other hand, NBIA has an incentive to encourage NBIA advisory personnel to allocate Plan Client assets to non-proprietary strategies because NBIA would be compensated without having to spend the resources or effort to manage the underlying portfolio. See also Item 11.D.7.

NBIA charges Performance Fees (as defined below) on some of its Separate Accounts, subject to eligibility requirements under the Advisers Act and other applicable laws. Performance Fee arrangements for Separate Accounts are negotiated with the client. Generally, those arrangements include a base fee calculated as a percentage of the market value of the assets held in the Separate Account plus a Performance Fee based on the account’s performance over a specified time period. The specific structure of the Performance Fee varies. NBIA also charges Performance Fees in connection with certain of the Private Investments in which Private Wealth Management Account clients are invested. See also Item 6. As used herein, the term “**Performance Fees**” includes any performance-based fee or allocation, or carried interest).

Pursuant to, and in accordance with, the relevant investment advisory agreement, NBIA's fees for Private Wealth Management Accounts can be modified from time to time upon advance written notice to the applicable Client(s).

The standard annual fee rates for the Separate Accounts are set forth below:

**a. PRIVATE WEALTH MANAGEMENT ACCOUNTS\***

<b>Schedule E</b>	
<b><u>Type of asset in the account</u></b>	<b><u>Advisory Fee</u></b>
For common stocks, convertible bonds, convertible preferred shares, cash, cash equivalent mutual funds, and all other managed assets of the account not being held for permanent investment in fixed income securities	For accounts with a market value of less than \$10 million <ul style="list-style-type: none"> <li>• 1.500% of the first \$2.5 million of market value;</li> <li>• 1.400% of the next \$2.5 million;</li> <li>• 1.300% of the next \$2.5 million; and</li> <li>• 1.200% of the next \$2,499,999</li> </ul>
	For accounts with a market value equal to or greater than \$10 million <ul style="list-style-type: none"> <li>• 1.250% of the first \$10 million of market value; and</li> <li>• 0.900% of the balance</li> </ul>
For cash equivalents and managed assets held for permanent investment in fixed income securities	<ul style="list-style-type: none"> <li>• 0.375% of the market value</li> </ul>
<i>The minimum quarterly fee for the above accounts is \$1,875</i>	

\* Plan Clients are charged the rates provided in the schedule above based on the account's target allocation to equity per the account's EIG, as selected by the Plan Client.

<b>Schedule F</b>	
<b><u>Type of asset in the account</u></b>	<b><u>Advisory Fee</u></b>
For common stocks, convertible bonds, convertible preferred shares, cash, cash equivalent mutual funds, and all other managed assets of the account not being held for permanent investment in fixed income securities	For accounts with a market value of less than \$10 million <ul style="list-style-type: none"> <li>• 1.750% of the first \$5 million of market value; and</li> <li>• 1.500% of the next \$4,999,999</li> </ul>
	For accounts with a market value equal to or greater than \$10 million <ul style="list-style-type: none"> <li>• 1.600% of the first \$10 million of market value; and</li> <li>• 1.250% of the balance</li> </ul>
For cash equivalents and managed assets held for permanent investment in fixed income securities	<ul style="list-style-type: none"> <li>• 0.375% of the market value</li> </ul>
<i>The minimum quarterly fee for the above accounts is \$2,500</i>	

<b>Schedule S07/S08</b>	
<b><u>Advisory Fee</u></b>	
<b><u>Type of asset in the account</u></b>	<b><u>Base Fee</u></b>
All assets in the account including cash and cash equivalents	For accounts with a market value of less than \$10 million <ul style="list-style-type: none"> <li>• 1.250% of the market value</li> </ul>
	For accounts with a market value of equal to or greater than \$10 million <ul style="list-style-type: none"> <li>• 1.00% of the market value</li> </ul>
<b>and</b>	
	<b><u>Annual Performance Fee</u></b>
	<ul style="list-style-type: none"> <li>• A performance fee of 0.250% will be earned at the end of each calendar year if the account attains a positive out-performance of equal to or greater than 1.00% over the Russell 1000 Value Index</li> </ul>
	<ul style="list-style-type: none"> <li>• A performance fee rebate of 0.250% will be refunded at the end of each calendar year if the account attains a negative out-performance of equal to or greater than 1.00% over the Russell 1000 Value Index</li> </ul>

<b>Schedule 083</b>	
<b><u>Type of asset in the account</u></b>	<b><u>Advisory Fee</u></b>
All assets in the account including cash and cash equivalents	<ul style="list-style-type: none"> <li>• 0.500% of the market value</li> </ul>

<b>Schedule 716</b>	
<b><u>Type of asset in the account</u></b>	<b><u>Advisory Fee</u></b>
Cash, cash equivalents and managed assets held for permanent investment in fixed income securities	<ul style="list-style-type: none"> <li>• 0.400% of the first \$5 million of market value;</li> <li>• 0.300% of the next \$15 million;</li> <li>• 0.275% of the next \$30 million;</li> <li>• 0.250% of the next \$100 million;</li> <li>• 0.150% of the next \$250 million; and</li> <li>• 0.120% of the balance</li> </ul>
<i>The minimum quarterly fee for the above accounts is \$1,000</i>	

<b>Schedule 803</b>	
<b><u>Type of asset in the account</u></b>	<b><u>Advisory Fee</u></b>
All assets in the account including cash and cash equivalents	<ul style="list-style-type: none"> <li>• 1.250% of the market value</li> </ul>

<b>GPS – Total Portfolio Solutions (TPS) Fee Schedule</b>	
<b><u>Type of asset in the account</u></b>	<b><u>Advisory Fee</u></b>
All assets in the account including NB Registered Funds, cash and cash equivalents	<ul style="list-style-type: none"> <li>• 1.400% if the market value is less than \$500,000;</li> <li>• 1.300% if the market value is \$500,000 or greater but less than \$1 million;</li> <li>• 1.200% if the market value is \$1 million or greater but less than \$5 million;</li> <li>• 1.100% if the market value is \$5 million or greater but less than \$10 million; and</li> <li>• 1.000% if the market value is \$10 million or greater</li> </ul>

<b>GPS – Equity Completion Fee Schedule</b>	
<b><u>Type of asset in the account</u></b>	<b><u>Advisory Fee</u></b>
All assets in the account including NB Registered Funds, cash and cash equivalents	<ul style="list-style-type: none"> <li>• 1.300% of the market value</li> </ul>

<b>Non-Standard Fee Schedules</b>	
Neuberger Berman S&P 500 PutWrite Overlay Strategy	<ul style="list-style-type: none"> <li>• For accounts with a target notional value of less than \$3 million, 0.070% of the target notional value; or</li> <li>• for accounts with a target notional value equal to or greater than \$3 million, 0.600% of the target notional value</li> </ul>
Neuberger Berman S&P Hedged Option Overlay Strategy	<ul style="list-style-type: none"> <li>• For accounts with a target notional value of less than \$3 million, 0.800% of the target notional value; or</li> <li>• for accounts with a target notional value equal to or greater than \$3 million, 0.700% of the target notional value</li> </ul>
Neuberger Berman Flexible Credit Strategy Neuberger Berman Alpha Capture Strategy	<ul style="list-style-type: none"> <li>• 0.750% of the market value</li> </ul>
Neuberger Berman Energy Portfolio Neuberger Berman Autonomous Vehicle Strategy Neuberger Berman Next Gen Connectivity Strategy Neuberger Berman Global Fintech Strategy Neuberger Berman Next Gen Mobility Strategy	<ul style="list-style-type: none"> <li>• 1.000% of the market value</li> </ul>
Neuberger Berman Research Opportunities Strategy	<ul style="list-style-type: none"> <li>• 0.500% of the market value</li> </ul>
Neuberger Berman Preferred Securities Strategy	<ul style="list-style-type: none"> <li>• 0.650% of the first \$5 million of market value</li> <li>• 0.600% of the next \$5 million of market value</li> <li>• 0.550% of the remaining balance of market value</li> </ul>

The annual investment advisory fee and investment strategy fee rates for clients that are not subject to Title I of ERISA or Section 4975 of the Code ("**Non-Plan Clients**") that invest through the PWM Advisory Program are set forth below:

<b>PWM Advisory Program Fee Schedule for Non-Plan Clients</b> The annual investment advisory fee and investment strategy fee rates for clients that are not subject to Title I of ERISA or Section 4975 of the Code (" <b>Non-Plan Clients</b> ") that invest through the PWM Advisory Program are set forth below.	
<b>PWM Advisory Program – Investment Advisory Fee</b>	
<ul style="list-style-type: none"> <li>• 0.600% of the first \$10 million of market value;</li> <li>• 0.450% of the next \$25 million;</li> <li>• 0.400% of the next \$65 million;</li> <li>• 0.350% of the next \$50 million; and</li> <li>• 0.300% of the balance</li> </ul>	
<b>PWM Advisory Program – Investment Strategy Fees</b>	
<b><u>Investment Strategy Fees – Proprietary Separate Accounts</u></b>	
0.300% to 0.800% of the market value/target notional value, as established by NBIA*	
<b><u>Investment Strategy Fees – Non-Proprietary Separate Accounts</u></b>	
0.700% to 1.000% of the market value/target notional value, as established by NBIA*	
<b><u>Investment Strategy Fees – NB Mutual Funds, Third-Party Mutual Funds, ETFs and CITs (and Private Funds and Non-U.S. Registered Funds, where applicable)</u></b>	
The indirect fees and expenses incurred as an investor in the applicable NB Mutual Funds, Third-Party Mutual Funds, ETF or CIT, as provided in the offering materials for the relevant fund	

\* The current Investment Strategy Fee schedules for each Proprietary Separate Account strategy and each Non-Proprietary Separate Account strategy are available upon request.

<b>PWM Advisory Program Fee Schedule for Plan Clients</b> The annual all-in fee rates for Plan Clients that invest through the PWM Advisory Program are generally based on the risk profile selected by the client, as set forth below.	
<b>PWM Advisory Program – Retirement Fee</b>	
Capital Preservation*	<ul style="list-style-type: none"> <li>• 0.450% of the first \$10 million of market value;</li> <li>• 0.430% of the next \$25 million;</li> <li>• 0.400% of the next \$65 million;</li> <li>• 0.380% of the next \$50 million; and</li> <li>• 0.350% of the balance</li> </ul>

Capital Preservation and Income	<ul style="list-style-type: none"> <li>• 0.600% of the first \$10 million of market value;</li> <li>• 0.525% of the next \$25 million;</li> <li>• 0.500% of the next \$65 million;</li> <li>• 0.475% of the next \$50 million; and</li> <li>• 0.450% of the balance</li> </ul>
Income	<ul style="list-style-type: none"> <li>• 0.800% of the first \$10 million of market value;</li> <li>• 0.730% of the next \$25 million;</li> <li>• 0.650% of the next \$65 million;</li> <li>• 0.580% of the next \$50 million; and</li> <li>• 0.500% of the balance</li> </ul>
Income and Capital Appreciation	<ul style="list-style-type: none"> <li>• 1.000% of the first \$10 million of market value;</li> <li>• 0.900% of the next \$25 million;</li> <li>• 0.800% of the next \$65 million;</li> <li>• 0.700% of the next \$50 million; and</li> <li>• 0.600% of the balance</li> </ul>
Capital Appreciation and Income	<ul style="list-style-type: none"> <li>• 1.200% of the first \$10 million of market value;</li> <li>• 1.080% of the next \$25 million;</li> <li>• 0.950% of the next \$65 million;</li> <li>• 0.830% of the next \$50 million; and</li> <li>• 0.700% of the balance</li> </ul>
Capital Appreciation	<ul style="list-style-type: none"> <li>• 1.400% of the first \$10 million of market value;</li> <li>• 1.250% of the next \$25 million;</li> <li>• 1.100% of the next \$65 million;</li> <li>• 0.950% of the next \$50 million; and</li> <li>• 0.800% of the balance</li> </ul>

\* Capital Preservation assumes a maximum of 15% of the Plan Assets will be allocated to non-investment grade fixed income.

For a detailed discussion of conflicts of interest relating to the fees charged by NBIA to retail clients, please see NBIA's Conflict Disclosures, which will be available at [http://www.nb.com/conflicts\\_disclosure\\_nbia/](http://www.nb.com/conflicts_disclosure_nbia/) after June 30, 2020.

## b. INSTITUTIONAL ACCOUNTS

<b><u>Strategy</u></b>	<b><u>Advisory Fee</u></b>
All Cap Core	<ul style="list-style-type: none"> <li>• 0.80% of the first \$25 million of market value;</li> <li>• 0.65% of the next \$25 million;</li> <li>• 0.60% of the next \$50 million; and</li> <li>• 0.50% of the balance</li> </ul>
All Cap Intrinsic Value	<ul style="list-style-type: none"> <li>• 1.00% of the first \$1 million of market value;</li> <li>• 0.75% of the next \$4 million;</li> <li>• 0.625% of the next \$10 million; and</li> <li>• 0.50% of the balance</li> </ul>
Asian Equity Opportunities	<ul style="list-style-type: none"> <li>• 0.85% of the market value of all assets</li> </ul>
China Equity	<ul style="list-style-type: none"> <li>• 1.15% of the first \$100 million of market value;</li> <li>• 0.85% of the next \$100 million; and</li> <li>• 0.40% of the balance</li> </ul>
CLO (AAA)	<ul style="list-style-type: none"> <li>• 0.20% of the first \$50 million of market value;</li> <li>• 0.15% of the next \$250 million; and</li> <li>• 0.10% of the balance</li> </ul>
CLO (AA/A)	<ul style="list-style-type: none"> <li>• 0.35% of the first \$50 million of market value;</li> <li>• 0.30% of the next \$50 million; and</li> <li>• 0.25% of the balance</li> </ul>
CLO Mezz (BBB/BB/B)	<ul style="list-style-type: none"> <li>• 0.70% of the first \$50 million of market value;</li> <li>• 0.65% of the next \$50 million; and</li> <li>• 0.50% of the balance</li> </ul>
CLO Equity	<ul style="list-style-type: none"> <li>• 1.40% of the first \$50 million of market value;</li> <li>• 1.25% of the next \$50 million; and</li> <li>• 1.00% of the balance</li> </ul>
Commodities	<ul style="list-style-type: none"> <li>• 0.85% of the first \$50 million of market value;</li> <li>• 0.45% of the next \$50 million; and</li> <li>• 0.35% of the balance</li> </ul>
Core Bond	<ul style="list-style-type: none"> <li>• 0.23% of the first \$100 million of market value;</li> <li>• 0.18% of the next \$150 million;</li> <li>• 0.15% of the next \$250 million; and</li> <li>• 0.12% of the balance</li> </ul>



<b><u>Strategy</u></b>	<b><u>Advisory Fee</u></b>
Core Plus	<ul style="list-style-type: none"> <li>• 0.28% of the first \$100 million of market value;</li> <li>• 0.20% of the next \$150 million;</li> <li>• 0.17% of the next \$250 million; and</li> <li>• 0.14% of the balance</li> </ul>
Corporate Hybrid	<ul style="list-style-type: none"> <li>• 0.60% of the market value of all assets</li> </ul>
Crossover Credit	<ul style="list-style-type: none"> <li>• 0.45% of the first \$100 million of market value; and</li> <li>• 0.35% of the balance</li> </ul>
Diversified Currency	<ul style="list-style-type: none"> <li>• 0.50% of the first \$25 million of market value;</li> <li>• 0.45% of the next \$50 million;</li> <li>• 0.40% of the next \$50 million; and</li> <li>• 0.35% of the balance</li> </ul>
Diversified Currency High Alpha	<ul style="list-style-type: none"> <li>• 0.70% of the first \$25 million of market value;</li> <li>• 0.65% of the next \$50 million;</li> <li>• 0.55% of the next \$50 million; and</li> <li>• 0.45% of the balance</li> </ul>
Equity Income	<ul style="list-style-type: none"> <li>• 1.00% of the first \$10 million of market value;</li> <li>• 0.80% of the next \$15 million;</li> <li>• 0.60% of the next \$75 million; and</li> <li>• 0.50% of the balance</li> </ul>
Emerging Market Debt – Asian Bond	<ul style="list-style-type: none"> <li>• 0.50% of the first \$100 million of market value;</li> <li>• 0.45% of the next \$150 million; and</li> <li>• 0.35% of the balance</li> </ul>
Emerging Market Debt – Corporate Emerging Market Debt - Blend	<ul style="list-style-type: none"> <li>• 0.65% of the first \$100 million of market value;</li> <li>• 0.55% of the next \$150 million; and</li> <li>• 0.45% of the balance</li> </ul>
Emerging Market Debt - Hard Currency	<ul style="list-style-type: none"> <li>• 0.55% of the first \$100 million of market value;</li> <li>• 0.45% of the next \$150 million; and</li> <li>• 0.35% of the balance</li> </ul>
Emerging Market Debt - Local Currency	<ul style="list-style-type: none"> <li>• 0.60% of the first \$100 million of market value;</li> <li>• 0.50% of the next \$150 million; and</li> <li>• 0.40% of the balance</li> </ul>

<b><u>Strategy</u></b>	<b><u>Advisory Fee</u></b>
Emerging Market Debt- Short Duration	<ul style="list-style-type: none"> <li>• 0.45% of the first \$100 million of market value;</li> <li>• 0.35% of the next \$150 million; and</li> <li>• 0.25% of the balance</li> </ul>
Emerging Markets Equity	<ul style="list-style-type: none"> <li>• 1.00% of the first \$25 million of market value;</li> <li>• 0.90% of the next \$25 million;</li> <li>• 0.85% of the next \$150 million; and</li> <li>• 0.75% of the balance</li> </ul>
Emerging Markets Equity Select	<ul style="list-style-type: none"> <li>• 0.85% of the first \$50 million of market value;</li> <li>• 0.75% of the next \$150 million; and</li> <li>• 0.65% of the balance</li> </ul>
Emerging Markets PutWrite (ATM)	<ul style="list-style-type: none"> <li>• 0.65% of the first \$50 million of market value;</li> <li>• 0.55% of the next \$50 million; and</li> <li>• 0.45% of the balance</li> </ul>
Enhanced Cash	<ul style="list-style-type: none"> <li>• 0.175% of the first \$50 million of market value;</li> <li>• 0.15% of the next \$50 million;</li> <li>• 0.12% of the next \$150 million;</li> <li>• 0.10% of the next \$250 million; and</li> <li>• 0.08% of the balance</li> </ul>
Enhanced Index Enhanced Mortgages Passive Corporate	<ul style="list-style-type: none"> <li>• 0.10% of the first \$50 million of market value;</li> <li>• 0.08% of the next \$100 million;</li> <li>• 0.04% of the next \$350 million;</li> <li>• 0.03% of the next \$500 million;</li> <li>• 0.0225% of the next \$1 billion;</li> <li>• 0.02% of the next \$500 million; and</li> <li>• 0.0175% of the balance</li> </ul>
European High Yield	<ul style="list-style-type: none"> <li>• 0.55% of the first \$50 million of market value;</li> <li>• 0.45% of the next \$250 million; and</li> <li>• 0.35% of the balance</li> </ul>
European Investment Grade Credit	<ul style="list-style-type: none"> <li>• 0.35% of the first \$50 million of market value;</li> <li>• 0.25% of the next \$250 million; and</li> <li>• 0.20% of the balance</li> </ul>
Global Bond Absolute Return (Unconstrained)	<ul style="list-style-type: none"> <li>• 0.55% of the first \$50 million of market value;</li> <li>• 0.45% of the next \$100 million; and</li> <li>• 0.40% of the balance</li> </ul>

<b><u>Strategy</u></b>	<b><u>Advisory Fee</u></b>
Global Equity	<ul style="list-style-type: none"> <li>• 0.75% of the first \$25 million of market value;</li> <li>• 0.55% of the next \$25 million;</li> <li>• 0.45% of the next \$150 million; and</li> <li>• 0.40% of the balance</li> </ul>
Global Fixed Income	<ul style="list-style-type: none"> <li>• 0.30% of the first \$50 million of market value;</li> <li>• 0.25% of the next \$100 million;</li> <li>• 0.20% of the next \$100 million;</li> <li>• 0.15% of the next \$250 million; and</li> <li>• 0.12% of the balance</li> </ul>
Global Investment Grade Credit	<ul style="list-style-type: none"> <li>• 0.40% of the first \$50 million of market value;</li> <li>• 0.30% of the next \$250 million; and</li> <li>• 0.25% of the balance</li> </ul>
Global PutWrite (OTM) Global PutWrite (ATM)	<ul style="list-style-type: none"> <li>• 0.55% of the first \$50 million of market value;</li> <li>• 0.45% of the next \$50 million; and</li> <li>• 0.35% of the balance</li> </ul>
Global Opportunistic Fixed Income	<ul style="list-style-type: none"> <li>• 0.40% of the first \$50 million of market value;</li> <li>• 0.35% of the next \$100 million;</li> <li>• 0.30% of the next \$100 million; and</li> <li>• 0.25% of the balance</li> </ul>
Global REIT	<ul style="list-style-type: none"> <li>• 0.80% of the first \$25 million of market value;</li> <li>• 0.70% of the next \$25 million;</li> <li>• 0.60% of the next \$100 million; and</li> <li>• 0.50% of the balance</li> </ul>
International ACW ex-US	<ul style="list-style-type: none"> <li>• 0.80% of the first \$25 million of market value;</li> <li>• 0.65% of the next \$25 million; and</li> <li>• 0.50% of the balance</li> </ul>
International All Cap	<ul style="list-style-type: none"> <li>• 0.85% of the first \$25 million of market value;</li> <li>• 0.70% of the next \$25 million; and</li> <li>• 0.55% of the balance</li> </ul>
International Select	<ul style="list-style-type: none"> <li>• 0.80% of the first \$25 million of market value;</li> <li>• 0.65% of the next \$25 million;</li> <li>• 0.50% of the next \$150 million; and</li> <li>• 0.45% of the balance</li> </ul>

<b><u>Strategy</u></b>	<b><u>Advisory Fee</u></b>
International Small Cap	<ul style="list-style-type: none"> <li>• 0.95% of the first \$25 million of market value;</li> <li>• 0.85% of the next \$25 million; and</li> <li>• 0.80% of the balance</li> </ul>
Investment Grade Credit	<ul style="list-style-type: none"> <li>• 0.35% of the first \$50 million of market value;</li> <li>• 0.25% of the next \$250 million; and</li> <li>• 0.20% of the balance</li> </ul>
Large Cap Core	<ul style="list-style-type: none"> <li>• 0.65% of the first \$25 million of market value;</li> <li>• 0.50% of the next \$25 million;</li> <li>• 0.40% of the next \$50 million;</li> <li>• 0.30% of the next \$100 million; and</li> <li>• 0.25% of the balance</li> </ul>
Large Cap Disciplined Growth	<ul style="list-style-type: none"> <li>• 0.65% of the first \$35 million of market value;</li> <li>• 0.40% of the next \$65 million;</li> <li>• 0.30% of the next \$100 million; and</li> <li>• 0.25% of the balance</li> </ul>
Large Cap Value	<ul style="list-style-type: none"> <li>• 0.50% of the first \$50 million of market value; and</li> <li>• 0.40% of the balance</li> </ul>
Liability Driven Investing Long Duration Long Government Credit	<ul style="list-style-type: none"> <li>• 0.30% of the first \$50 million of market value;</li> <li>• 0.25% of the next \$100 million;</li> <li>• 0.20% of the next \$100 million; and</li> <li>• 0.15% of the balance</li> </ul>
Long Short Equity (Kantor)	<ul style="list-style-type: none"> <li>• 0.90% of the first \$100 million of market value;</li> <li>• 0.80% of the next \$100 million; and</li> <li>• 0.70% of the balance</li> </ul>
Mid Cap Growth	<ul style="list-style-type: none"> <li>• 0.80% of the first \$25 million of market value;</li> <li>• 0.65% of the next \$25 million;</li> <li>• 0.60% of the next \$50 million; and</li> <li>• 0.50% of the balance</li> </ul>
Mid Cap Intrinsic Value	<ul style="list-style-type: none"> <li>• 0.75% of the first \$25 million of market value;</li> <li>• 0.65% of the next \$25 million;</li> <li>• 0.60% of the next \$50 million; and</li> <li>• 0.50% of the balance</li> </ul>

<b><u>Strategy</u></b>	<b><u>Advisory Fee</u></b>
MLP	<ul style="list-style-type: none"> <li>• 0.75% of the first \$50 million of market value;</li> <li>• 0.65% of the next \$50 million; and</li> <li>• 0.55% of the balance</li> </ul>
Multi-Asset Class Global Absolute Return Multi-Asset Class Global Relative Return	<ul style="list-style-type: none"> <li>• 0.75% of the first \$100 million of market value;</li> <li>• 0.65% of the next \$150 million; and</li> <li>• 0.55% of the balance</li> </ul>
Multi-Asset Class Income Multi-Asset Class Growth	<ul style="list-style-type: none"> <li>• 0.55% of the first \$100 million of market value;</li> <li>• 0.45% of the next \$150 million; and</li> <li>• 0.35% of the balance</li> </ul>
Multi-Cap Opportunities	<ul style="list-style-type: none"> <li>• 0.80% of the first \$100 million of market value;</li> <li>• 0.70% of the next \$150 million; and</li> <li>• 0.65% of the balance</li> </ul>
Multi-Style Premia	<ul style="list-style-type: none"> <li>• 0.90% of the market value of all assets</li> </ul>
Municipal – Cash Short Duration	<ul style="list-style-type: none"> <li>• 0.25% of the first \$25 million of market value;</li> <li>• 0.15% of the next \$25 million;</li> <li>• 0.10% of the next \$150 million; and</li> <li>• 0.08% of the balance</li> </ul>
Municipal – Intermediate Long Duration	<ul style="list-style-type: none"> <li>• 0.30% of the first \$50 million of market value;</li> <li>• 0.25% of the next \$50 million;</li> <li>• 0.20% of the next \$100 million; and</li> <li>• 0.10% of the balance</li> </ul>
Opportunistic Credit	<ul style="list-style-type: none"> <li>• 0.55% of the first \$50 million of market value;</li> <li>• 0.45% of the next \$100 million; and</li> <li>• 0.40% of the balance</li> </ul>
Opportunistic Fixed Income	<ul style="list-style-type: none"> <li>• 0.50% of the first \$50 million of market value;</li> <li>• 0.40% of the next \$100 million; and</li> <li>• 0.35% of the balance</li> </ul>
Passive Index Passive Government	<ul style="list-style-type: none"> <li>• 0.08% of the first \$50 million of market value;</li> <li>• 0.065% of the next \$100 million;</li> <li>• 0.032% of the next \$350 million;</li> <li>• 0.025% of the next \$500 million;</li> <li>• 0.018% of the next \$1 billion;</li> <li>• 0.016% of the next \$500 million; and</li> <li>• 0.014% of the balance</li> </ul>

<b><u>Strategy</u></b>	<b><u>Advisory Fee</u></b>
Preferred & Capital Securities Strategy (Financial Hybrids) Preferred & Income Strategy (Financial Hybrids)	<ul style="list-style-type: none"> <li>• 0.45% of the first \$50 million of market value;</li> <li>• 0.35% of the next \$250 million; and</li> <li>• 0.30% of the balance</li> </ul>
REIT	<ul style="list-style-type: none"> <li>• 0.75% of the first \$25 million of market value;</li> <li>• 0.65% of the next \$25 million;</li> <li>• 0.55% of the next \$100 million; and</li> <li>• 0.50% of the balance</li> </ul>
Research Opportunity	<ul style="list-style-type: none"> <li>• 0.25% of the first \$25 million of market value;</li> <li>• 0.20% of the next \$50 million; and</li> <li>• 0.15% of the balance</li> </ul>
Risk Balanced Global Equity	<ul style="list-style-type: none"> <li>• 0.55% of the first \$25 million of market value;</li> <li>• 0.45% of the next \$25 million;</li> <li>• 0.35% of the next \$150 million; and</li> <li>• 0.30% of the balance</li> </ul>
Risk Parity	<ul style="list-style-type: none"> <li>• 0.45% of the first \$100 million of market value; and</li> <li>• 0.35% of the balance</li> </ul>
Risk Premia – 5% Volatility	<ul style="list-style-type: none"> <li>• 0.40% of the market value of all assets</li> </ul>
Risk Premia – 10% Volatility	<ul style="list-style-type: none"> <li>• 0.75% of the market value of all assets</li> </ul>
Russell 2000 Strangle S&P 500 Strangle*	<ul style="list-style-type: none"> <li>• 0.60% of the first \$100 million of market value; and</li> <li>• 0.50% of the balance</li> </ul>
S&P 500 Iron Condor*	<ul style="list-style-type: none"> <li>• 0.50% of the first \$100 million of market value; and</li> <li>• 0.45% of the balance</li> </ul>
S&P 500 PutWrite (OTM)* S&P 500 PutWrite (ATM)	<ul style="list-style-type: none"> <li>• 0.40% of the first \$50 million of market value;</li> <li>• 0.35% of the next \$50 million; and</li> <li>• 0.30% of the balance</li> </ul>
Senior Floating Rate Loans	<ul style="list-style-type: none"> <li>• 0.55% of the first \$50 million of market value;</li> <li>• 0.45% of the next \$250 million; and</li> <li>• 0.35% of the balance</li> </ul>
Short Duration	<ul style="list-style-type: none"> <li>• 0.20% of the first \$50 million of market value;</li> <li>• 0.15% of the next \$50 million;</li> <li>• 0.12% of the next \$150 million;</li> <li>• 0.10% of the next \$250 million; and</li> <li>• 0.08% of the balance</li> </ul>

<b><u>Strategy</u></b>	<b><u>Advisory Fee</u></b>
Short Duration High Yield Global High Yield	<ul style="list-style-type: none"> <li>• 0.55% of the first \$50 million of market value;</li> <li>• 0.45% of the next \$250 million; and</li> <li>• 0.35% of the balance</li> </ul>
Small Cap Growth	<ul style="list-style-type: none"> <li>• 1.00% of the first \$25 million of market value;</li> <li>• 0.80% of the next \$25 million; and</li> <li>• 0.70% of the balance</li> </ul>
Small Cap Intrinsic Value	<ul style="list-style-type: none"> <li>• 1.00% of the first \$20 million of market value;</li> <li>• 0.85% of the next \$20 million;</li> <li>• 0.80% of the next \$20 million; and</li> <li>• 0.75% of the balance</li> </ul>
Small Cap	<ul style="list-style-type: none"> <li>• 1.00% of the market value of all assets</li> </ul>
Sustainable Equity	<ul style="list-style-type: none"> <li>• 1.00% of the first \$10 million of market value;</li> <li>• 0.65% of the next \$25 million; and</li> <li>• 0.40% of the balance</li> </ul>
Systematic Emerging Markets Equity	<ul style="list-style-type: none"> <li>• 0.80% of the first \$25 million of market value;</li> <li>• 0.70% of the next \$25 million;</li> <li>• 0.65% of the next \$150 million; and</li> <li>• 0.55% of the balance</li> </ul>
Systematic Global Equity	<ul style="list-style-type: none"> <li>• 0.55% of the first \$25 million of market value;</li> <li>• 0.45% of the next \$25 million;</li> <li>• 0.35% of the next \$150 million; and</li> <li>• 0.30% of the balance</li> </ul>
Systematic Large Cap Value Core Equity	<ul style="list-style-type: none"> <li>• 0.65% of the first \$25 million of market value;</li> <li>• 0.50% of the next \$25 million;</li> <li>• 0.40% of the next \$50 million;</li> <li>• 0.30% of the next \$100 million; and</li> <li>• 0.25% of the balance</li> </ul>
TIPS	<ul style="list-style-type: none"> <li>• 0.15% of the first \$100 million of market value;</li> <li>• 0.10% of the next \$200 million; and</li> <li>• 0.08% of the balance</li> </ul>
U.S. High Yield	<ul style="list-style-type: none"> <li>• 0.55% of the first \$50 million of market value;</li> <li>• 0.45% of the next \$250 million; and</li> <li>• 0.35% of the balance</li> </ul>

<b><u>Strategy</u></b>	<b><u>Advisory Fee</u></b>
U.S. Investment Grade Credit Long Credit	<ul style="list-style-type: none"> <li>• 0.35% of the first \$50 million of market value;</li> <li>• 0.25% of the next \$250 million; and</li> <li>• 0.20% of the balance</li> </ul>
U.S. PutWrite (ATM)	<ul style="list-style-type: none"> <li>• 0.45% of the first \$50 million of market value;</li> <li>• 0.40% of the next \$50 million; and</li> <li>• 0.35% of the balance</li> </ul>
Velocity	<ul style="list-style-type: none"> <li>• 0.75% of the market value of all assets</li> </ul>

\* These strategies are also offered as overlay strategies. The fee schedules are the same except that the advisory fee is calculated based on the target notional value rather than the market value.

## **2. NB PRIVATE FUNDS**

Pursuant to NBIA's investment management agreement with each NB Private Fund, NBIA will receive a management fee that is generally calculated based on (i) the net asset value ("**NAV**") of each investor's account in the NB Private Fund; (ii) each investor's net investment amount (which is generally calculated based on an investor's contributions less distributions and is not based on capital appreciation or depreciation in an account); (iii) the value of each investor's aggregate commitment to the NB Private Fund; or (iv) the investor's share of the gross asset values (or other value, determined as set forth in the applicable Offering Document) of the underlying investments of the NB Private Fund (including, where applicable, Portfolio Funds). Certain closed-end NB Private Funds calculate the management fee differently depending on whether the NB Private Fund is in its investment period or its harvesting period, using the methodologies described above. The management fee for NB Private Funds generally ranges from 0.00%-1.50% annually.

In some instances, NBIA or its affiliate (generally in its capacity as the GP Entity of the NB Private Fund) will also receive a Performance Fee (which is often in the form of an incentive fee/allocation or carried interest) for NB Private Funds whose investors are eligible to enter into a performance fee arrangement under the Advisers Act. For a typical open-end NB Private Funds that charge Performance Fees, the Performance Fees are generally up to 20% of net profits for the applicable performance period. For a typical closed-end NB Private Fund, Performance Fees are generally up to 20% of distributions after 100% of the aggregate capital contributions have been paid back to the investors plus a specified return in accordance with a waterfall schedule as described in the Offering Documents. Performance Fees can be subject to a "high-water mark," "catch-up," "hurdle" (or "preferred return"), and/or "clawback." See Item 6 for additional disclosure regarding various Performance Fees structures.

Management fees and Performance Fees for NB Private Funds are negotiable under certain circumstances. NBIA or an NB Private Fund's GP Entity customarily retains discretion to waive, rebate or calculate differently the management fees and Performance Fees as to all or any of the investors in an NB Private Fund, including affiliates and employees of the Firm.



Investors should refer to the Offering Documents for the relevant NB Private Fund for further information with respect to fees.

### 3. NB Registered Funds

#### a. NB Mutual Funds

Each NB Mutual Fund has entered into an investment management agreement with NBIA. Pursuant to each investment management agreement, NBIA receives an advisory fee at a specified rate equal to a percentage of the fund's average daily net assets. In addition, NBIA has entered into an administration agreement with each NB Mutual Fund. Administration fees are based on a percentage of each fund's average daily net assets. The annual advisory fee rate for each NB Mutual Fund is negotiated with and approved by each fund's Board of Trustees and is set forth below:

*Please note the full name of each fund listed below (except for the AMT Funds) begins with the prefix "Neuberger Berman"*

Equity Funds	Advisory Fee (based on average daily net assets)
Genesis Fund	<ul style="list-style-type: none"> <li>• 0.850% of the first \$250 million;</li> <li>• 0.800% of the next \$250 million;</li> <li>• 0.750% of the next \$250 million;</li> <li>• 0.700% of the next \$250 million;</li> <li>• 0.650% of the next \$13 billion; and</li> <li>• 0.600% in excess of \$14 billion</li> </ul>
Intrinsic Value Fund Small Cap Growth Fund	<ul style="list-style-type: none"> <li>• 0.850% of the first \$250 million;</li> <li>• 0.800% of the next \$250 million;</li> <li>• 0.750% of the next \$250 million;</li> <li>• 0.700% of the next \$250 million; and</li> <li>• 0.650% in excess of \$1 billion</li> </ul>
Equity Income Fund Focus Fund Guardian Fund International Select Fund Large Cap Value Fund Mid Cap Growth Fund Mid Cap Intrinsic Value Fund Sustainable Equity Fund Value Fund	<ul style="list-style-type: none"> <li>• 0.550% of the first \$250 million;</li> <li>• 0.525% of the next \$250 million;</li> <li>• 0.500% of the next \$250 million;</li> <li>• 0.475% of the next \$250 million;</li> <li>• 0.450% of the next \$500 million;</li> <li>• 0.425% of the next \$2.5 billion; and</li> <li>• 0.400% in excess of \$4 billion</li> </ul>
Greater China Equity Fund	<ul style="list-style-type: none"> <li>• 1.100% of the first \$1 billion; and</li> <li>• 0.950% in excess of \$1 billion</li> </ul>
Dividend Growth Fund	<ul style="list-style-type: none"> <li>• 0.500% of the first \$1.5 billion;</li> <li>• 0.475% of the next \$2.5 billion; and</li> <li>• 0.450% in excess of \$4 billion</li> </ul>

Emerging Markets Equity Fund	<ul style="list-style-type: none"> <li>• 1.000% of the first \$250 million;</li> <li>• 0.975% of the next \$250 million;</li> <li>• 0.950% of the next \$250 million;</li> <li>• 0.925% of the next \$250 million;</li> <li>• 0.900% of the next \$500 million;</li> <li>• 0.875% of the next \$2.5 billion; and</li> <li>• 0.850% in excess of \$4 billion</li> </ul>
Integrated Large Cap Fund (formerly, Global Equity Fund)	<ul style="list-style-type: none"> <li>• 0.200%</li> </ul>
Multi-Cap Opportunities Fund	<ul style="list-style-type: none"> <li>• 0.600% of the first \$250 million;</li> <li>• 0.575% of the next \$250 million;</li> <li>• 0.550% of the next \$250 million;</li> <li>• 0.525% of the next \$250 million;</li> <li>• 0.500% of the next \$500 million;</li> <li>• 0.475% of the next \$2.5 billion; and</li> <li>• 0.450% in excess of \$4 billion</li> </ul>
International Equity Fund	<ul style="list-style-type: none"> <li>• 0.850% of the first \$250 million;</li> <li>• 0.825% of the next \$250 million;</li> <li>• 0.800% of the next \$250 million;</li> <li>• 0.775% of the next \$250 million;</li> <li>• 0.750% of the next \$500 million;</li> <li>• 0.725% of the next \$1 billion; and</li> <li>• 0.700% in excess of \$2.5 billion</li> </ul>
International Small Cap Fund	<ul style="list-style-type: none"> <li>• 0.850% of the first \$250 million;</li> <li>• 0.825% of the next \$250 million;</li> <li>• 0.800% of the next \$250 million;</li> <li>• 0.775% of the next \$250 million;</li> <li>• 0.750% of the next \$500 million;</li> <li>• 0.725% of the next \$2.5 billion; and</li> <li>• 0.700% in excess of \$4 billion</li> </ul>
Global Real Estate Fund Real Estate Fund	<ul style="list-style-type: none"> <li>• 0.800%</li> </ul>

<b>AMT Funds</b>	<b>Advisory Fee (based on average daily net assets)</b>
Mid Cap Growth Portfolio Mid Cap Intrinsic Value Portfolio Sustainable Equity Portfolio	<ul style="list-style-type: none"> <li>• 0.550% of the first \$250 million;</li> <li>• 0.525% of the next \$250 million;</li> <li>• 0.500% of the next \$250 million;</li> <li>• 0.475% of the next \$250 million;</li> <li>• 0.450% of the next \$500 million;</li> <li>• 0.425% of the next \$2.5 billion; and</li> <li>• 0.400% in excess of \$4 billion</li> </ul>

International Equity Portfolio	<ul style="list-style-type: none"> <li>• 0.850% of the first \$250 million;</li> <li>• 0.825% of the next \$250 million;</li> <li>• 0.800% of the next \$250 million;</li> <li>• 0.775% of the next \$250 million;</li> <li>• 0.750% of the next \$500 million;</li> <li>• 0.725% of the next \$1 billion; and</li> <li>• 0.700% in excess of \$2.5 billion</li> </ul>
Real Estate Portfolio	<ul style="list-style-type: none"> <li>• 0.850%</li> </ul>
Short Duration Bond Portfolio	<ul style="list-style-type: none"> <li>• 0.250% of the first \$500 million;</li> <li>• 0.225% of the next \$500 million;</li> <li>• 0.200% of the next \$500 million;</li> <li>• 0.175% of the next \$500 million;</li> <li>and</li> <li>• 0.150% in excess of \$2 billion</li> </ul>
U.S. Equity Index PutWrite Strategy Portfolio	<ul style="list-style-type: none"> <li>• 0.450%</li> </ul>

<b>Income Funds</b>	<b>Advisory Fee (based on average daily net assets)</b>
Core Bond Fund	<ul style="list-style-type: none"> <li>• 0.180% of the first \$2 billion; and</li> <li>• 0.150% in excess of \$2 billion</li> </ul>
Emerging Markets Debt Fund	<ul style="list-style-type: none"> <li>• 0.550%</li> </ul>
Floating Rate Income Fund	<ul style="list-style-type: none"> <li>• 0.500%</li> </ul>
High Income Bond Fund	<ul style="list-style-type: none"> <li>• 0.480%</li> </ul>
Municipal High Income Fund	<ul style="list-style-type: none"> <li>• 0.400% of the first \$500 million;</li> <li>• 0.375% of the next \$500 million;</li> <li>• 0.350% of the next \$500 million;</li> <li>• 0.325% of the next \$500 million;</li> <li>and</li> <li>• 0.300% in excess of \$2 billion</li> </ul>
Municipal Impact Fund	<ul style="list-style-type: none"> <li>• 0.250% of the first \$500 million;</li> <li>• 0.225% of the next \$500 million;</li> <li>• 0.200% of the next \$500 million;</li> <li>• 0.175% of the next \$500 million;</li> <li>and</li> <li>• 0.150% in excess of \$2 billion</li> </ul>
Municipal Intermediate Bond Fund	<ul style="list-style-type: none"> <li>• 0.140%</li> </ul>
Short Duration Bond Fund	<ul style="list-style-type: none"> <li>• 0.170% of the first \$2 billion; and</li> <li>• 0.150% in excess of \$2 billion</li> <li>•</li> </ul>
Short Duration High Income Fund	<ul style="list-style-type: none"> <li>• 0.450%</li> </ul>
Strategic Income Fund	<ul style="list-style-type: none"> <li>• 0.400%</li> </ul>

Unconstrained Bond Fund	<ul style="list-style-type: none"> <li>• 0.450%</li> </ul>
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<b>Alternative Funds</b>	<b>Advisory Fee (based on average daily net assets)</b>
Absolute Return Multi-Manager Fund	<ul style="list-style-type: none"> <li>• 1.700% of the first \$250 million;</li> <li>• 1.675% of the next \$250 million;</li> <li>• 1.650% of the next \$250 million;</li> <li>• 1.625% of the next \$250 million;</li> <li>• 1.600% of the next \$500 million;</li> <li>• 1.575% of the next \$2.5 billion; and</li> <li>• 1.550% in excess of \$4 billion</li> </ul>
Commodity Strategy Fund	<ul style="list-style-type: none"> <li>• 0.500% of the first \$250 million;</li> <li>• 0.475% of the next \$250 million;</li> <li>• 0.450% of the next \$250 million;</li> <li>• 0.425% of the next \$250 million;</li> <li>• 0.400% of the next \$500 million;</li> <li>• 0.375% of the next \$2.5 billion; and</li> <li>• 0.350% in excess of \$4 billion</li> </ul>
Global Allocation Fund	<ul style="list-style-type: none"> <li>• 0.550% of the first \$1 billion;</li> <li>• 0.525% of the next \$1 billion; and</li> <li>• 0.500% in excess of \$2 billion</li> </ul>
Long Short Fund	<ul style="list-style-type: none"> <li>• 1.200% of the first \$250 million;</li> <li>• 1.175% of the next \$250 million;</li> <li>• 1.150% of the next \$250 million;</li> <li>• 1.125% of the next \$250 million;</li> <li>• 1.100% of the next \$500 million;</li> <li>• 1.075% of the next \$2.5 billion; and</li> <li>• 1.050% in excess of \$4 billion</li> </ul>
Multi-Asset Income Fund	<ul style="list-style-type: none"> <li>• 0.450% of the first \$250 million;</li> <li>• 0.425% of the next \$250 million;</li> <li>• 0.400% of the next \$250 million;</li> <li>• 0.375% of the next \$250 million;</li> <li>• 0.350% of the next \$500 million;</li> <li>• 0.325% of the next \$2.5 billion; and</li> <li>• 0.300% in excess of \$4 billion</li> </ul>
Multi-Style Premia Fund	<ul style="list-style-type: none"> <li>• 0.650%</li> </ul>
U.S. Equity Index PutWrite Strategy Fund	<ul style="list-style-type: none"> <li>• 0.450%</li> </ul>

From time to time, NBIA will determine to waive all or a portion of its fee or reimburse an NB Mutual Fund for certain expenses. The rates of those waivers or reimbursements are set forth in each fund's Offering Documents.

## **b. NB Closed-End Funds (except NB PE Closed-End Funds)**

Each NB Closed-End Fund has entered into a management agreement with NBIA. Pursuant to each management agreement, NBIA receives an advisory fee at a specified rate equal to a percentage of the NB Closed-End Fund's average daily total assets, minus liabilities other than the aggregate indebtedness entered into for purposes of leverage (for purposes of this calculation, the liquidation preference on the NB Closed-End Fund's preferred shares, if any, is not a liability). In addition, NBIA has entered into an administration agreement with each NB Closed-End Fund. Administration fees are based on a percentage of average daily total assets, minus liabilities other than the aggregate indebtedness entered into for purposes of leverage (for purposes of this calculation, the liquidation preference on the NB Closed-End Fund's preferred shares, if any, is not a liability).

The annual advisory fee rate for each NB Closed-End Fund is negotiated with the fund's Board of Directors and is set forth below:

<b>Funds</b>	<b>Advisory Fee (based on average daily net assets)</b>
California Municipal Fund Inc.	• 0.25%
Municipal Fund Inc.	• 0.25%
MLP and Energy Income Fund Inc. (formerly, MLP Income Fund Inc.)	• 0.75%
New York Municipal Fund Inc.	• 0.25%
Real Estate Securities Income Fund Inc.	• 0.60%
High Yield Strategies Fund Inc.	• 0.60%

## **c. NB PE Closed-End Funds**

Each NB PE Closed-End Fund has entered into an investment management agreement with NBIA. Pursuant to each investment management agreement, each NB PE Closed-End Fund pays NBIA an advisory fee or management fee at a specified rate equal to a percentage of (i) the value of the investors' aggregate commitment to the NB PE Closed-End Fund; (ii) the total capital that the NB PE Closed-End Fund contributes to its underlying investments, including cash and cash equivalents; or (iii) the NAV of the NB PE Closed-End Fund as of the preceding quarter end. For some NB PE Closed-End Funds, NBIA or an affiliate of NBIA will also be apportioned carried interest distributions, which generally range from 5-10% of distributions after investors receive a specified amount (their capital contributions plus a certain stated amount of aggregate distributions paid to investors) from the NB PE Closed-End Fund.

The annual advisory fee or management fee rate for each NB PE Closed-End Fund is negotiated with and approved by the fund's Board of Managers/Directors and is set forth below:

<b>Funds</b>	<b>Advisory Fee (based on total investor commitments, unless otherwise specified)</b>
UST Global Private Markets Fund, LLC	<ul style="list-style-type: none"> <li>1.500%, with an annual 10% step-down starting on the third anniversary of the final closing of the subscription of units and continuing until the advisory fee reaches 0.25%</li> </ul>
Excelsior Private Markets Fund II (Master), LLC	<ul style="list-style-type: none"> <li>1.000% as follows: (i) during the period from the initial closing until the fifth anniversary of the final closing, based on the total capital commitments (the <b>"Underlying Commitments"</b>) entered into by the Fund with respect to investments in the underlying portfolio funds; and (ii) beginning on the fifth anniversary of the final closing and thereafter, based on the NAV of the Fund.</li> </ul>
Excelsior Private Markets Fund II (TE), LLC	<ul style="list-style-type: none"> <li>Management fee of 0.50%*</li> </ul>
Excelsior Private Markets Fund II (TI), LLC	<ul style="list-style-type: none"> <li>Management fee of 0.50%*</li> </ul>
Excelsior Private Markets Fund III (Master), LLC	<ul style="list-style-type: none"> <li>1.000% as follows: (i) during the period from the initial closing until the fifth anniversary of the final closing, based on the Underlying Commitments; and (ii) beginning on the fifth anniversary of the final closing and thereafter, based on the NAV of the Fund.</li> </ul>
Excelsior Private Markets Fund III (TE), LLC	<ul style="list-style-type: none"> <li>Management fee of 0.500%*</li> </ul>
Excelsior Private Markets Fund III (TI), LLC	<ul style="list-style-type: none"> <li>Management fee of 0.500%*</li> </ul>
NB Crossroads Private Markets Fund IV Holdings LLC	<ul style="list-style-type: none"> <li>0.100% of total investor commitments in year 1</li> <li>0.550% in years 2 through 8</li> <li>0.300% thereafter</li> </ul>
NB Crossroads Private Markets Fund IV (TE) - Client LLC	<ul style="list-style-type: none"> <li>0.100%** of total investor commitments in year 1</li> <li>0.550% in years 2 through 8</li> <li>0.300% thereafter</li> </ul>

<b>Funds</b>	<b>Advisory Fee (based on total investor commitments, unless otherwise specified)</b>
NB Crossroads Private Markets Fund IV (TI) - Client LLC	<ul style="list-style-type: none"> <li>• 0.100%** of total investor commitments in year 1</li> <li>• 0.550% in years 2 through 8</li> <li>• 0.300% thereafter</li> </ul>
NB Crossroads Private Markets Fund V Holdings LP	<ul style="list-style-type: none"> <li>• 0.850% of total investor commitments in years 1 through 8</li> <li>• 0.300% thereafter</li> </ul>
NB Crossroads Private Markets Fund V (TE) LP	<ul style="list-style-type: none"> <li>• 0.850%** of total investor commitments in years 1 through 8</li> <li>• 0.300% thereafter</li> </ul>
NB Crossroads Private Markets Fund V (TI) LP	<ul style="list-style-type: none"> <li>• 0.850%** of total investor commitments in years 1 through 8</li> <li>• 0.300% thereafter</li> </ul>
NB Crossroads Private Markets Fund V (TE) Advisory LP	<ul style="list-style-type: none"> <li>• 0.850%** of total investor commitments in years 1 through 8</li> <li>• 0.300% thereafter</li> </ul>
NB Crossroads Private Markets Fund V (TI) Advisory LP	<ul style="list-style-type: none"> <li>• 0.850%** of total investor commitments in years 1 through 8</li> <li>• 0.300% thereafter</li> </ul>
NB Crossroads Private Markets Fund VI Holdings LP	<ul style="list-style-type: none"> <li>• 0.800% of the total capital that NB Crossroads Private Markets Fund VI Holdings LP contributes to its underlying investments, including cash and cash equivalents (“<b>Invested Capital</b>”) in years 1 through 8</li> <li>• 0.15% thereafter</li> </ul>
NB Crossroads Private Markets Fund VI LP	<ul style="list-style-type: none"> <li>• 0.800**% of Invested Capital in years 1 through 8</li> <li>• 0.15% thereafter</li> </ul>
NB Crossroads Private Markets Fund VI Advisory LP	<ul style="list-style-type: none"> <li>• 0.800**% of Invested Capital in years 1 through 8</li> <li>• 0.15% thereafter</li> </ul>
NB Crossroads Private Markets Fund VI Custody LP	<ul style="list-style-type: none"> <li>• 0.800**% of Invested Capital in years 1 through 8</li> <li>• 0.15% thereafter</li> </ul>

\* Payments for management and administrative services, not for investment advisory services. Management fees are calculated based on a pro-rata allocation of underlying investment commitments during the investment period, and after the investment period, based on a pro-rata allocation of the NB PE Closed-End Fund’s net assets exclusive of cash.

**\*\*** So long as all or substantially all of the assets of the NB PE Closed-End Fund are invested in the applicable master fund (*i.e.*, NB Crossroads Private Markets Fund IV Holdings LLC, NB Crossroads Private Markets Fund V Holdings LP, or NB Crossroads Private Markets Fund VI Holdings LP), the NB PE Closed-End Fund will not pay NBIA a separate fee under the investment advisory agreement. The NB PE Closed-End Fund does, however, due to its investment in the applicable master fund, bear its proportionate percentage of the advisory fee paid to NBIA by the relevant master fund.

#### **4. SUB-ADVISED ACCOUNTS**

##### **a. Third-Party Mutual Funds and Non-U.S. Registered Funds**

NBIA's fees with respect to its services as sub-adviser to each Third-Party Mutual Fund and Non-U.S. Registered Fund are individually negotiated (and, as such, will vary), and are set forth in its sub-advisory agreement with each fund/investment adviser.

##### **b. Other Sub-Advised Accounts**

Sub-advisory fees for other Sub-Advised Accounts are individually negotiated and vary depending on the account. NBIA's sub-advisory fees are generally consistent with the basic fee information and terms described above for the type of client (*e.g.*, Separate Accounts, Private Funds), provided that some Sub-Advised Accounts are subject to an NBIA fee schedule that provides for lower fees than NBIA's published fee schedules for the same products serviced directly by NBIA. NBIA's management fees and Performance Fees (if any) with respect to its services as sub-adviser are set forth in its sub-advisory agreement with each fund/investment adviser.

#### **5. WRAP AND RELATED PROGRAM ACCOUNTS**

Wrap Program Clients pay Wrap Sponsors a bundled or "wrapped" fee that typically covers investment management, trade execution, custodial services and other administrative services. Of that fee, the Program Sponsors, in turn, pay advisory fees to the sub-adviser, such as NBIA, that they select to provide portfolio management services with respect to their Wrap Program Clients. In some cases, Unbundled Program Sponsors offer clients Unbundled Programs where instead of paying a bundled or "wrapped" fee, clients pay fees on an unbundled basis to separate parties, including a fee for investment advisory services, which, in turn, is paid to the sub-adviser selected by the Unbundled Program Sponsor, such as NBIA. NBIA generally negotiates its fees with each Program Sponsor, subject to varying factors, including the Program Sponsor's program size and style, the services performed by the Program Sponsor, and other factors. Subject to those factors, NBIA's basic annualized fee schedule for a discretionary Program ranges between 0.34% and 0.70% annually with respect to equity investment strategies and 0.22% and 0.35% annually with respect to fixed income investment strategies. In a non-discretionary Model Portfolio Program, NBIA's basic annualized fee schedule ranges between 0.28% and 0.46% annually with respect to equity investment strategies and 0.22% and 0.25% annually with respect to fixed income investment strategies.



To the extent a Program Client has authorized the Program Sponsor to arrange for payment of the advisory fees owed to NBIA, the Program Client is subject to the billing policies and procedures of the Program Sponsor. Dual Contract Clients are generally subject to the billing policies and procedures that NBIA follows with respect to Private Wealth Management Accounts, but should review their contracts with NBIA and the Program Sponsor or designated broker and available disclosures to confirm that the billing arrangements disclosed by the Program Sponsor or designated broker for their accounts do not vary from NBIA's billing policies and procedures for Private Wealth Management Accounts. In both cases, where the Program Sponsor's or designated broker's billing policies and procedures apply, it is possible that the Program Client will be subject to fees that vary from those of a similarly situated client that is billed directly by NBIA for the same services, including fees on account contributions.

## **6. NON-DISCRETIONARY SERVICES; NB INVESTMENT PLATFORM**

For Non-Discretionary Accounts, NBIA receives either a fee based on a percentage of the market value of assets held in the account (which, in general, are consistent with the standard fee schedules described above for Separate Accounts) or a fixed fee.

Platform Clients that invest through the NB Investment Platform pay NBIA a platform fee as set forth below, which is designed to compensate NBIA for establishing, maintaining and providing access to the platform. In addition, Platform Clients also pay the strategy fees applicable to the strategies or investment vehicle in which the respective Platform Client decides to invest. For Proprietary Separate Accounts, the strategy fee (provided below) includes compensation for the discretionary investment advisory services provided by NBIA. For Third-Party Separate Accounts, the strategy fee (provided below) includes compensation for (i) the discretionary investment advisory services provided by the applicable third-party discretionary manager; (ii) services provided by the relevant third-party separate account program provider ("**Third-Party SMA Provider**") to NBIA; and (iii) account administrative services provided by NBIA. A portion of the strategy fee will be retained by NBIA and a portion of the strategy fee will ultimately be paid to the Third-Party SMA Provider and the applicable discretionary manager. The strategy fee paid by Client and the portion of the strategy fee retained by NBIA will vary based on the third-party discretionary separate account strategy selected by Client. For NB Mutual Funds, Third-Party Mutual Funds, ETFs, CITs, and Private Funds, the strategy fee is generally in the form of the indirect fees and expenses incurred by an investor in the applicable fund, as provided in the applicable offering materials. From time to time, NBIA will, in its sole discretion, determine to reduce or waive fees or apply a different fee schedule for certain of its Platform Clients or with respect to cash or certain other assets in a Platform Client's account. Pursuant to, and in accordance with, the relevant investment advisory agreement, the platform fee and strategy fees can be modified from time to time upon advance written notice to the applicable Platform Client(s).

The annual platform and strategy fee rates for the NB Investment Platform are set forth below:

<b>NB Investment Platform – Platform Fee</b>
<ul style="list-style-type: none"> <li>• 0.650% of the first \$2.5 million of market value;</li> <li>• 0.550% of the next \$2.5 million;</li> <li>• 0.450% of the next \$2.5 million;</li> <li>• 0.350% of the next \$2.5 million; and</li> <li>• 0.250% of the balance</li> </ul>
<b>NB Investment Platform – Strategy Fees</b>
<b><u>Strategy Fees – Proprietary Separate Accounts</u></b>
0.300% to 0.800% of the market value/target notional value, as established by NBIA*
<b><u>Strategy Fees – Non-Proprietary Separate Accounts</u></b>
The then-current applicable rate (as established by NBIA and provided to the applicable Platform Client) of the market value*
<b><u>Strategy Fees – NB Mutual Funds, Third-Party Mutual Funds, ETFs, CITs and Private Funds</u></b>
The indirect fees and expenses incurred as an investor in the applicable comingled investment vehicle, as provided in the offering materials for the relevant fund

\* The current Strategy Fee schedules for each Proprietary Separate Account strategy and each Non-Proprietary Separate Account strategy are available upon request.

For a detailed discussion of conflicts of interest relating to the fees charged by NBIA and NBBB to retail clients, please see NBIA's Conflict Disclosures and NBBB's Conflict Disclosures, which will be available at [http://www.nb.com/conflicts\\_disclosure\\_nbia/](http://www.nb.com/conflicts_disclosure_nbia/) and [http://www.nb.com/conflicts\\_disclosure\\_nbbd/](http://www.nb.com/conflicts_disclosure_nbbd/), respectively, after June 30, 2020.

## **B. Payment Method**

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

*Separate Accounts*— For Private Wealth Management Accounts, advisory fees are typically charged quarterly, in advance, at the beginning of each calendar quarter, based on the market value (or target notional value, where relevant) of the client's account(s) on the last business day of the previous calendar quarter. For Institutional Accounts, fees are generally accrued and paid either in arrears or in advance on a quarterly basis, as provided in the contract between NBIA and the Institutional Account client. Performance Fees and minimum annual fees, if any, are generally charged on an annual basis.

Payment of fees for Separate Accounts are either made through a debit to the client's account(s) at the bank, trust company, broker-dealer or other qualified custodian ("**Qualified Custodian**") or are made upon invoice, which fees are due within 30 days of the date of the invoice. In general, Private Wealth Management Account clients contractually agree to allow NBIA to debit any fees

from their accounts. At the client's request, NBIA will send the client an informational statement of the fees due each quarter. NBIA generally invoices Institutional Account clients for fees incurred.

During a quarter or other fee calculation period, if NBIA begins managing an account, or an account is terminated, the fee charged for that period will be pro-rated based on the portion of the period that NBIA actually managed the account. If advisory or management fees are charged in advance, the Separate Account client will receive a pro-rated refund of any pre-paid fees if the investment advisory agreement is terminated before the end of the billing period. Unless otherwise agreed with the Separate Account client, for Separate Accounts that are billed quarterly in advance, fees are typically not adjusted to reflect contributions to, and withdrawals from, the account in the relevant quarter.

*NB Private Funds*— Generally, management fees are charged monthly or quarterly and Performance Fees are charged at, or payable as of, the end of each NB Private Fund's fiscal year, upon withdrawal by an investor from an NB Private Fund or at the time an NB Private Fund makes distributions. The management fees and Performance Fees are generally deducted directly from each NB Private Fund investor's account or payable from distribution proceeds. However, certain NB Private Funds provide that an investor will be billed outside of the NB Private Fund at the option of the investor. Investors should refer to the applicable Offering Documents with respect to the calculation and payment of fees.

*NB Registered Funds*— NBIA's advisory fees or management fees, as applicable, are paid to NBIA by each NB Registered Fund in accordance with the investment management agreement entered into by NBIA and the NB Registered Fund, as negotiated with the NB Registered Fund's Board of Trustees/Directors/Managers. For all NB Registered Funds except the NB PE Closed-End Funds, the fees are accrued daily and deducted monthly or quarterly, as applicable, directly from the NB Registered Funds' custodial account. For the NB PE Closed-End Funds, the advisory fees and the management fees are calculated as of the last business day of the prior quarter and are due and payable in arrears after the end of that quarter. Carried interest with respect to the NB PE Closed-End Funds, if any, will generally not be paid until after certain anniversary dates, as discussed in the relevant fund's Offering Documents.

*Sub-Advised Accounts*—

*Third-Party Mutual Funds and Non-U.S. Registered Funds* — NBIA's sub-advisory fees are paid by each investment adviser to NBIA in accordance with the investment sub-advisory agreement entered into by NBIA and the adviser. NBIA's sub-advisory fees are negotiated with the Third-Party Mutual Fund's or Non-U.S. Registered Fund's investment adviser or Board of Trustees/Directors/Managers.

*Other Sub-Advised Accounts* – Payment of fees varies depending on the type of account but in general is consistent with the basic fee information and terms described above for the type of client (e.g., Separate Accounts, Private Funds).

*Wrap and Related Program Accounts*—Each Program Sponsor generally pays NBIA on a quarterly basis, either in arrears or in advance, as provided in the contract between NBIA and the Program

Sponsor. NBIA does not invoice Program Clients. Each Program Sponsor calculates and pays NBIA its fees from the fees the Program Sponsor receives from the Program Clients. NBIA does not establish the value of securities held in Program Client accounts, which is a function provided by the Program Sponsors or designated brokers. Dual Contract Clients are generally subject to the billing and valuation practices and procedures that NBIA follows with respect to Private Wealth Management Accounts, but should review their contracts with NBIA and with the Program Sponsors or designated brokers and available disclosures to confirm that the billing and valuation practices and procedures of the Program Sponsors or designated brokers for their accounts do not vary from NBIA's billing and valuation practices and procedures for Private Wealth Management Accounts.

*Non-Discretionary; NB Investment Platform*—Payment of Non-Discretionary Account fees varies but in general is consistent with the basic fee information and terms described above for Separate Accounts. Payment of the platform fee and strategy fee for Platform Clients that invest through the NB Investment Platform is consistent with the basic fee information and terms described above for Separate Accounts.

***Valuation for Fee Calculation Purposes:***

*Separate Accounts, Non-Discretionary Accounts, Sub-Advisory Accounts (excluding NB Private Funds, NB Registered Funds, Non-U.S. Registered Funds and Third-Party Mutual Funds), and Platform Client accounts*— In general, advisory or management fees for Separate Accounts, Non-Discretionary Accounts, Sub-Advisory Accounts (excluding NB Private Funds, NB Registered Funds, Non-U.S. Registered Funds and Third-Party Mutual Funds), and Platform Client accounts are based on a valuation of assets by NBIA or the client's Qualified Custodian. When the client and NBIA agree to use NBIA's valuation of the assets for fee purposes, NBIA will generally use independent third-party pricing services or broker quotes to value assets. In certain cases, including with respect to Private Investments or investments where a third-party price is not obtainable, NBIA will use its fair valuation procedures to determine a value for the investment. As NBIA's compensation is generally based on the NAV of an account, a conflict arises when NBIA rather than a third-party is valuing the assets held in an account. To mitigate that conflict, NBIA has adopted methodologies designed to result in securities valuations that in its judgment reflect the market prices of the securities at that time. In those instances, there is no guarantee that the market prices will be obtained. Advisory or management fees can be based on the market value of the assets as of the trade date or the settlement date. In certain cases, securities that can only be priced by NBIA are not included in the value of Client Accounts for billing purposes.

In determining the market value of assets, the total market value of securities purchased on margin is included. This will result in higher advisory or management fees than would otherwise be charged to the client if no margin debit existed in the account. Accounts are also charged interest on margin debit balances at NBIA's posted rate. In addition, as described in Item 5.A.1, where options strategies are implemented on an overlay basis, the assets serving as collateral for the option strategies are generally invested in managed investment products and strategies, including products and strategies of NBIA or its affiliates, which themselves are subject to fees and expenses.

In addition, in determining the market value of assets, cash and cash equivalents are generally included and accrued dividends and interest can be included. The fees for certain options strategies are based on target notional exposure/value, which is often higher or lower than the actual notional exposure for the Client Account.

The market value of assets held in Separate Accounts or Platform Client accounts that invest in Third-Party Separate Accounts, Third-Party Portfolio Funds or other third-party strategies is primarily based on NAV as reported by the relevant Third-Party Portfolio Manager or other relevant third party. With respect to Private Wealth Management Accounts, Client-Directed Transactions are generally not included in the valuation of the Client Account for purposes of calculating the advisory fee payable to NBIA.

*NB Private Funds*— Generally, management fees and, with respect to certain NB Private Funds, Performance Fees, are based on the NAV of the NB Private Fund (or of each NB Private Fund investor's capital account in the NB Private Fund) or in some circumstances, the NAV or gross asset value of the underlying assets. Performance Fees are also generally subject to certain conditions as further described in Item 5.A.2, Item 6 and in accordance with the applicable Offering Documents. Securities held by NB Private Funds are valued on the basis of pricing information provided by independent pricing services acceptable to NBIA and the administrator of the NB Private Fund. If such pricing services are not available, broker quotes could be used. Any securities or other assets for which third party prices are not available are based upon fair-value as determined by the GP Entity, or its delegate, which could be NBIA. With respect to NB Private Funds that invest in Portfolio Funds or Separate Accounts, the value of such investments is generally based on the value as reported by the relevant Portfolio Manager. Investors should refer to the applicable Offering Documents for more information with respect to the valuation of NB Private Fund assets.

*NB Registered Funds (other than NB PE Closed-End Funds), Third-Party Mutual Funds and Non-U.S. Registered Funds*— Fees are calculated as a percentage of the net assets of each fund. The value of each fund's net assets is determined in accordance with each fund's valuation policies and procedures adopted by the fund's Board of Trustees/Directors. Those policies are generally described in the relevant funds' Offering Documents.

*NB PE Closed-End Funds*— Management and advisory fees are calculated based on (i) the value of the investors' aggregate commitment to the NB PE Closed-End Fund; (ii) the investor's share of the total capital that the NB PE Closed-End Fund contributes to its underlying investments, including cash and cash equivalents; or (iii) the NAV of the NB PE Closed-End Fund as of last business day of the prior quarter. Each NB PE Closed-End Fund's assets will be valued at their fair market value as determined by NBIA in good faith, taking into consideration all available information and other factors that NBIA deems pertinent. NBIA will generally rely on the most recent valuations and other information provided by the underlying portfolio fund managers, except where NBIA reasonably determines that additional factors should be considered and reflected. Please refer to the NB PE Closed-End Funds' Offering Documents for additional information on valuation.

*Wrap and Related Program Accounts*—NBIA does not establish the value of securities held in Wrap Program accounts or Unbundled Program accounts. Valuation is a function provided by the Program Sponsors or designated brokers. Dual Contract Clients are generally subject to the valuation practices and procedures that NBIA follows with respect to Private Wealth Management Accounts, but should review their contracts with NBIA and with the Program Sponsors or designated brokers and available disclosures to confirm that the valuation practices and procedures of the Program Sponsors or designated brokers for their accounts do not vary from NBIA's valuation practices and procedures for Private Wealth Management Accounts.

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

In addition to the management or advisory fee and Performance Fee, if any, paid to NBIA, clients pay other fees and expenses associated with their accounts and investments, including the following:

*Custodial Fees and Expenses*—Separate Account, Sub-Advisory Account and Non-Discretionary Account clients who elect to have account assets held in the custody of a Qualified Custodian selected by the client will bear any custodial fees and expenses associated with its account. Physical custody of the assets of an NB Private Fund will be maintained with a Qualified Custodian selected by NBIA or an affiliate, in its exclusive discretion. Each NB Private Fund ordinarily bears its custodial fees and expenses. To the extent that cash is held in those accounts and fees are charged by the Qualified Custodian, including any fees chargeable for short-term reinvestment of cash, the fees so incurred by the client will be in addition to the fee payable to NBIA on the overall value of the account. See Item 15.

*Transaction-related Fees and Expenses*—Client Accounts generally must bear all transaction-related fees and expenses, including brokerage commissions, concessions, dealer mark-ups and spreads for transactions effected for the account. See also Item 5.E, Item 11.B.3 and Item 12.A.

The majority of Private Wealth Management Account clients consent to the use of NBIA's registered broker-dealer affiliate, NBBB, as broker-dealer for securities transactions for their account. Those accounts pay NBIA one all-inclusive fee that generally covers investment management fees, trade execution, custodial services and other administrative fees (see Item 5.A.1). Private Wealth Management Account clients who do not consent to the use of NBBB as broker-dealer and most Institutional Accounts generally must pay a separate brokerage fee to a third-party broker for all securities transactions effected for the account. See also Item 5.E, Item 11.B.3 and Item 12.A.

With respect to Wrap Program Client accounts, Unbundled Program Client accounts, Dual Contract Client accounts, Platform Client accounts, or Separate Account clients whereby the Client either pays a bundled fee that includes execution or client transactions by a designated broker or the client has entered into an arrangement with a third-party intermediary whereby the client is assessed specific commission rates or transaction related charges by a designated broker for all transactions, NBIA (and, with respect to the NB Investment Platform and the Separate Accounts that invest through the PWM Advisory Program, the Third-Party SMA Provider and the applicable third-party discretionary managers) generally will seek to execute equity transactions through

the Program Sponsor or the designated broker, subject to its obligation to seek best execution. It is anticipated that the majority of equity transactions effectuated by NBIA (or, with respect to the NB Investment Platform and the Separate Accounts that invest through the PWM Advisory Program, the Third-Party SMA Provider and the applicable third-party discretionary managers) will be executed through the Program Sponsor or designated broker. However, depending on the capabilities of the Program Sponsor or designated broker or the types of securities traded, such as securities with smaller market capitalizations, foreign securities, or thinly traded securities, NBIA (or, with respect to the NB Investment Platform and the Separate Accounts that invest through the PWM Advisory Program, the Third-Party SMA Provider and the applicable third-party discretionary managers) generally will trade certain equity strategies away from the Program Sponsor or designated broker more frequently, which could result in a material percentage of equity transactions being executed with brokers other than the Program Sponsor or designated broker. NBIA (or, with respect to the NB Investment Platform and the Separate Accounts that invest through the PWM Advisory Program, the Third-Party SMA Provider and the applicable third-party discretionary managers) frequently executes transactions with a broker other than the Program Sponsor or designated broker for fixed income transactions, including for almost all municipal securities.

When NBIA (or, with respect to the NB Investment Platform and the Separate Accounts that invest through the PWM Advisory Program, the Third-Party SMA Provider and the applicable third-party discretionary managers) chooses to trade away from the Program Sponsor or designated broker and executes trades through broker-dealers other than the Program Sponsor or designated broker, while NBIA does not charge any additional fees or commissions, the client will generally incur transaction-related charges, which include mark-ups/concessions built into fixed income transaction prices due to the over-the-counter nature of the market, trade-away fees, which include electronic trading platform fees and fees associated with foreign securities transactions, that are in addition to the bundled fee paid by each Wrap Program Client or, with respect to Unbundled Program Clients, Dual Contract Clients, Platform Clients or Separate Account clients where the client has negotiated specific commission rates with an intermediary, the commission rates and transaction related charges that are assessed by the designated broker. Please refer to Item 4.D and subsection “*Other Fees and Expenses (General)*” in this Item 5.C for a further description of additional execution costs that are incurred by Wrap Program Clients, Unbundled Program Clients, Dual Contract Clients, or Platform Clients.

*Additional Fees and Expenses Related to the Investments by Separate Accounts, PWM Program Clients, Platform Clients, and NB Private Funds in Pooled Investment Vehicles and Separate Accounts*— Subject to the applicable investment guidelines, the investment advisory agreement or governing documents, as applicable, and applicable law, it is possible that NBIA can invest a Separate Account, PWM Program Client, Platform Client, or NB Private Fund in Third-Party Portfolio Funds (including Third-Party Mutual Funds and other investment companies that are registered under Investment Company Act, unaffiliated Private Funds, unaffiliated CITs, ETFs and unaffiliated Non-U.S. Registered Funds) and Third-Party Separate Accounts (collectively, “**Unaffiliated Portfolio Investments**”). Subject to the applicable investment guidelines, the investment advisory agreement, and applicable law, it is also possible that NBIA will invest the Separate Account, Platform Client, or NB Private Fund in Affiliated Portfolio Funds (including NB Registered Funds, affiliated Non-U.S. Registered Funds, NB Private Funds, and Affiliated CITs (as

defined below)) and Proprietary Separate Accounts (collectively, “**Affiliated Portfolio Investments**”).

Subject to applicable law and specific policies relating to Plan Clients that are reasonably designed to manage conflicts of interest in accordance with applicable rules, Separate Accounts and NB Private Funds that are invested in Affiliated Portfolio Investments or Unaffiliated Portfolio Investments could be subject to two levels of fees that are payable to NBIA and its affiliates: (i) the advisory and other fees associated with the Separate Account or NB Private Fund and (ii) the management/advisory and other fees of the underlying Affiliated Portfolio Investment or Unaffiliated Portfolio Investment. Generally, where the Client Account is subject to two levels of fees and the underlying investment is an Affiliated Portfolio Investment, the advisory fees associated with the underlying Affiliated Portfolio Investment will be waived or reimbursed or NBIA will credit the Separate Account or the NB Private Fund an amount equal to the pro-rata portion of the management/advisory fee NBIA (or its affiliates) earns from the Affiliated Portfolio Investments. Advisory fees associated with the underlying Affiliated Portfolio Investment will not be waived, reimbursed or credited with respect to certain clients (including certain PWM Program Clients, Platform Clients and Multi-Asset Class Mandate clients), where NBIA charges an advisory fee that relates to the allocation of the client’s assets among various strategies and products, and clients are subject to separate and distinct strategy or product fees with respect to the strategies and products in which the client’s assets are invested (some strategy or product fees will be lower than the strategy or product fees paid by clients who access the strategy or product directly). Where permitted by applicable law, Separate Accounts and NB Private Funds that are invested in Affiliated Portfolio Investments could also incur other fees and expenses associated with their investments in the Affiliated Portfolio Investment, which, unless waived, can include administrative fees or other non-advisory fees that are paid to NBIA or its affiliate. With respect to NB Private Funds and Separate Accounts that invest in Unaffiliated Portfolio Investments, those underlying Unaffiliated Portfolio Investments will generally be subject to other fees and expenses, including, as applicable, brokerage and other transaction related costs, and the fees and expenses of service providers to the Unaffiliated Portfolio Investment, such as custodians, transfer agents, administrators, valuation agents, auditors and counsel. Moreover, it is possible that Affiliated Portfolio Investment or Unaffiliated Portfolio Investment will themselves invest in other funds or products. To the extent it does so, the NB Private Fund or Separate Account will be subject to additional layers of fees.

Generally, Platform Clients and non-Plan Clients that invest through the PWM Advisory Program are subject to a platform fee or investment advisory fee, respectively, and also subject to the fees and expenses of the relevant strategies in which they are invested (*e.g.*, advisory fees for Separate Accounts (and the fees relating to any investments in those Separate Accounts) and, for NB Mutual Funds, Third-Party Mutual Funds, ETFs, CITs, Non-U.S. Registered Funds and Private Funds, as applicable, the fees incurred as an investor in the fund). Fees relating to Plan Clients that invest through the PWM Advisory Program are set forth under the heading “*Fees for Plan Clients Invested through the PWM Advisory Program*” in this Item 5.C.

Expenses for Portfolio Funds are generally described in each fund’s Offering Documents and for NB Registered Funds, Third-Party Mutual Funds and Non-U.S. Registered Funds, include those summarized under the heading “*Other Fees and Expenses for NB Registered Funds, Third-Party*



*Mutual Funds and Non-U.S. Registered Funds*” and “*Fees to Affiliates in the NB Registered Funds*” in this Item 5.C. NB Private Fund expenses are described in each NB Private Fund’s Offering Documents and include those summarized under the heading “*Other Fees and Expenses for NB Private Funds*” in this Item 5.C.

*Other Fees and Expenses for Clients Invested in the GPS Program.* With respect to the investment by GPS Program Client Accounts in NB Registered Funds, generally, NBIA will credit the Client Account an amount equal to the pro-rated portion of the advisory fee NBIA or its affiliate earns from an NB Registered Fund. However, clients invested in the GPS Program will bear other expenses described in the applicable NB Registered Fund’s Offering Documents, including the administration fee paid to NBIA, which expenses are in addition to any investment advisory fee charged to the GPS Program Client Account.

*Fees for Plan Clients Invested through the PWM Advisory Program.* With respect to any investment of the assets of Plan Clients through the PWM Advisory Program in NB Mutual Funds, Third-Party Mutual Funds, CITs or Non-U.S. Registered Funds or ETFs (other than NB Mutual Funds, Third-Party Mutual Funds, CITs, Non-U.S. Registered Funds or ETFs invested in a Proprietary Separate Account or a Third-Party Separate Account), NBIA will credit the Client Account an amount equal to the pro-rated portion of the advisory fees paid by investors in the applicable fund (to the extent reasonably obtainable by NBIA). With respect to any investments of Plan Client assets in Affiliated CITs, NB Mutual Funds or affiliated Non-U.S. Registered Funds in a Proprietary Separate Account, NBIA will also credit the Client Account an amount equal to the pro-rated portion of the advisory fees (or other equivalent fee) paid by investors in the applicable Affiliated CIT or NB Mutual Fund. (Third-Party Separate Accounts are restricted from investing Plan Client assets in Affiliated CITs, NB Mutual Funds and affiliated Non-U.S. Registered Funds.) With respect to any other investments of Plan Client assets in NB Mutual Funds, Third-Party Mutual Funds, CITs, Non-U.S. Registered Funds or ETFs in a Proprietary Separate Account or a Third-Party Separate Account, the applicable discretionary manager, in its sole discretion, could credit the Client Account an amount equal to the pro-rated portion of the advisory fees (or other equivalent fee) paid by investors (unless otherwise waived, the indirect fees and expenses incurred as an investor in the applicable fund will still apply). Where the advisory fees will be credited by NBIA,

Where the advisory fees will be credited by NBIA, (i) to the extent Client is invested in a share class of an NB Mutual Fund, Third-Party Mutual Fund, CIT, Non-U.S. Registered Fund or ETF that does not bear advisory fees (or other equivalent fee) or the advisory fee (or other equivalent fee) is not reasonably obtainable by NBIA, no amount will be credited to Client with respect to the CIT, Mutual Fund or ETF; and (ii) like other investors in the NB Mutual Fund, Third-Party Mutual Fund, CIT, Non-U.S. Registered Fund or ETF, Plan Clients will bear other expenses described in the applicable fund’s Offering Documents, including any administrative fees (which for NB Mutual Funds, are generally paid to NBIA), which expenses are in addition to the retirement fee charged to the Plan Client. It is intended that any investment of the assets of Plan Clients through the PWM Advisory Program in CITs (including Affiliated CITs) will be invested in a share class that does not bear advisory fees. In the event that Plan Client is invested in a share class of a CIT that bears advisory fees (for example, if a no-advisory fee share class is not available), NBIA will credit Plan Client an amount equal to the pro-rated portion of the advisory fees paid by investors in the applicable CIT. However, Client will bear administration and other expenses described in the

CIT's offering documents, which, for Affiliated CITs, will include non-advisory fees paid to NBIA or its affiliate. NBIA will use its commercially reasonable efforts not to engage in any violation of ERISA or engage in a nonexempt prohibited transaction that would give rise to excise taxes under Section 4975 of the Code.

*Additional Fees for Other Services*— Certain NBIA clients are also clients of NBIA's affiliates and receive advisory or non-advisory services from NBIA's affiliates. Except in certain instances (*e.g.*, Private Wealth Management Accounts that are billed an "all-inclusive" fee or where otherwise provided in the relevant investment advisory agreement), NBIA and the affiliate will each charge their usual and customary fees to the client. That could result in total costs to the client that are higher than the client would have paid had it obtained all services from either NBIA or its affiliate alone or from other unrelated brokers and investment advisers.

*Other Fees and Expenses for NB Registered Funds, Third-Party Mutual Funds and Non-U.S. Registered Funds*— In addition to the advisory fees described in this Item 5 above and administration fees described below, investors in the NB Registered Funds, Third-Party Mutual Funds and Non-U.S. Registered Funds 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, directors, auditors and counsel.

In addition, it is possible that the NB Registered Funds, Third-Party Mutual Funds and Non-U.S. Registered Funds themselves will invest in other Portfolio Funds as described in each fund's Offering Documents. To the extent an NB Registered Fund, Third-Party Mutual Fund or Non-U.S. Registered Fund invests in another Portfolio Fund, it will bear the costs and expenses associated with an investment in the underlying Portfolio Fund. Please also see section entitled "*Fees to Affiliates in the NB Registered Funds*" in this Item 5.C, Item 11.B.3 and Item 12 for further discussion regarding NBIA's brokerage practices.

The NB PE Closed-End Funds invest in Third-Party Portfolio Funds, as well as directly in other Private Equity Securities. Issuers or sponsors of Third-Party Portfolio Funds are typically structured as partnerships or limited liability companies. NB PE Closed-End Funds typically incur fees and expenses that are charged to investors in the applicable Third-Party Portfolio Funds. The "portfolio-level fees" charged by a Third-Party Portfolio Fund are in addition to the fees and expenses otherwise charged or incurred by the NB PE Closed-End Fund.

*Other Fees and Expenses for NB Private Funds*— In addition to the other fees and expenses described in this Item 5.C, NB Private Funds ordinarily bear all organizational and operating expenses and in some cases, offering expenses. Those expenses include administrative fees and expenses; reporting expenses of the NB Private Fund or NBIA or its affiliates in connection with its operation of the NB Private Fund; investment expenses; insurance expenses; audit and tax preparation and other tax-related fees and expenses; legal and accounting fees; consulting fees; due diligence expenses; expenses associated with mailing and reproducing the Offering Documents, any amendments thereto and other communications with investors; travel-related offering and investment expenses; and expenses relating to the organization, and the operation and winding-up of any special purpose vehicles. NB Private Funds also will 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 Offering Documents for more information with respect to the specific fees and expenses payable by an NB Private Fund. In certain instances, NBIA will reimburse the NB Private Fund for certain expenses, including if certain expenses exceed a capped amount.

*Fees to Affiliates in the NB Registered Funds*— In addition to the advisory/management fee paid to NBIA, NBIA also receives fees for its services as administrator for certain of the NB Registered Funds. As administrator, NBIA provides, among other things, facilities, services, and personnel as well as accounting, record keeping and other services to NB Registered Funds pursuant to administration agreements. Under each administration agreement, NBIA also provides certain shareholder, shareholder-related, and other services that are not furnished by the NB Registered Fund's shareholder servicing agent or third party investment providers. Certain affiliates of NBIA also serve as sub-adviser to certain NB Registered Funds. As sub-advisers, the NBIA affiliates often provide, in addition to investment advisory services, research and other services to NB Registered Funds. NBIA also uses certain affiliates in connection with the execution of transactions for the NB Registered Funds. Please see Item 11.B.3 and Item 12 for a further discussion regarding NBIA's brokerage practices.

NBIA and certain of the NB Registered Funds have been granted exemptive relief by the SEC to permit certain open-end NB Registered Funds that operate as "fund-of-funds" (a) to acquire shares of certain affiliated and unaffiliated registered open-end management investment companies and unit investment trusts that are within and outside the same group of investment companies as the acquiring investment companies, and (b) where the NB Registered Fund relies on rule 12d1-2 under the Investment Company Act, to invest in certain financial instruments. In reliance thereon, certain NB Registered Funds invest in certain affiliated and unaffiliated registered open-end management investment companies and exchange-traded funds. Where they do so, in addition to the fees and expenses directly associated with the NB Registered Funds, an investor in an NB Registered Fund that is structured as a fund-of-funds or that invests in affiliated and unaffiliated registered open-end management investment companies and exchange-traded funds, also indirectly bears the fees of the underlying registered open-end management investment companies and exchange-traded funds in which the NB Registered Funds invests, which include administrative fees and could include advisory fees paid to NBIA or its affiliates. The advisory fees charged by NBIA to those investment companies that are part of the same group of investment companies will be reviewed periodically by the Board of Trustees/Directors/Managers of each NB Registered Fund to ensure that they are based on services provided that are in addition to, rather than duplicative of, services provided pursuant to the advisory agreement of any underlying registered open-end management investment companies and exchange-traded funds in which the NB Registered Fund invests. In those cases, NBIA generally waives a portion of the NB Registered Fund's advisory fee equal to the advisory fee NBIA or its affiliate receives from the underlying NB Registered Fund on those assets, as described in the applicable NB Registered Fund's Offering Documents. However, unless otherwise waived, the NB Registered Fund (and its investors) will still be subject to the other expenses of the underlying NB Registered Fund described in the applicable fund's Offering Documents, including any administrative fees (which are generally paid to NBIA and its affiliates).

*Other Fees and Expenses (General)*— Clients are subject to other fees and expenses (some of which are retained by NBIA or its affiliate) including, as applicable (i) transfer taxes and any other applicable taxes; (ii) auction fees; (iii) exchange or similar fees (such as for American Depositary Receipts (“**ADRs**”)) charged by third parties, including issuers or depositories; (iv) fees charged in connection with short sale transactions; (v) margin interest and fees for any securities that are deemed hard to borrow in connection with long/short strategies; (vi) mutual fund sales charges, including front-end and contingent deferred sales charges; (vii) electronic fund, wire, and other account transfer fees; (viii) commission charges for transactions in ordinary securities; (ix) dealer spreads, mark-ups or other charges by executing broker-dealers (including on fixed-income, non-U.S. securities, ADRs or other over-the-counter transactions) or spreads; (x) odd-lot differentials fees/expenses; (xi) mutual fund distribution and shareholder servicing fees pursuant to Rule 12b-1 Plans, as described in Item 5.E below; (xii) fees and expenses relating to check-writing services including check fees, fees for bounced checks and fees for copies of checks; (xiii) fees and expenses relating to debit cards including ATM fees, cash advance fees and surcharges; and (xiv) any fees or other charges imposed or mandated by law. Each of the additional fees and expenses are generally charged to the client’s account or reflected in the price paid or received for a given security or other asset.

Clients who elect to trade on margin will enter into a separate agreement directly with the clearing agent. Clients should refer to the agreement with their clearing agent for all terms and conditions of the margin arrangement, including all related fees and expenses.

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

Clients that invest through the PWM Advisory Program or the NB Investment Platform should be aware that the costs of directly accessing the products available through the PWM Advisory Program or the NB Investment Platform would generally be lower than the cost of accessing them through the PWM Advisory Program or the NB Investment Platform.

Wrap Program Clients should be aware that services similar or comparable to those provided to them as participants in Wrap Programs are often available at a higher or lower aggregate cost elsewhere either separately or on an unbundled basis. The overall cost to a Wrap Program Client that participates in a Wrap Program are often higher than the aggregate cost of paying NBIA’s standard advisory fee for Separate Accounts, negotiating custody fees with a custodian and negotiating transaction charges with a broker-dealer payable on a per transaction basis, depending upon the level of custody fees and the number of securities transactions in the Wrap Program Client’s account. However, typically Wrap Program Clients would not be eligible (due to the size of their accounts) for NBIA’s Separate Account management services and, therefore, could not otherwise have their assets separately managed by NBIA. NBIA does not undertake any ongoing responsibility to assess for any Wrap Program Client the value of the services provided by the Wrap Sponsor.

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

**Separate Accounts**— As described in Item 5.B, management fees for Private Wealth Management Accounts are paid in advance. Management fees for Institutional Accounts are paid either in arrears or in advance, as provided in the contract between NBIA and the Institutional Account client. Separate Account clients who pay fees in advance are entitled to pro-rata reimbursement of that portion of the quarterly (or other fee calculation period) investment management fee paid for any portion of the quarter (or other fee calculation period) remaining as of the date the investment advisory relationship terminates; provided, however that clients are generally responsible for any transaction costs, as applicable, related to the unwinding of transactions in connection with the termination of the Separate Account. Unless otherwise agreed with the Separate Account client, for Separate Accounts that are billed quarterly in advance, fees are typically not adjusted to reflect contributions to, and withdrawals from, the Client Account in the relevant quarter.

**NB Private Funds**— Investors should refer to the applicable Offering Documents for information regarding payment of fees, withdrawal and refund of fees (if applicable).

**Sub-Advised Accounts**— In the event NBIA is terminated as sub-adviser, any prepaid fees will be refunded according to the type of account and sub-advisory agreement.

**Wrap and Related Program Accounts** – Each Program Sponsor generally pays NBIA on a quarterly basis, either in arrears or in advance, as provided in the contract between NBIA and the Program Sponsor. If paid in advance, the fees would be refunded on a pro-rata basis in the event NBIA is terminated from managing a Program Client's account.

NBIA's participation as a manager in discretionary Wrap Programs or Unbundled Programs, or engagement to provide advisory services with respect to particular Program accounts, typically can be terminated by the Program Sponsors or by NBIA either at any time or after a predetermined notice period. In addition, Program Clients can indirectly terminate NBIA as the investment manager of their assets by terminating their relationship with the Program Sponsors, ending their participation in the Programs, or requesting that their assets be managed by another Program investment manager. NBIA's participation in non-discretionary Programs typically can be terminated either at any time, or after a predetermined notice period, by NBIA or the Program Sponsors. In each case, however, termination rights vary, so Program Clients and Program Sponsors should refer to the agreements governing their programs.

Dual Contract Clients are generally subject to the billing and valuation practices and procedures that NBIA follows with respect to Private Wealth Management Accounts, but should review their contracts with NBIA and with the Program Sponsors or designated brokers and available disclosures to confirm that the billing and valuation practices and procedures of the Program Sponsors or designated brokers for their accounts do not vary from NBIA's billing and valuation practices and procedures for Private Wealth Management Accounts. For terminated Dual Contract Program accounts, the procedures for reimbursement for prepaid fees and transactions costs related to the unwinding of the accounts that NBIA follows with respect to Private Wealth Management Accounts would generally apply, but Dual Contract Clients should review their

contracts with NBIA and with the Program Sponsors or designated brokers and available disclosures to confirm.

***Non-Discretionary Accounts Services; NB Investment Platform***—Payment of Non-Discretionary Account and NB Investment Platform fees varies but, in general, is consistent with the basic fee information and terms described above for Separate Accounts.

## **E. Sales Compensation**

NBIA'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 NBIA's affiliates. Certain NB Salespersons are registered representatives of NBBD, an affiliate of NBIA 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 NBIA or its affiliate is engaged to provide investment management services for a client they have introduced to NBIA. From time to time, NBIA also utilizes unaffiliated solicitors to assist in introducing Separate Account and Sub-Advised Account Clients. Subject to applicable law, NBIA would pay such solicitors a commission. The commission payable to unaffiliated solicitors is generally a percentage of the management fee paid to NBIA for a specified number of years, payable to the third-party solicitor on the same basis as NBIA is paid. NB Salespersons are subject to the terms and conditions of the applicable Firm sales compensation plan and contingent compensation program. Generally, NB Salespersons are compensated, directly or through compensation pools, based, in large part, on the revenues generated by NBIA 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 salespersons (including NB Salespersons) generally market a wide range of products with differing sales compensation, which can differ by product or strategy, or by the client or financial intermediary to which the salesperson is selling, the salespersons (including 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 client. 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 NBIA 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 NBIA 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 clients or prospective clients invest more of their money with NBIA and its affiliates, including by transferring assets from other managers to NBIA for NBIA to manage. Similarly, NB Salespersons also have an incentive to promote or recommend trading on margin and investing in overlay strategies. Both of those actions would increase the assets managed by NBIA and, accordingly, the revenue generated from the client, but meanwhile, increase the amount of money that the client stands to lose. In addition, because NB Salespersons are compensated based on the revenues generated by NBIA and its affiliates with respect to its



clients, this creates an incentive for NB Salespersons to promote or recommend products and strategies that generate more revenue for NBIA and its affiliates, including strategies and products that have higher fees (*e.g.*, in most cases, NB Salespersons have an incentive to recommend Separate Accounts over NB Registered Funds, and equity strategies over fixed income strategies), and proprietary strategies and products over non-proprietary strategies and products.

NBIA 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 NBIA 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 relating to compensation arrangements.

From time to time, NB Salespersons also market the advisory products and services of NBIA 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 a client to NBIA.

For additional information on the compensation received by certain NBIA personnel, please see the relevant NBIA Form ADV Part 2Bs. For a detailed discussion of conflicts of interest relating to the compensation received by NB Salespersons with respect to retail clients, please see NBIA's Conflict Disclosures and NBBD's Conflict Disclosures, which will be available at [http://www.nb.com/conflicts\\_disclosure\\_nbia/](http://www.nb.com/conflicts_disclosure_nbia/) and [http://www.nb.com/conflicts\\_disclosure\\_nbbd/](http://www.nb.com/conflicts_disclosure_nbbd/), respectively, after June 30, 2020.

NBIA utilizes affiliated and unaffiliated placement agents (and unaffiliated sub-placement agents and the services of financial intermediaries) (collectively, the “**Placement Agents**”) in offering certain NB Private Funds and NB PE Closed-End Funds to investors. The U.S. Placement Agents, including NBIA's affiliate, NBBD, are registered as broker-dealers with the SEC and are FINRA members. Placement Agents generally receive fees and/or other compensation with respect to all or certain of the investors that the Placement Agent refers and introduces. For certain NB Private Funds and NB PE Closed-End Funds, Placement Agents will receive, with respect to shares or interests placed by the Placement Agent, a portion of the management fees paid by the NB Private Fund or NB PE Closed-End Fund to NBIA or its affiliate, all or a portion of fees paid by the NB PE Closed-End Fund to NBBD for distribution and shareholder servicing, or such other compensation as agreed with the Placement Agent. Investors in NB Private Funds and NB PE Closed-End Funds 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 NB Private Funds and NB PE Closed-End Funds on their own behalf. See Item 10.C.1 and Item 14.B.

The NB Mutual Funds have adopted Rule 12b-1 plans under the Investment Company Act (“**Rule 12b-1 Plans**”) for certain of their share classes. Pursuant to those Rule 12b-1 Plans, NBBB receives fees that are used to defray the cost of expenses incurred or services rendered in connection with the sale and marketing of NB Mutual Fund shares or to compensate affiliated or third-party financial intermediaries for providing distribution-related services or administrative services to each fund or its shareholders. NBBB also serves as principal underwriter and distributor for the NB Mutual Funds. For Class A shares, NBBB also receives commission revenue consisting of the portion of the Class A sales charges remaining after the allowances by NBBB are paid to financial intermediaries. For Class C shares, NBBB also receives any contingent deferred sales charges that apply during the first year after purchase. Pursuant to its Rule 12b-1 Plan, NB Mutual Funds pay NBBB for advancing commissions paid to qualified financial intermediaries in connection with Class C shares. From time to time, NBBB, NBIA, or their affiliates will pay additional compensation or provide incentives (out of their own resources and not as an expense of the NB Mutual Funds) to certain brokers, dealers, or other financial intermediaries in connection with the sale, distribution, retention or servicing of NB Mutual Fund shares. Such payments (often referred to as revenue sharing payments) are intended to provide additional compensation to financial intermediaries for various services, including participating in joint advertising with a financial intermediary, granting the personnel of NBBB, NBIA or their affiliates reasonable access to a financial intermediary’s financial advisers and consultants, placement on a recommended or preferred fund list, training, due diligence, sales reporting data or information, and allowing such personnel to attend conferences. It is also possible that NBBB, NBIA, or their affiliates will make other payments or allow other promotional incentives to financial intermediaries to the extent permitted by SEC and FINRA rules and by other applicable laws and regulations. The amount of those payments, which are fixed or variable, is determined at the discretion of NBBB, NBIA, or their affiliates from time to time, are often substantial, and can be different for different financial intermediaries.

In certain instances, NBIA has the ability to invest Client Accounts in (or allocate Client Accounts to) Affiliated Portfolio Investment. NBIA is, therefore, subject to conflicts of interest in selecting the underlying Affiliated Portfolio Investments because NBIA’s profitability with respect to Affiliated Portfolio Investments will generally be higher than Unaffiliated Portfolio Investments; however, as a fiduciary to each Client Account, NBIA is required to act in each Client Account’s best interest when selecting the underlying investments. To this end, generally, where the Client Account is subject to two levels of fees, NBIA 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 NBIA (or its affiliates) earns from the 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 NBIA or its affiliate).

Certain NBIA equity strategies utilize a central trading desk to execute transactions (including ETFs) with third-party brokers for certain Client Accounts. With respect to the NB Registered Funds, such transactions are performed in accordance with the requirements of Rule 17e-1 under the Investment Company Act. NBIA does not offset its advisory or sub-advisory fee for the commissions its affiliates receive in connection with such transactions (note, however, that generally, the advisory fee paid by Private Wealth Management Accounts that have consented to



the use of NBBD as broker is an all-inclusive fee for brokerage and advisory services; such Client Accounts will generally not be charged a separate brokerage commission – see Item 5.A.1). Please see Item 11.B.3 and Item 12 for a further discussion regarding NBIA's brokerage practices.

Certain affiliates of Third-Party Mutual Funds, such as the investment adviser to a Third-Party Mutual Fund, are also clients of affiliates of NBIA or are referred to NBIA by its affiliates. The affiliates of Third-Party Mutual Funds can receive investment advisory or other services from NBIA or its affiliates.

A client can invest in mutual funds, including the NB Registered Funds without the services of NBIA or its affiliates. With respect to Separate Accounts, clients can elect to use an unaffiliated broker for their account at any time. With respect to certain Non-Discretionary Accounts, the investment products recommended by NBIA can be purchased by clients through broker-dealers or other investment firms not affiliated NBIA.

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

Performance Fees are fees that are based on a share of the distributions, NAV or (realized and/or unrealized) capital gains or capital appreciation of the assets of a Client Account. Examples of Performance Fee structures include:

- a carried interest structure (typically used (i) in certain closed-end NB Private Funds, (i) in NB PE Closed-End Funds, and (iii) with respect to Private Investments), where the Performance Fee is calculated as a percentage of distributions and can be subject to a “preferred return,” a “catch-up” and/or a “clawback” (a “preferred return” is the return on the investors’ investment that needs to be distributed to investors before the GP Entity, NBIA or its affiliate, as applicable, receives any Performance Fee; a “catch-up” provides that the GP Entity, NBIA or its affiliate will be entitled to all distributions (or a higher percentage of distributions) after the preferred return is distributed to the investors until distributions are split according to a defined percentage (generally, for NB Private Funds, 80/20) between the investors and the GP Entity, NBIA or its affiliate; a “clawback” provides that, ultimately, if the GP Entity, NBIA or its affiliate receives distributions in excess of the amount it should have received pursuant to the relevant provisions regarding distribution priority (as set forth in the applicable Offering Documents or fee schedule, as relevant, often referred to as the “waterfall” provisions), such excess will be returned to the investors);
- an allocation structure (typically used in certain open-end NB Private Funds), where the Performance Fee is structured as an allocation or fee based on the NAV of the NB Private Fund, which can be subject to “hurdles” and “high water marks” (a “high water mark” provides that the GP Entity receives a Performance Fee only upon increases in the NAV in excess of the highest NAV previously achieved; “hurdle” rates provide that the GP Entity does not earn a Performance Fee until the NB Private Fund’s annualized performance or distributions made to investors exceed a benchmark rate, such as the T-bill yield, the 10 Year Treasury Note rate, or a fixed percentage); and
- a fulcrum fee structure (typically used for certain Separate Accounts), where the Performance Fee is structured as a management fee adjustment (*i.e.*, the Performance Fee is earned at the end of a designated period if the Private Wealth Management Account outperforms a benchmark rate, such as a benchmark index or a fixed percentage, and a Performance Fee rebate is refunded at the end of the designated period if the Private Wealth Management Account underperforms a benchmark rate).

The Performance Fees structures of Sub-Advised Accounts are set forth in NBIA’s sub-advisory agreement with the relevant fund/investment adviser and are generally consistent with the terms described above for the type of client (*e.g.*, Separate Accounts, closed-end Private Funds, open-end Private Fund).

With respect to PWM Program Clients and Platform Clients, it is possible that some of the strategies in which the Clients invest (including proprietary strategies) will charge Performance Fees. Generally, NBIA does not charge Performance Fees with respect to its Non-Discretionary Accounts, Wrap Program accounts, Unbundled Program accounts, Dual Contract Program accounts, NB Mutual Funds, NB Closed-End Funds (other than NB PE Closed-End Funds) or the Third-Party Mutual Funds it sub-advises.

In addition, some of NBIA's portfolio managers are investment advisory personnel of one or more of NBIA's affiliated investment advisers. See Item 10.C.3 for a list of such affiliates. In such capacity, it is possible that they will manage accounts for which the affiliated investment adviser receives Performance Fees.

To the extent that NBIA and its portfolio managers manage accounts that charge only management fees as well as accounts that charge both management fees and Performance Fees, NBIA or its portfolio managers or salespersons have a conflict of interest in that an account with a Performance Fee will offer the potential for higher profitability when compared to an account with only a management fee. Performance Fee arrangements generally create an incentive for NBIA or its portfolio managers or salespersons to recommend or make investments that are riskier or more speculative than those that would be recommended or made under a different fee arrangement. Performance Fee arrangements also create an incentive to favor higher fee-paying accounts over other accounts in the devotion of time, resources and allocation of investment opportunities. While Performance Fee arrangements can align the interests of NBIA and its portfolio managers with those of the clients, in situations where Performance Fees are paid when an investment is realized, a conflict exists because NBIA and its portfolio managers can effectively determine when they are paid. It is possible that, in order to receive the Performance Fee at a certain time, NBIA or its portfolio managers will realize an investment other than at maximum value.

To manage those conflicts, NBIA has adopted a number of compliance policies and procedures, including (i) the Neuberger Berman Code of Ethics (see Item 11), (ii) the NBIA Compliance Manual, (iii) trade allocation and aggregation policies that seek to ensure that investment opportunities are allocated fairly among clients and that accounts are managed in accordance with their investment mandate, and (iv) allocation review procedures reasonably designed to identify unfair or unequal treatment of accounts. NBIA does not consider fee structures in allocating investment opportunities. See also Item 11.D.6.

## Item 7: Types of Clients

NBIA provides investment advisory and sub-advisory services to individuals and institutional clients, including registered investment companies, pension plans, trusts, charitable organizations, foundations, endowment funds, corporations, insurance companies, banks, other financial institutions, other business entities, unregistered investment vehicles, collateralized loan obligation vehicles, collateralized debt obligation vehicles and state and municipal entities and other governmental entities, as well as individuals. NBIA also serves as an investment adviser or sub-adviser to non-U.S.-domiciled clients, including non-U.S. investment companies not subject to the Investment Company Act.

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

***Institutional Accounts***—Generally, there is a minimum account size of \$25 million for all Equity Institutional Accounts and \$50 million for all Fixed Income Institutional Accounts, except for the following:

### **Equity**

- Equity Income, Mid Cap Intrinsic Value, REIT, Small Cap Intrinsic Value, Sustainable Equity, Large Cap Core, All Cap Core, All Cap Intrinsic Value and Global REIT mandates: \$10 million
- Multi-Cap Opportunities mandate: \$50 million
- China Equity mandate: \$100 million

### **Fixed Income**

- Emerging Market Debt—Blend mandate: \$150 million
- U.S. High Yield, Short Duration High Yield, Senior Floating Rate Loans, Global High Yield, European High Yield, Crossover Credit, Opportunistic Fixed Income, Global Opportunistic Fixed Income, Opportunistic Credit, Global Bond Absolute Return, Emerging Market Debt – Asian Bond, Emerging Market Debt—Hard Currency, Emerging Market Debt—Local Currency, Emerging Market Debt—Corporate, and Emerging Market Debt—Short Duration mandates: \$100 million
- CLO (AAA), CLO (AA/A), and CLO Mezz (BBB/BB/B) mandates: \$50 million
- Municipal – Intermediate / Long Duration, Municipal – Cash / Short Duration, Diversified Currency, CLO Equity and Diversified Currency High Alpha mandates: \$25 million

The minimum account size for the Alternatives and Multi-Asset Class Institutional Accounts are as follows:

- S&P 500 PutWrite (OTM), Global PutWrite (OTM), and Emerging Markets PutWrite (ATM), Russell 2000 Strangle, S&P 500 Strangle, and S&P 500 Iron Condor mandates: \$10 million
- S&P 500 PutWrite (ATM), U.S. PutWrite (ATM), and Global PutWrite (ATM) mandates: \$25 million
- Commodities, Multi-Asset Class Growth and Multi-Asset Class Income mandates: \$50 million
- Risk Parity, Risk Premia—5%, Risk Premia—10%, Long Short Equity, Multi-Asset Class Global Absolute Return, Multi-Asset Class Global Relative Return, Multi-Style Premia and Velocity mandates: \$100 million

NBIA also manages customized Institutional Accounts that are designed to meet the specific risk and return goals, liquidity restraints, factor sensitivity targets and other requirements of its clients. Customized Institutional Accounts generally have a minimum account size of \$100 million.

NBIA can lower an account minimum at its discretion. NBIA can negotiate higher minimum account sizes for Multi-Asset Class Mandates.

***Private Wealth Management Accounts***— Generally, there is a minimum size of \$1 million for Private Wealth Management Accounts. Certain strategies have require a lower minimum account sizes of between \$50,000 and \$500,000. GPS Program accounts require a minimum \$100,000 initial investment with an additional \$5,000 minimum for subsequent investments. There is no minimum size for Private Wealth Management Accounts that invest through the PWM Advisory Program. NBIA can be change or waive the minimums for particular clients, including employees of NBIA or its affiliates.

***NB Private Funds***— In general, investors in NB Private Funds must be (1)(a) “accredited investors” under Regulation D under the Securities Act, and (b) “qualified purchasers” under Section 2(a)(51)(A) of the Investment Company Act or “knowledgeable employees” under Rule 3c-5 of the Investment Company Act or (2) not “U.S. Persons” as defined under Regulation S of the Securities Act. For those funds that charge a Performance Fee, investors must be eligible to enter into a performance fee arrangement under the Advisers Act.

The minimum investment required by an investor varies depending on the NB Private Fund and in each case is subject to waiver by NBIA or the NB Private Fund’s GP Entity. Investors should review the Offering Documents for each applicable NB Private Fund for further information with respect to minimum requirements for investment.

***NB Registered Funds***— NBIA serves as the investment adviser to the NB Registered Funds. NBIA also serves as the administrator to the NB Mutual Funds and NB Closed-End Funds (other than the NB PE Closed-End Funds). Certain NB Mutual Funds will only be sold to insurance company separate accounts in connection with variable life insurance contracts and variable annuity certificates and contracts issued by unaffiliated insurance companies and other qualified plans, accounts, funds and investors. NB PE Closed-End Funds will only be sold to investors that are both

(a) “accredited investors” under Regulation D under the Securities Act, and (b) “qualified clients” as defined in Rule 205-3 under the Investment Advisers Act. The eligibility and minimum investment requirements for the NB Registered Funds are described in each NB Registered Fund’s Offering Documents.

***Sub-Advised Accounts***— Minimum account requirements for Sub-Advised Accounts are generally established by the intermediary investment adviser.

***Wrap and Related Program Accounts***— The minimum account size will vary by Program, as set up by the Program Sponsor or designated broker for its Program Clients, but is typically \$250,000 for fixed income accounts and \$100,000 for equity accounts. In Dual Contract Programs, NBIA enters into a portfolio management agreement directly with each client. For such Client Accounts, the standard minimum account size is typically \$1 million for equity strategies and \$2 million for fixed income strategies, each subject to negotiation based on various factors, including NBIA’s relationship with the client’s Program Sponsor or designated broker.

***Non-Discretionary Services; NB Investment Platform***— Generally, the minimum account size for Non-Discretionary Accounts is consistent with the information described above for Separate Accounts. For certain Non-Discretionary Accounts account, size will be inapplicable. There is no minimum size for Platform Clients.

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

### A. Methods of Analyses

#### *Investment Analysis*

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

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

No method of securities analysis can guarantee a particular investment result or outcome and the use of investment tools cannot and does not guarantee investment performance. The methods of analysis utilized by NBIA involve the inherent risk that any valuations, pricing inefficiencies, or other opportunities identified will not materialize or have the anticipated impact on the price of a security. Prices of securities could rise, decline, underperform or outperform regardless of the method of analysis used to identify securities. Each method of analysis relies in varying degrees on information furnished from third-party and publically available sources. This presents the risk that methods of analysis will be compromised by inaccurate, incomplete, false, biased or misleading information. Security prices are impacted by various factors independent of the methodology used to select securities. For example, a security price can be influenced by the overall movement of the market, rather than any specific company or economic factors. In addition, certain methods of analysis, such as the use of quantitative/investment models, involve the use of mathematical models that are based upon various assumptions. It is possible that assumptions used for modeling purposes will prove incorrect, unreasonable or incomplete.

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

Certain NB Private Funds, NB PE Closed-End Funds, and Separate Accounts invest in Third-Party Portfolio Funds or Third-Party Separate Accounts. In reviewing investment opportunities, NBIA conducts due diligence and research on the Third-Party Portfolio Managers, the Third-Party Portfolio Funds and the Third-Party Separate Accounts to satisfy itself as to the suitability of the Third-Party Portfolio Manager and the terms and conditions of the Third-Party Portfolio Funds and the Third-Party Separate Accounts. See Item 10.D for additional information regarding the selection of Portfolio Managers.

With respect to the NB Investment Platform and the PWM Advisory Program, the third-party strategies and investment vehicles that are available as investment options are selected by NBIA, generally based upon review and due diligence performed by NBIA, its affiliates and Third-Party SMA Provider. See also "*The PWM Advisory Program and the NB Investment Platform*" in Item 8.B.



## ***Sources of Information***

In conducting its investment analysis, NBIA utilizes a broad spectrum of information, including:

- annual reports, prospectuses and filings with the SEC or with non-U.S. regulators
- charts, statistical material and analyses
- contact with affiliated and outside analysts and consultants
- discussions and meetings with company management and Third-Party Portfolio Managers
- reviews of private corporate documents (including business plans, financial records and projections) and the Portfolio Funds' legal documentation
- discussions and meetings with NBIA or third party research analysts
- discussions and meetings with industry contacts, including existing relationships and external contacts established through industry events and conferences
- financial publications, and industry and trade journals
- technology-based internet and data analytics
- issuer press releases, presentations and interviews (in person or by telephone)
- newspapers, magazines and websites
- personal assessment of the financial consequences of world events derived from general information
- rating services
- research materials prepared by NBIA's internal staff or third parties
- timing services
- inspections of issuer activities
- reviews of the Portfolio Funds' operations (*e.g.*, the Portfolio Funds' control environment, segregation of duties, trade settlement process, reporting, cash management, and disaster recovery plans) and the Portfolio Funds' service providers
- quantitative tools that assist in analyzing securities, including analysis of which securities are likely to financially benefit or suffer from changes in weather patterns, regulation or technology shifts
- such other material as is appropriate under the particular circumstances

NBIA will also rely on the research and portfolio management of its affiliated investment advisers. See Item 10.C.3.

In addition, for certain investment strategies, NBIA has developed or purchased quantitative-based tools and frameworks that it integrates directly into its investment management process. Those tools and frameworks are based on fundamental investment concepts and relationships that are consistent with NBIA's philosophy.

With respect to NB Private Funds, NBIA evaluates investments based on some of the information listed above and a variety of other factors as described in the Offering Documents for each NB Private Fund.

Investments for each NB Registered Fund are identified and selected by NBIA, either directly or through a sub-adviser. NBIA evaluates investments based on some of the information listed above and a variety of other factors as described in the Offering Documents for each NB Registered Fund. For certain NB Registered Funds, investments are identified and selected by third-party sub-advisers that have been selected by NBIA. It is possible that the selected third-party sub-advisers will manage one or more sub-portfolios of the overall fund. The investment methods used by each sub-adviser are monitored by NBIA.

For each Sub-Advised Account, NBIA identifies and selects investments in accordance with the investment objectives, policies and restrictions set forth in the applicable sub-advisory agreement.

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

## **B. Investment Strategies**

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

Subject to firm-wide policies on suitability and other regulatory standards of conduct, and conflicts of interest and compliance with securities laws and regulations, the purchase and sale of securities and other financial instruments for Client Accounts is based upon the judgment of the individual portfolio manager or group supervising the particular account.

Certain material risks associated with NBIA's investment strategies are set forth in Item 8.C. This is a summary only. Clients should not rely solely on the descriptions provided below. The principal investment strategy for each NB Private Fund is more particularly described in the NB Private Fund's Offering Documents and the principal investment strategy for each NB Registered Fund, Non-U.S. Registered Fund and Third-Party Mutual Fund is more particularly described in

the fund's Offering Documents. Prospective investors should carefully read the applicable Offering Document and consult with their own counsel and advisers as to all matters concerning an investment in any fund.

### **Fixed Income Strategies**

NBIA offers advice on a wide range of fixed income securities and other financial instruments including:

- Corporate debt securities
- Preferred securities
- Asset-backed securities, including mortgage-backed securities
- Loan assets, including distressed debt
- Rule 144A securities
- Convertible bonds
- Commercial paper
- Certificates of deposit
- Money market instruments
- Municipal securities
- U.S. government securities
- Securities of non-U.S. issuers (including ADRs, EDRs and GDRs)
- Sovereign, quasi-sovereign and sub-sovereign securities
- Supranational securities
- Warrants
- GDP performance linked securities (also known as GDP warrants)
- Put and call options
- Inflation-linked securities
- ETFs
- Securities traded over-the-counter
- Structured notes, including credit-linked notes ("CLNs")
- Currencies
- Investments in registered and unregistered investment companies
- Contracts for differences
- Listed and over-the-counter derivatives, including swaps (including credit default swaps, interest rate swaps, currency swaps, total return swaps, and commodity swaps); options contracts (including options contracts on securities, futures and commodities futures); forward contracts (including deliverable forward currency contracts and non-deliverable forward currency contracts ("NDFs")); swaptions; futures contracts (including futures contracts on tangibles and intangibles, and options thereon); and other synthetic exposure instruments
- Collateralized loan obligations ("CLOs") and collateralized debt obligations ("CDOs")
- Residential mortgage loans
- Trade claims
- Real estate investment trusts ("REITs")
- Exchange listed and over the counter equity securities of U.S. and Non-U.S. issuers
- Vendor financing
- Sukuk (Islamic bonds)
- Other alternative investments

NBIA fixed income strategies could also hold cash and cash equivalents.

Some of NBIA's investments are denominated in currencies other than the U.S. dollar. Those assets include those that are issued by sovereign entities and corporations. NBIA will, for some Client Accounts, use investments in derivative instruments for hedging and non-hedging purposes. Derivative investments will only be entered into in accordance with a client's investment guidelines and applicable laws.

NBIA provides investment management services based on a variety of fixed income strategies. Each has a specialty investment team devoted to it. Client Accounts are managed within these strategies and, when the client's portfolio can benefit by including additional resources in seeking to meet its investment objectives and the client agrees, across strategies. The investment teams work closely together to manage strategies that overlap different products. NBIA generally manages Client Accounts against published bond and loan market benchmarks as well as custom bond and loan market benchmarks in strategies designed to achieve unique objectives. Within each strategy, NBIA incorporates differing levels of risk management to meet client-specific needs. The strategies include:

- **Investment Grade Strategies:** NBIA manages fixed income strategies that focus primarily on a universe of investment grade issuers. NBIA's investment grade fixed income strategies span a variety of categories, including broad market, opportunistic, long duration, specialty, short duration and cash. Certain strategies include exposure to non-investment grade issues and other investments. The following are some of NBIA's significant investment grade fixed income strategies:

#### Broad Market

- Core Bond
- European Fixed Income
- Core Plus
- Global Fixed Income
- Enhanced Bond Index
- Passive Bond Index

#### Opportunistic

- Opportunistic Fixed Income
- Global Opportunistic Fixed Income
- Opportunistic Credit Fixed Income
- Global Bond Absolute Return

#### Long Duration

- Liability Driven Investing
- Long Credit
- Long Government Credit

#### Short Duration and Cash

- Enhanced Cash
- Short Duration
- Tax-Advantaged Cash Management

#### Specialty

- TIPS
- Investment Grade Credit
- Crossover Credit
- Diversified Currency
- Mortgage Constrained
- Mortgage Unconstrained
- Global Credit Fixed Income
- Index/ETF Options
- Corporate Hybrids
- Financial Hybrids

- **Municipal Strategies:** NBIA manages municipal fixed income strategies that focus primarily on tax-exempt municipal securities, both state specific and general market. The

credit quality and duration of the strategies vary. The following are some of NBIA's significant municipal fixed income strategies:

- Municipal Extended Core
- Municipal Core
- Municipal Short Core
- Municipal Short Duration
- High Yield Municipals
- Municipal Ultra Short Duration
- Municipal Enhanced Cash
- Municipal Cash Management
- Tax-Advantaged Cash Management

- **Non-Investment Grade Credit Strategies:** NBIA manages a variety of strategies that focus primarily on non-investment grade issuers, including high yield, floating rate loan and distressed debt strategies. The high yield strategies include both U.S. and Global strategies as well as strategies with a specific credit quality or duration bias. The floating rate loan strategy is utilized in various Client Accounts, including structured vehicles (*e.g.*, CLOs). NBIA's distressed debt strategies include duration biased, opportunistic stressed, distressed and special situation investments in credit-related products. It is also possible that distressed debt strategies will invest with the intention of taking a control position in a company or as a non-control participant. The following are some of NBIA's significant non-investment grade fixed income strategies:

- High Yield
  - U.S. High Yield
  - Short Duration High Yield
  - European High Yield
  - Quality Bias High Yield
  - Global High Yield
- Distressed Debt (Special Situations)
- Floating Rate Loans
- CLOs

- **Emerging Market Debt Strategies:** NBIA manages fixed income strategies that focus on emerging market debt, including hard currency, local currency, short duration and corporate debt strategies. The denomination of the strategies vary and some strategies are permitted to invest in derivative instruments. NBIA also manages emerging market debt strategies that combine the portfolio management team's highest conviction investment ideas amongst the four individual emerging market debt strategies (hard currency, local currency, short duration and corporate debt) and such strategies often include a tactical asset overlay. NBIA's emerging market debt strategies include strategies that focus on regional sub-sets (*e.g.*, Asian currency, China bonds, etc.). The following are some of NBIA's significant emerging market debt strategies:

- Hard Currency
- Corporates
- Local Currency
- Blend
- Sustainable Blend Investment Grade
- Short Duration
- Asia Hard Currency
- China Bond Total Return
- China Bond Core

- **Residential Mortgage Loan Strategy:** Through structured vehicles and separately managed accounts, NBIA provides exposure to the residential loan market. This strategy primarily focuses on products related to mortgage lending, residential, commercial, multi-family residential rental, mixed residential/commercial and investment mortgage loans, open and closed end home equity lines of credit and loans secured by real property or land (“**Mortgage Loans**”), real property, mortgage-backed and other asset-backed securities, mortgage loan servicing rights, excess servicing spread, servicer advances, equity interests in related operating companies, and various types of interests therein or synthetic exposure thereto or other mortgage or real estate investments. Inherent in the purchase of Mortgage Loans are real estate that must be held for resale or leased for a period of time. This strategy involves the retention and supervision of mortgage loan servicers who work with borrowers on an individual level to achieve favorable loan outcomes and often entail leverage.

### **Equity Strategies**

NBIA’s equity strategies are managed by teams comprised of experienced portfolio managers and investment analysts that are supported by the firm’s Global Equity Research Department.

NBIA offers advice on a wide range of equity securities including:

- |   |   |
|---|---|
| • common stocks                               | • ETFs  |
| • preferred stocks                            | • participation/participatory notes (P-notes) |
| • securities convertible into stocks          | • options                                     |
| • REITs                                       | • Private Investments                         |
| • mutual funds and other investment companies | • depositary receipts                         |

NBIA equity strategies could also hold cash and cash equivalents.

Some of NBIA’s investments are denominated in currencies other than the U.S. dollar. NBIA will, for some Client Accounts, use investments in derivative instruments for hedging and non-hedging purposes. Derivative investments will only be entered into in accordance with a client’s investment guidelines and applicable laws.

NBIA manages a wide variety of traditional and non-traditional equity strategies:

- **Traditional Equity Strategies:** NBIA manages traditional equity investment approaches that are defined by or based upon a variety of factors including investment styles, market capitalization, geography or some combination thereof. Equity investment styles include: (i) growth - a style that focuses on growth companies; (ii) value - a style that focuses on undervalued companies; (iii) core/blend - a style that is a combination of growth and value; as well as (iv) neutral style, which does not have a specific style approach. Market capitalization factors include a focus on issuers with large market capitalization (“large-cap”), mid-size market capitalization (“mid-cap”) or small market capitalization (“small-cap”), a combination thereof or all market capitalization range focus, or a market

capitalization neutral approach. Geographic focus include a global or multi-national approach, a specific geographic region or country focus, or approaches that are geographically neutral. Some traditional equity strategies are diversified in terms of the number of holdings while others are more concentrated and include a smaller number of holdings. The following are some of NBIA's significant traditional equity strategies:

- Large Cap Disciplined Growth
- Mid Cap Growth
- Small Cap Growth
- Core Equity
- Flexible All Cap Equity
- Multi-Cap Opportunities
- All Cap Intrinsic Value
- Large Cap Value
- Large Cap Core
- Mid Cap Intrinsic Value
- China A Shares
- India Equity
- All Cap Core
- Small Cap Value
- Small Cap Intrinsic Value
- Small / Mid Cap Intrinsic Value
- Global Equity
- Emerging Markets Equity
- Emerging Markets Equity Select
- International Equity
- International Select
- International Small Cap
- Greater China Equity

- **Non-Traditional Equity Strategies:** NBIA manages non-traditional equity investment strategies that are specialized or not defined by or focused on a specific investment style, market capitalization, geography or some combination thereof. That includes equity strategies that are defined or focused on (i) specific market sectors, such as energy, master limited partnerships, infrastructure, or real estate investment trusts, (ii) specific objectives, such as equity income, or (iii) unique approaches such as strategies that are based upon quantitative investment tools, strategies that incorporate socially responsible investing principles or strategies that are based primary on the ratings of the firm's Global Equity Research Department. Some non-traditional equity strategies are diversified in terms of the number of holdings while others are more concentrated and include a smaller number of holdings. The following are some of NBIA's significant non-traditional equity strategies:

- MLPs
- Energy
- Infrastructure
- Real Estate Securities
- Global Real Estate Securities
- Equity Income
- Autonomous Vehicles
- Sustainable Equity
- Systematic Large Cap Value
- Systematic Global Equity
- Systematic Emerging Markets Equity
- Risk Balanced Global Equity
- Research Opportunity
- Dividend Growth

### **Alternative Strategies**

NBIA also offers alternative strategies that are managed by teams that specialize in alternative investing. Those strategies invest in a wide variety of equity, fixed income, and other instruments and many incorporate NBIA's elements of equity and fixed income strategies or leverage the research from these strategies. These strategies involve long-only investing or a combination of

long and short investment, which often involves the use of derivatives and leverage. The following are some of NBIA's significant alternative strategies:

- Absolute Return Multi-Manager
- Uncorrelated Multi-Manager
- Alpha Capture
- Diversified Arbitrage
- Distressed Credit
- Principal Strategies
- Specialty Finance
- Special Purpose Acquisition Companies ("SPACs")
- Customized portfolios across the above-mentioned strategies
- Equity Long/Short
- Credit Long/Short
- All-Cap Alpha
- Commodities
- Options
- Hedged Option Premium
- Global Equity Long/Short
- Greater China Long/Short
- Private Equity

### **Multi-Asset Class Mandates**

NBIA also manages Multi-Asset Class Mandates that combine certain of the fixed income, equity and alternative strategies described above and also utilizes certain strategies of NBIA-affiliated investment advisers. The Multi-Asset Class Mandates include investment processes that incorporate various blends of fundamental and quantitative investment strategies, including strategic and tactical asset allocation models. The following are some of NBIA's significant Multi-Asset Class Mandates:

- Multi-Asset Class
- Global Tactical Asset Allocation
- Risk Parity
- Multi-Asset Income
- Multi-Asset Growth

### **The PWM Advisory Program and the NB Investment Platform**

The investment strategies that are available through the PWM Advisory Program and the NB Investment Platform are limited to, and will include, (i) proprietary strategies (*i.e.*, generally all of the Private Wealth Management Account strategies, NB Mutual Funds, Affiliated CITs, and, where applicable, NB Private Funds) and (ii) non-proprietary strategies (*i.e.*, Third-Party Separate Account strategies, Third-Party Mutual Funds, ETFs, unaffiliated CITs and, where applicable, unaffiliated Private Funds) approved by the Third-Party SMA Provider, and further narrowed by the Neuberger Berman Investment Strategy Group ("ISG"). ISG screens the list of strategies that are on Third-Party SMA Provider's approved lists to determine which subset of strategies are appropriate to include. In addition, on a limited basis from time to time, ISG will, specifically for one or more accounts, approve a complementary non-proprietary strategy not approved by Third-Party SMA Provider (including a Private Fund), but vetted through ISG's diligence process. In both cases, ISG adheres to a framework developed by ISG that defines how third-party strategies are complementary to those offered directly by NBIA and its affiliates. Complementary strategies are generally defined as strategies where there are meaningful differences in style,



investment approach, or underlying securities/exposures (e.g., ADRs, currencies, region, etc.) from those strategies offered directly by NBIA and its affiliates. Other sources of differentiation include passive strategies or those with a fully-integrated or focused ESG process. Because ISG limits the non-proprietary strategies that are available through the PWM Advisory Program and the NB Investment Platform to those that are complementary to proprietary strategies, certain non-proprietary strategies will be excluded from the programs because of their similarities to a proprietary strategy, including non-proprietary strategies that have better performance records or lower fees than the corresponding proprietary strategy. The available strategies and the use of proprietary strategies and non-proprietary strategies through the PWM Advisory Program and the NB Investment Platform could vary from one another and from the other investment platforms of NBIA or its affiliates. Where a PWM Program Client or Platform Client maintains a relationship with a third-party intermediary, this could limit the strategies in which their Client Accounts can be invested, including limiting the strategies to only those managed by NBIA or excluding Non-Proprietary Separate Accounts.

## C. Material Risks

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

The following is a summary of the principal risks associated with the investment strategies employed by NBIA, as discussed in Item 8.B. This is a summary only and not every strategy will invest in each type of security or other asset discussed below nor will all accounts be subject to all the risks below. Each client should review the investment strategy associated with its particular account and should contact its client representative for more information about the strategies and risks present in the account. NB Private Fund investors should review the applicable Offering Documents for further information relating to the strategies and risks associated with the particular fund. Investors in NB Registered Funds, Non-U.S. Registered Funds and Third-Party Mutual Funds should also look to the applicable fund's Offering Documents and other fund offering documentation for further information on the risks associated with the particular fund. Program Clients and Dual Contract Clients should also review the Program Sponsors' regulatory filings, including their firm and wrap fee brochures.

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

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

**Risk of Loss.** Clients should understand that all investment strategies and the investments made pursuant to such strategies involve risk of loss, including the potential loss of the entire investment in the Client Accounts, which clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for Client Accounts will be subject to various market, liquidity, currency, economic, political and other risks, and will not

necessarily be profitable and it is possible that they will lose value. Past performance of Client Accounts is not indicative of future performance.

The risks listed below are listed in alphabetical order and not in order of importance. In addition to the risks listed here, there are additional material risks associated with the types of products in which a Client Account invests. Clients should refer to the prospectus or other applicable offering documents of those particular products for a discussion of applicable risk factors for those particular investments.

- **Absence of Regulatory Oversight for Private Funds.** The NB Private Funds and certain of the Portfolio Funds are not registered as investment companies under the Investment Company Act. To the extent they are not registered, investors in such funds will not have the benefit of the protection afforded by the Investment Company Act to investors in registered investment companies (which, among other protections, require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company).
- **Asset Allocation Risk.** The asset classes in which a Client Account seeks investment exposure can perform differently from each other at any given time (as well as over the long term), so a Client Account will be affected by its allocation among equity securities, debt securities and cash equivalent securities. If a Client Account favors exposure to an asset class during a period when that asset class underperforms other asset classes, performance will likely suffer.
- **Bankruptcy of a Custodian or Broker.** Assets of a Client Account held by a Qualified Custodian can be held in the name of the custodian or broker in a securities depository, clearing agency or omnibus customer account of such custodian or broker. To the extent that assets are held in the United States by a custodian in a segregated account or by a broker in a customer account, such assets could be entitled to certain protections from the claims of creditors of the custodian or broker. However, a Client Account with assets held in a segregated account by a custodian could experience delays and expense in receiving a distribution of such assets in the case of a bankruptcy, receivership or other insolvency proceeding of such custodian. Assets held by brokers in a customer account are entitled to certain protections from the claims of creditors of the broker but many do not have the same level of protection applicable to segregated accounts held by a non-broker custodian and thus it is possible that they would not be sufficient to satisfy the full amount of customer claims. Assets held by non-U.S. brokers or custodians are often not subject to the same regulations regarding the segregation of customer assets from the assets of the broker or custodian, or from assets held on behalf of other customers of the broker or custodian, and accordingly it is possible that assets held by a non-U.S. broker or custodian will not be protected from the claims of creditors of the broker or custodian to the same extent as assets held by a U.S. broker or custodian.

- **Capital Contributions.** An investor's full commitment in an NB PE Closed-End Fund or an NB Private Fund that utilizes investor capital calls will not be immediately invested. It is possible that it will take a significant amount of time to fully draw down the commitments. The performance of an NB PE Closed-End Fund or an NB Private Fund (that utilizes investor capital calls) will generally be calculated taking into account only the commitments that have been drawn-down; thus an investor's performance that takes into account the investor's total commitment (including any undrawn amount) could be lower than the performance of the NB PE Closed-End Fund or NB Private Fund.
- **Commodity Risk.** A Client Account with investments in physical commodity-linked derivative instruments is generally subject to greater volatility than an account with investments in traditional securities. The value of physical commodity-linked derivative instruments are often affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. To the extent that a Client Account is concentrated in assets in a particular sector of the commodities market (such as oil, metal or agricultural products), it will likely be more susceptible to risks associated with those sectors.
- **Complex Tax Structures of Private Funds.** Private Funds and Portfolio Funds involve complex tax structures and there are often delays in distributing important tax information to its investors.
- **Concentration Risk.** A strategy that concentrates its investments in a particular sector of the market (such as the utilities or financial services sectors) or a specific geographic area (such as a country or state) could be affected by events that adversely affect that sector or area, and the value of a Client Account using such a strategy would likely fluctuate more than that of a less concentrated Client Account.
- **Control Situations.** From time to time with respect to distressed debt investments, subject to applicable investment guidelines, NBIA on behalf of a Client Account will take control positions in an issuer in an effort to maximize value. Not only can control investments take an inordinately long period to exit, but they also can be highly resource-intensive and contentious. NBIA and the Client Account are particularly vulnerable to being named as defendants in litigation relating to their actions while in control of an issuer and, from time to time, could come into possession of material non-public information concerning specific issuers. If the issuer is a public company, until such material non-public information is made public, it is possible that NBIA will be prohibited from trading the issuer's security for Client Accounts under applicable securities laws. Internal structures are in place to prevent misuse of such information. See Item 11.D.1.
- **Counterparty Risk.** To the extent that a Client Account enters into transactions on a principal-to-principal basis, the Client Account is subject to a range of counterparty risks, including the credit risk of its counterparty (*i.e.*, counterparty default), the risk of the

counterparty delaying the return of or losing collateral relating to the transaction, or the bankruptcy of the counterparty.

- **Currency Risk.** Currency fluctuations could negatively impact investment gains or add to investment losses. The value of Client Accounts invested in currencies will rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. The investments could be hedged utilizing foreign currency forwards, foreign currency swaps, foreign currency futures, options on foreign currency and other currency related instruments. However, currency hedging transactions, while potentially reducing the currency risks to which a Client Account would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty. Where a Client Account engages in foreign exchange transactions that alter the currency exposure characteristics of its investments, the performance of such Client Account will likely be strongly influenced by movements in exchange rates as it is possible that currency positions held by the Client Account will not correspond with the securities positions held. Where a Client Account enters into “cross hedging” transactions (*e.g.*, utilizing currency different than the currency in which the security being hedged is denominated), the Client Account will be exposed to the risk that changes in the value of the currency used to hedge do not correlate with changes in the value of the currency in which the securities are denominated, which could result in losses in both the hedging transaction and the Client Account securities.
- **Dependence on NBIA.** The performance of a Client Account depends on the skill of NBIA and its portfolio manager(s) in making appropriate investment decisions. Any Client Account’s success depends upon NBIA’s ability to develop and implement investment strategies and to apply investment techniques and risk analyses that achieve the client’s investment objectives (and with respect to the PWM Advisory Program and the NB Investment Platform, NBIA’s ability to allocate, or recommend the allocation of, client’s assets among various strategies). Subjective decisions made by NBIA could cause the account to incur losses or to miss profit opportunities on which it would otherwise have capitalized. The use of a single adviser applying generally similar trading programs could mean a lack of diversification and consequently, higher risk. Similarly, with respect to the PWM Advisory Program and the NB Investment Platform, the use of proprietary strategies or certain proprietary strategies as the primary investment option could mean a lack of diversification and consequently, higher risk.
- **Derivatives Risk.** Derivatives are financial contracts whose value depend on, or are derived from, the value of an underlying asset, reference or index. In implementing certain of its investment strategies, NBIA could use derivatives, such as futures, options on futures, forward contracts and swaps, as part of a strategy designed to reduce exposure to other risks or to take a position in an underlying asset. Derivatives involve risks different from, or greater than, those associated with more traditional investments. Derivatives can be highly complex, can create investment leverage and are often highly volatile, which could result in the strategy losing more than the amount it invests. Derivatives are also often difficult to value and highly illiquid, and it is possible that NBIA will not be able to close out or sell a derivative position at a particular time or at an anticipated price. NBIA is not

required to engage in derivative transactions, even when doing so would be beneficial to the Client Account.

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

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

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

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

Counterparty risk are often greater for derivatives with longer maturities where events could intervene that prevent required payments from being made. Counterparty risk also

are also often greater when a Client Account has concentrated its derivatives with a single or small group of counterparties. To the extent a Client Account has significant exposure to a single counterparty, this risk could be particularly pronounced for the Client Account. The Client Account, therefore, assumes the risk that it will be unable to obtain payments that NBIA believes are owed under an OTC derivatives contract or that those payments will be delayed or made only after the Client Account has incurred the costs of litigation. In addition, counterparty risk is pronounced during unusually adverse market conditions and is particularly acute in environments in which financial services firms are exposed to systemic risks. It is possible that a Client Account will obtain only a limited recovery or obtain no recovery upon a counterparty default.

*Bankruptcy of a Clearing Organization or Clearing Member.* A party to a cleared derivatives transaction is subject to the credit risk of the clearing organization that becomes the counterparty to the transaction and that of the clearing member through which it holds its cleared position, rather than the credit risk of its original counterparty to the derivatives transaction. Credit risk of market participants with respect to derivatives that are centrally cleared is concentrated in a few clearing organizations. It is not clear how an insolvency proceeding of a clearing organization would be conducted or what impact an insolvency of a clearing organization would have on the financial system.

A clearing member is obligated by contract and by applicable regulation to segregate all funds received from customers with respect to cleared derivatives positions from the clearing member's proprietary assets. However, all funds and other property received by a clearing member from its customers with respect to cleared derivatives are generally held by the clearing member on a commingled basis in an omnibus account, and the clearing member can invest those funds in instruments permitted under the applicable regulations. Therefore, a Client Account might not be fully protected in the event of the bankruptcy of a Client Account's clearing member because the Client Account would be limited to recovering only a pro rata share of the funds held in the omnibus account for the relevant account class.

*Risk of Failure of a Clearing Broker to Comply with Margin Requirements.* The clearing member is required to transfer to the clearing organization the amount of margin required by the clearing organization for the cleared derivatives. Such amounts are generally held in an omnibus account at the clearing organization for all customers of the clearing member. Regulations promulgated by the CFTC require that the clearing member notify the clearing organization of the portion of the aggregate initial margin provided by the clearing member to the clearing organization that is attributable to each customer. However, if the clearing member does not accurately report a Client Account's initial margin, the Client Account would be subject to the risk that the clearing organization will use Client Account's assets held in an omnibus account at the clearing organization to satisfy payment obligations of a defaulting customer of the clearing member to the clearing organization. In addition, clearing members generally provide the clearing organization the net amount of variation margin required for cleared swaps for all of its customers in the aggregate, rather than individually for each customer. The Client Accounts are therefore subject to the risk that a clearing organization will not make variation margin payments owed to them if another

customer of the clearing member has suffered a loss or is in default, and the risk that Client Accounts will be required to provide additional variation margin to the clearing organization before the clearing organization will move the Client Account's cleared derivatives positions to another clearing member. In addition, if a clearing member does not comply with the applicable regulations or its agreement with the Client Accounts, or in the event of fraud or misappropriation of customer assets by a clearing member, Client Accounts could have only an unsecured creditor claim in an insolvency of the clearing member with respect to the margin held by the clearing member. Client Accounts also would have only an unsecured claim for the return of any margin held by the clearing member that is in excess of the amounts owed to the Client Accounts on their derivative contracts cleared through that clearing member.

*Daily Trading Limits Imposed by the Exchanges and Position Limits.* The CFTC and U.S. commodities exchanges limit the amount of fluctuation permitted in futures contract prices during a single trading day by regulations referred to as "daily price fluctuation limits" or "daily trading limits." Once the daily trading limit has been reached in a particular futures contract, no trades will be made that day at a price beyond that limit or trading could be suspended for specified periods during the trading day. Futures contract prices could move to the limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and potentially disguising substantial losses the client could ultimately incur.

A Client Account's investment performance depends upon how its assets are allocated and reallocated, and a client could lose money on its investment as a result of these allocation decisions and related constraints. The CFTC and the exchanges on which commodity interests (futures, options on futures and swaps) are traded impose limitations governing the maximum number of positions on the same side of the market and involving the same underlying instrument that are held by a single investor or group of related investors, whether acting alone or in concert with others (regardless of whether such contracts are held on the same or different exchanges or held or written in one or more accounts or through one or more brokers). NBIA currently trades for multiple accounts and funds, and therefore the commodity interest positions of all such accounts and funds will generally be required to be aggregated for purposes of determining compliance with position limits, position reporting and position "accountability" rules imposed by the CFTC or the various exchanges. Swaps positions in physical commodity swaps that are "economically equivalent" to futures and options on futures held by a Client Account and these other funds and accounts could also be included in determining compliance with federal position rules, and the exchanges could impose their own rules covering these and other types of swaps. These trading and position limits, and any aggregation requirement, could materially limit the commodity interest positions NBIA takes for a Client Account and could cause NBIA to close out a Client Account's positions earlier than it might otherwise choose to do so.

*Additional Risk Factors in Cleared Derivatives Transactions.* Transactions in some types of swaps (including certain interest rate swaps and credit default swaps on North American and European indices) are required to be centrally cleared. In a transaction involving those swaps, a Client Account's counterparty is a clearing organization, rather than a bank or

broker. Since the Client Accounts are not members of clearing organizations and only members of a clearing organization can participate directly in the clearing organization, the Client Accounts will hold cleared derivatives through accounts at clearing members. In cleared derivatives positions, the Client Accounts will make payments (including margin payments) to and receive payments from a clearing organization through their accounts at clearing members. Clearing members guarantee performance of their clients' obligations to the clearing organization.

In many ways, cleared derivative arrangements are less favorable to Client Accounts than bilateral arrangements. For example, the Client Accounts could be required to provide more margin for cleared derivatives positions than for bilateral derivatives positions. On the other hand, given the longer time horizon to be covered, lesser opportunities for netting, and likely less standardization of the instruments involved, margin on bilateral positions are often greater. Also, in contrast to a bilateral derivatives position, following a period of notice to a Client Account, a clearing member generally can require termination of an existing cleared derivatives position at any time or an increase in margin requirements above the margin that the clearing member required at the beginning of a transaction. Clearing organizations also have broad rights to increase margin requirements for existing positions or to terminate those positions at any time. Any increase in margin requirements or termination of existing cleared derivatives positions by the clearing member or the clearing organization could interfere with the ability of a Client Account to pursue its investment strategy. Further, any increase in margin requirements by a clearing member could expose a Client Account to greater credit risk to its clearing member because margin for cleared derivatives positions in excess of a clearing organization's margin requirements typically is held by the clearing member.

A Client Account is subject to risk if it enters into a derivatives transaction that is required to be cleared (or that NBIA expects to be cleared), and no clearing member is willing or able to submit the transaction for clearing on the Client Account's behalf. While the documentation in place between the Client Accounts and their clearing members generally provides that the clearing members will submit for clearing all cleared derivatives transactions that are within specified credit limits for each Client Account, the Client Accounts are still subject to the risk that no clearing member will be willing or able to submit a transaction for clearing. In those cases, the position would be terminated, and the Client Account could lose some or all of the benefit of the position, including loss of an increase in the value of the position or loss of hedging protection.

The documentation governing the relationship between the Client Accounts and clearing members is drafted by the clearing members and generally is less favorable to the Client Accounts than typical bilateral derivatives documentation. For example, documentation relating to cleared derivatives generally includes a one-way indemnity by the Client Accounts in favor of the clearing member for losses the clearing member incurs as the Client Accounts' clearing member and typically does not provide the Client Accounts any remedies if the clearing member defaults or becomes insolvent. While futures contracts entail similar risks, the risks likely are more pronounced for cleared swaps due to their more limited liquidity and market history.



- **Diversification Risk.** It is possible that Client Accounts will not be diversified across a wide range of asset classes or issuers, which could increase the risk of loss and volatility than would be the case if the Client Account were diversified across asset classes or issuers because the value of holdings would be more susceptible to adverse events affecting that asset classes or issuers.
- **Energy Risk.** Investments in energy are inherently subject to numerous risks arising from their operations, which could have an adverse effect on Client Accounts. The risks include: (i) the risk that technology employed in an energy project will not be effective or efficient; (ii) risks of equipment failures, fuel interruptions, loss of sale and supply contracts or fuel contracts, decreases or escalations in power contract or fuel contract prices, reduced availability of natural gas or other commodities for transporting, processing or delivering, slowdowns in new construction, bankruptcy of key customers or suppliers, tort liability in excess of insurance coverage, inability to obtain desirable amounts of insurance at economic rates, and natural disasters, extreme weather, labor difficulties, threats or acts of terrorism, wars, embargoes, actions by oil cartels impacting supply and other catastrophic events; (iii) risks that regulations affecting the energy industry will change in a manner detrimental to the industry; (iv) environmental liability risks related to energy properties and projects; (v) uncertainty about the extent, quality and availability of oil, gas and coal reserves; (vi) the risk of changes in values of companies in the energy sector whose operations are affected by changes in prices and supplies of energy fuels (prices and supplies of energy fuels can fluctuate significantly over a short period of time due to changes in international politics, energy conservation, the success of explorations projects, the tax and other regulatory policies of various governments and the economic growth of countries that are large consumers of energy, as well as other factors).
- **ESG and Impact Investing Risk.** NBIA frequently considers ESG and impact factors when managing Client Accounts. In addition, NBIA 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 clients 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 stocks that subsequently perform well or purchasing stocks that subsequently underperform. NBIA frequently takes ESG and impact factors into account when voting proxies, which is not always consistent with maximizing performance of the issuer or the Client Account.
- **ETF Risks.** Investing in an ETF exposes a Client Account to all of the risks of that ETF's investments and subjects it to a *pro rata* portion of the ETF's fees and expenses. As a result, the cost of investing in ETF shares generally exceeds the costs of investing directly in its underlying investments. ETF shares trade on an exchange at a market price that varies from the ETF's NAV. ETFs are often purchased at prices that exceed the NAV of their underlying investments and are often sold at prices below such NAV. Because the market price of ETF shares depends on the demand in the market for them, the market price of an

ETF can be more volatile than the underlying portfolio of securities the ETF is designed to track, and it is possible that a Client Account will not be able to liquidate ETF holdings at the time and price desired, which could impact its performance.

- **Failure to Make Capital Contributions.** With respect to Portfolio Funds, NB Private Funds and NB PE Closed-End Funds that utilize investor capital calls, the consequences of defaulting on a capital call notice generally are material and adverse to the defaulting investor. In addition, if an investor fails to make a capital contribution when due and the capital contributions made by non-defaulting investors and short-term borrowings by the Portfolio Fund, NB Private Fund or NB PE Closed-End Fund are inadequate to cover the defaulted capital contribution, it is possible that the Portfolio Fund, NB Private Fund or NB PE Closed-End Fund itself would be unable to pay its obligations when due. As a result, Portfolio Funds, NB Private Funds and NB PE Closed-End Funds would be subjected to significant penalties that could materially adversely affect the returns to the non-defaulting investors.
- **Forward Contracts.** If Client Account's investment guidelines permit, NBIA could enter into forward contracts and options thereon which are not traded on exchanges and are generally not regulated on behalf of such account. There are no limitations on daily price moves of forward contracts. Banks and other dealers with which a Client Account often maintain accounts normally require the Client Account to deposit margin with respect to such trading. The counterparties are not required to continue to make markets in such contracts and these contracts can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts can be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which NBIA would otherwise recommend, to the possible detriment of a Client Account. Market illiquidity or disruption could result in major losses to a Client Account. In addition, a Client Account could be exposed to credit risks with regard to counterparties with which it trades as well as risks relating to settlement default. Such risks could result in substantial losses to a Client Account.
- **Fraudulent Conveyance Considerations.** Various laws enacted for the protection of creditors apply to certain investments that are debt obligations, although the existence and applicability of such laws will vary from jurisdiction to jurisdiction. For example, if a court were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest or other lien securing such investment, and, after giving effect to such indebtedness, the borrower (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate such indebtedness and such security interest or other

lien as a fraudulent conveyance, subordinate such indebtedness to existing or future creditors of the borrower or recover amounts previously paid by the borrower (including to a Client Account) in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, if an issuer in which a Client Account has an investment becomes insolvent, any payment made on such investment could be subject to avoidance as a “preference” if made within a certain period of time (up to one year) before insolvency.

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

- **Futures.** For certain Client Accounts, NBIA will engage in regulated futures transactions for active management or risk management or hedging purposes. Trading in futures and options on futures involves significant risks, including the following: (i) futures contracts and options on futures are volatile in price; (ii) futures trading is highly leveraged; (iii) futures trading can be illiquid; (iv) the clearing broker, or “futures commission merchant” could misuse or lose collateral (“margin”) associated with the futures contracts; and (v) the clearing broker could default, file for bankruptcy or become insolvent. As discussed above, such a default could lead to a loss within the Client Account of margin deposits made by the Client Account in the event of bankruptcy of a clearing broker with whom a Client Account has an open position in a futures contract or related option. It is possible for Client Accounts to sustain a total loss of the futures contracts including the initial margin and any maintenance margin that it deposits with a broker to establish or maintain a position in the commodity futures market. If the market moves against a position in a Client Account, such Client Account could be required to deposit a substantial amount of additional margin, on short notice, in order to maintain its position. If the Client Account does not provide the required margin within the prescribed time, its position could be liquidated at a loss, and the Client will be liable for any resulting deficit in its account. The high degree of leverage that is often obtainable in futures trading because of the small margin requirements can work against a Client Account, as well as for it. The use of leverage can lead to large losses. Non-U.S. futures markets often have greater risk than U.S. futures markets. Unlike trading on U.S. commodity exchanges, trading on non-U.S. commodity exchanges is not regulated by the CFTC and can be subject to greater risks than trading on U.S. exchanges. Futures markets are also often illiquid which could prevent NBIA from promptly liquidating unfavorable positions and adversely affect trading and profitability.
- **Geographic Risk.** From time to time, based on market or economic conditions, a Client Account could invest a significant portion of its assets in one country or geographic region. If the Client Account does so, there is a greater risk that economic, political, social and environmental conditions in that particular country or geographic region will have a significant impact on the Client Account’s performance and that the Client Account’s performance will be more volatile than the performance of more geographically diversified accounts. The economies and financial markets of certain regions can be highly

interdependent and could decline all at the same time. In addition, certain areas are prone to natural disasters such as earthquakes, volcanoes, droughts or tsunamis and are economically sensitive to environmental events. Alternatively, the lack of exposure to one or more countries or geographic regions could adversely affect performance.

- **Global Epidemics.** An epidemic outbreak and governments' reactions to such an outbreak could cause uncertainty in the markets and can adversely affect the performance of the global economy. Outbreaks such as the severe acute respiratory syndrome, avian influenza, H1N1/09, and, most recently, the coronavirus (Covid-19), or other similarly infectious diseases can have material adverse impacts on Client Accounts. NBIA cannot predict the likelihood of disease outbreaks occurring in the future nor how such outbreaks will affect Client Accounts.
- **Global Trade.** The U.S. is renegotiating many of its global trade relationships and has imposed or threatened to impose significant import tariffs. These actions could lead to price volatility and overall declines in U.S. and global investment markets.
- **Hedging.** Hedging techniques involve one or more of the following risks: (i) imperfect correlation between the performance and value of the hedging instrument and the Client Account's position being hedged; (ii) possible lack of a secondary market for closing out a position in such instruments; (iii) losses resulting from interest rate, spread or other market movements not anticipated by NBIA; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen the Client Account's position; and (v) default or refusal to perform on the part of the counterparty with which the Client Account trades. Furthermore, to the extent that any hedging strategy involves the use of derivative instruments, such a strategy will be subject to the risks applicable to such instruments, as described herein.
- **High Frequency Trading.** Strategies involving frequent trading of securities can adversely affect investment performance, particularly through increased brokerage and other transaction expenses, including unfavorable tax consequences. NBIA will not generally seek to limit portfolio turnover when making investment decisions. Portfolio turnover can vary from year to year, as well as within a year. Portfolio turnover and brokerage and other transactions expenses could exceed those of investments of comparable size. Brokerage commissions, fees, taxes, and other transaction costs could be substantial, regardless of performance.
- **Independent Portfolio Managers.** Certain of the NB Private Funds and NB Registered Funds invest with Portfolio Managers that invest wholly independent of one another. Similarly, Separate Account clients (including PWM Program Clients and Platform Clients) could invest with Portfolio Managers that invest wholly independent of one another. The Portfolio Managers could at times hold economically offsetting positions. In addition, in certain cases, it is possible that a Portfolio Manager could receive an incentive allocation for his/her portfolio during a certain period even though the Portfolio Manager's overall portfolio depreciated during that same period.

- **Inflation-Linked Security Risk.** Inflation-linked debt securities are subject to the effects of changes in market interest rates caused by factors other than inflation (real interest rates). In general, the price of an inflation-linked security tends to decrease when real interest rates increase and can increase when real interest rates decrease. Interest payments on inflation-linked securities vary widely and will fluctuate as the principal and interest are adjusted for inflation. Any increase in the principal amount of an inflation-linked debt security will be taxable ordinary income, even though the portfolio will not receive the principal until maturity. There can be no assurance that the inflation index used will accurately measure the real rate of inflation in the prices of goods and services. A portfolio's investments in inflation-linked securities would likely lose value in the event that the actual rate of inflation is different than the rate of the inflation index.
- **Investment Analyses.** NBIA provides non-discretionary investment advisory services in the form of non-binding investment advice or analyses. There can be no assurance that its advice or analyses will result in profitable investing or avoidance of loss. The advice is highly reliant on the accuracy of the information provided by the client and by third parties. Any inaccurate information could compromise the quality of the advice provided. Further, the advice and analyses provided are often time sensitive, especially during times of significant market volatility. With respect to the provision of such non-discretionary services, clients have sole discretion and final responsibility for deciding whether to buy, sell, hold or otherwise transact in any security (or, with respect to the Non-Discretionary PWM Program and the NB Investment Platform, for deciding which strategies available through the Non-Discretionary PWM Program and the NB Investment Platform in which to invest and the allocation to each strategy). The client could be unable to execute the related transaction (or strategy), or there could be a delay in the amount of time the client takes to execute the related transaction (or strategy) that renders the advice provided moot, potentially reducing any profit or causing a material loss. Analyses (including with respect to the proposal of strategies in Non-Discretionary PWM Program or the NB Investment Platform) are often based on assumptions that are based upon a limited number of variables that include those extracted from complex financial markets or instruments they intend to replicate. Any one or all of these assumptions could over time prove to be inaccurate, which could result in major losses.
- **Investment Company Risk.** To the extent a Client Account invests in ETFs, mutual funds or other investment companies, its performance will be affected by the performance of those investment companies. Investments in ETFs, mutual funds and other investment companies are subject to the risks of the investment companies' investments, and, generally, to the investment companies' expenses. If a Client Account invests in investment companies, the Client Account could receive distributions of taxable gains from portfolio transactions by that investment company and could recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.
- **Investments in Ultra-Liquid Assets.** A Client Account will at times keep a portion of its assets in cash, cash equivalents or other ultra-liquid assets, including currencies, bank deposits, certificates of deposit, bankers acceptances, one or more short duration funds

(including money market instruments or investments in shares or units of money market funds) or government securities (both short-term and long-term). In some cases, such investments will be financed by entering into repurchase agreements or reverse repurchase agreements with the Client Account's brokers or by other means. Investors in Client Accounts should be aware that such investments usually produce a lower return than most other investments and therefore would impact the overall performance of a Client Account. Clients and investors in Client Accounts should not assume that their investment is less risky due to the levels of cash, cash equivalents, and other ultra-liquid assets held by the Client Account.

- **Investment Strategy and Portfolio Management Risk.** There can be no assurance that an investment strategy will produce an intended result, or would not result in losses to an investor, including, potentially, a complete loss of principal. The performance of a strategy depends on the skill of NBIA and its portfolio manager(s) in making appropriate investment decisions. Subjective decisions made by NBIA or a portfolio manager could cause a Client Account to incur losses or to miss profit opportunities on which it would otherwise have capitalized.
- **Lack of Operating History for Private Funds.** The NB Private Funds, NB PE Closed-End Funds and the Portfolio Funds in which the NB Private Funds NB PE Closed-End Funds invest, could be newly formed and have no operating histories. As such, there is no guarantee that the funds will achieve their investment objectives.
- **Leverage Risk.** Certain Client Accounts, in accordance with their investment guidelines, seek to enhance returns through the use of leverage, which can be described as exposure to changes in price at a ratio greater than 1:1 in reference to the amount invested. Additionally, leverage can involve borrowing by a Client Account to buy securities on margin or make other investments. Leverage magnifies both the favorable and unfavorable effects of price movements in the investments made by a Client Account, which could subject it to substantial risk of loss. In the event of a sudden, precipitous drop in value of a Client Account's assets occasioned by a sudden market decline, it might not be able to liquidate assets quickly enough to meet its margin or borrowing obligations. Also, because acquiring and maintaining positions on margin allows a Client Account to control positions worth significantly more than its investment in those positions, the amount that it stands to lose in the event of adverse price movements is higher in relation to the amount of its investment. In addition, since margin interest will be one of the Client Account's expenses and margin interest rates tend to fluctuate with interest rates generally, it is at risk that interest rates generally, and hence margin interest rates, will increase, thereby increasing its expenses. It is also important to note that, similar to the utilization of margin, strategies that are implemented on an "overlay" basis allow a Client Account to control positions worth significantly more than its investment in those positions and therefore, the amount that it stands to lose in the event of adverse price movements is higher in relation to the amount of its investment.

Similarly, investments could be made in companies whose capital structures have significant leverage. To the extent a company in which a Client Account invests is leveraged,

its leveraged capital structure will increase the exposure of the company to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the company or its industry sector, which could result in the account experiencing a loss in its investment in that company.

- **Limited Reporting for Private Funds.** While Private Funds (including certain Portfolio Funds) generally provide periodic performance reports and annual audited financial statements, unless otherwise agreed to, they are not otherwise required to provide periodic pricing or valuation information to investors.
- **Liquidity Risk.** Certain Client Accounts are invested in illiquid securities (including Private Equity Securities) and securities that become illiquid. Illiquid securities are securities that are not readily marketable, and, as a result, are generally more difficult to purchase or sell at an advantageous price or time. A Client Account could lose money if it cannot sell a security at the time and price that would be most beneficial to it. Further, the lack of an established secondary market often makes it more difficult to value illiquid securities, which could vary from the amount the Client Account could realize upon disposition. From time to time, the trading market for a particular investment in which a Client Account invests, or a particular instrument in which a Client Account is invested, can become less liquid or even illiquid. During periods of substantial market volatility, an investment or even an entire market segment could become illiquid, sometimes abruptly, which can adversely affect the Client Account's ability to limit losses. Judgment plays a greater role in pricing these investments than it does in pricing investments having more active markets, and there is a greater risk that the investments will not be sold for the price at which they are carried. The sale of some illiquid securities are often be subject to legal restrictions, which could be costly to the Client Account.

Certain Client Accounts hold securities that are illiquid and cannot be transferred or redeemed for a substantial period of time, and there is often little or no near-term cash flow available to investors in the interim. Likewise, it is possible that a Client Account does not receive any distributions representing the return of capital on an illiquid security for an indefinite period of time. Unexpected episodes of illiquidity, including due to market factors, instrument or issuer-specific factors and/or unanticipated outflows, could limit a Client Account's ability to pay redemption proceeds within the allowable time period or could force a Client Account to sell securities at an unfavorable time or under unfavorable conditions in order to meet redemptions. See also "*Redemption Risk*" in this Item 8.C.

For Client Accounts that can invest in liquid and illiquid investments, NBIA and its employees have an incentive to recommend, or invest the Client Account in, illiquid or less liquid investments because to the extent the Client Account is restricted in, or prohibited from, selling the illiquid or less liquid asset, NBIA could continue to receive advisory fees (and NBIA employee could continue to be compensated) so long as the asset is held in the Client Account.

- **Litigation.** Foreclosures and reorganizations are contentious and adversarial. It is by no means unusual for market participants to use the threat of, as well as actual, litigation as a

negotiating technique. It is possible for the Firm or Client Accounts that invest in distressed debt or the residential mortgage loan strategies to be named as defendants in civil proceedings relating to certain of such accounts' investments. The expense of defending against such claims and paying any resulting settlements or judgments will generally be borne by the relevant Client Account. Any indemnification obligations would adversely affect such Client Account's returns. With respect to NB Private Funds, indemnification obligations will generally survive the dissolution of the NB Private Fund, and accordingly, NBIA often retains a material reserve from the winding-up proceeds distributed to investors.

- **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.

- **Market Volatility.** Markets are at times volatile and values of individual securities and other investments can decline significantly, and sometimes rapidly, in response to adverse issuer, political, regulatory, market, economic or other developments that could cause broad changes in market value, public perceptions concerning these developments, and adverse investor sentiment. Geopolitical and other risks, including environmental and public health risks could add to instability in world economies and markets generally. Changes in the financial condition of a single issuer could impact a market as a whole. If a Client Account sells a portfolio position before it reaches its market peak, it would miss out on opportunities for better performance.
- **Master Limited Partnerships (“MLPs”) Risk.** MLPs are limited partnerships that are publicly traded and have the tax benefits of a limited partnership and the liquidity of a publicly traded company. Investments in securities (units) of MLPs involve risks that differ from an investment in common stock. Holders of the units of MLPs have more limited control and limited rights to vote on matters affecting the partnership. For example, unit holders often do not elect the general partner or the directors of the general partner and they have limited ability to remove an MLP’s general partner. MLPs are often permitted to issue additional common units without unit holder approval, which would dilute existing unit holders. In addition, conflicts of interest exist between common unit holders, subordinated unit holders and the general partner of an MLP, including a conflict arising as a result of incentive distribution payments. As an income producing investment, MLPs could be affected by increases in interest rates and inflation. There are also certain tax risks associated with an investment in units of MLPs, including the risk of depreciation recapture upon disposition, the risk of adjustments to income resulting from partnership-level tax audits and the risk of exposure to income taxes in multiple states.
- **MiFID II Risks.** There is a risk that certain Client Accounts will be subject to non-U.S. regulations that are inconsistent with NBIA’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 NBIA is not directly subject to these regulations, NBIA could 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. NBIA 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, Clients 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.
- **Model Valuations Risk.** Certain investments made by NBIA, including those in asset-backed securities and mortgage loans, will be based, in part, on complex models that incorporate a range of different inputs. Inadequate or incorrect factual information,

misstated assumptions, as well as unforeseeable changes in economic factors can cause these models to yield materially inaccurate valuations — even if the model is fundamentally sound. Moreover, there can be no assurance that NBIA’s models are fundamentally sound or contain fully accurate data. The models used by NBIA will typically require certain market forecasts that are based on analytical models and assumptions. There can be no assurance that such models are accurate or that assumptions are not oversimplified, which would adversely affect market forecasts leading to potential losses and cash flow insufficiencies.

- **NB Private Funds and Portfolio Funds - Lack of Liquidity.** There is no public market for interests in the NB Private Funds, NB PE Closed-End Funds and certain Portfolio Funds. Substantial transfer or redemption restrictions typically exist with respect to those interests, and there is often little or no near-term cash flow available to investors in the interim. Client Accounts and investors can only redeem all or any permissible part of their investments in accordance with the governing or other relevant documents of the relevant NB Private Fund, NB PE Closed-End Fund or Portfolio Fund, and, where applicable, generally requires the consent of the relevant GP Entity. Where redemption rights are available, those rights can be suspended under certain circumstances. Moreover, it is possible that NB Private Funds, NB PE Closed-End Funds and those Portfolio Funds will not receive any distributions representing the return of capital for an indefinite period of time.
- **Non-U.S. and Emerging Markets Risk.** Non-U.S. securities involve risks in addition to those associated with comparable U.S. securities and can be more volatile and experience more rapid and extreme changes in price than U.S. securities. Additional risks include exposure to less developed or less efficient trading markets; social, political or economic instability; fluctuations in non-U.S. currencies; nationalization or expropriation of assets; settlement, custodial or other operational risks; less stringent auditing, accounting, financial reporting and legal standards; excessive taxation; and exchange control regulations. Adverse conditions in a particular region could negatively affect securities of countries whose economies appear to be unrelated or not interdependent. Compared to the United States, non-U.S. governments and markets often have less stringent accounting, disclosure and financial reporting requirements. As a result, non-U.S. securities can fluctuate more widely in price, and are often less liquid, than comparable U.S. securities. Securities markets of countries other than the U.S. are generally smaller than U.S. securities markets with a limited number of issuers representing fewer industries. In many countries, there is less publicly available and lower quality information about issuers than is available in the reports and ratings published about issuers in the U.S. The investment in less liquid non-U.S. securities could affect the investments under a strategy that utilizes these types of securities. For example, with respect to Client Accounts that invest in China A-shares through the Shanghai-Hong Kong Stock Connect program (“**Connect Program**”), the Connect Program is subject to quota limitations and an investor cannot purchase and sell the same security on the same trading day, which restricts a Client Account’s ability to invest in China A-shares through the Connect Program and to enter into or exit trades on a timely basis. Further, trades on the Connect Program are subject to certain requirements prior to trading. If those requirements are not completed prior to the market opening, a Client Account cannot sell the shares on that trading day. Moreover, because the Connect

Program is relatively new, the actual effect on the market or trading China A shares with the introduction of large numbers of foreign investors is unknown. There is no assurance that the necessary systems required to operate the Connect Program will function properly and trading through the Connect Program could be disrupted.

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

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

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

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

investments. Volatility or illiquidity could impair a Client Account's profitability or result in losses.

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

- **New Fund Risk.** It is possible that a new fund will not be successful in implementing its investment strategy, or that its investment strategy will not be successful under all future market conditions, either of which could result in the fund being liquidated at some future time without shareholder approval, where applicable, or at a time that is not favorable for certain shareholders. New funds often do not attract sufficient assets to achieve investment, trading or other efficiencies.
- **Operational Risk.** NBIA uses service providers from time to time in connection with its products. A Client Account's ability to transact with NBIA can be negatively impacted due to operational risks arising from, among other problems, systems and technology disruptions or failures, or cybersecurity incidents. The occurrence of any of these problems could result in a loss of information, regulatory scrutiny, reputational damage and other consequences, any of which could have a material adverse effect on NBIA or its clients. NBIA, through its monitoring and oversight of its service providers, endeavors to determine that service providers take appropriate precautions to avoid and mitigate risks that could lead to such problems. However, it is not possible for NBIA or its service providers to identify all of the operational risks that will affect NBIA or to develop processes and controls to completely eliminate or mitigate their occurrence or effects.

Specifically, since the use of technology has become more prevalent in the course of managing Client Accounts, NBIA and the Client Accounts it manages are likely more susceptible to operational risks through breaches in cybersecurity. A cybersecurity incident refers to either intentional or unintentional events that allow an unauthorized party to gain access to client assets, customer data, or proprietary information, or cause NBIA to suffer data corruption or lose operational functionality. A cybersecurity incident could, among other things, result in the loss or theft of Client Account data or funds, clients or employees being unable to access electronic systems ("**denial of services**"), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or remediation costs associated with system repairs. Any of these results could

have a substantial impact on Client Accounts. For example, if a cybersecurity incident results in a denial of service, service providers for a particular Client Account could be unable to access electronic systems to perform critical duties for such Client Account, such as trading, NAV calculation or other accounting functions. Further, Client Accounts could also be exposed to losses resulting from unauthorized use of their personal information. Cybersecurity incidents could cause NBIA or one of its service providers to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, or financial loss of a significant magnitude. Cybersecurity incidents could also cause NBIA to violate applicable privacy and other laws. NBIA has established risk management systems that seek to reduce the risks associated with cybersecurity, and business continuity plans in the event there is a cybersecurity breach. However, there is no guarantee that such efforts will succeed, and NBIA does not directly control the cybersecurity systems of the issuers of securities in which Client Accounts invest or NBIA's service providers. In addition, such incidents could affect issuers in which a Client Account invests, and thereby cause a Client Account's portfolio investments to lose value.

- **Options.** NBIA invests in options on behalf of certain Client Accounts. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option could be subject to greater fluctuation than is an investment in the underlying securities. In theory, the writer (seller) of an uncovered call is subject to unlimited losses, but as a practical matter, the amount of potential loss is likely to be limited by reason of the option having only a limited term. The risk for a writer of a put option is that the price of the underlying securities will fall below the exercise price. The ability to trade in or exercise options could be restricted in the event that trading in the underlying securities interest becomes restricted. The prices of options are volatile and are influenced by, among other things, actual and anticipated changes in the value of the underlying instrument, or in interest or currency exchange rates, including the anticipated volatility of the underlying instrument (known as implied volatility), which in turn are affected by fiscal and monetary policies and by national and international political and economic events, as will the performance of the issuer of the underlying instrument. As such, prior to the exercise or expiration of the option, the Client Account is exposed to implied volatility risk, meaning the value, as based on implied volatility, of an option could increase due to market and economic conditions or views based on the sector or industry in which issuers of the underlying instrument participate, including company-specific factors.

Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows a Client Account greater flexibility to tailor an option to its needs, OTC options generally involve greater credit risk than exchange-traded options, in which the counterparty is a clearing organization.

The market price of options written by a Client Account will be affected by many factors, including changes in the market price or dividend rates of underlying securities (or in the case of indices, the securities comprising such indices); changes in interest rates or exchange rates; changes in the actual or perceived volatility of the relevant stock market and underlying securities; and the time remaining before an option's expiration. The market price of an option also could be adversely affected if the market for the option becomes less liquid. In addition, since an American-style option allows the holder to exercise its rights any time prior to the option's expiration, the writer of an American-style option has no control over when it will be required to fulfill its obligations as a writer of the option. (This risk is not present when writing a European-style option since the holder can only exercise the option on its expiration date.) There is also a risk of loss associated with the inability to close out of existing positions if those options were to become unavailable. In addition, regulatory agencies often impose exercise restrictions that prevent the holder of an option from realizing value.

The fees to NBIA for certain of the options strategies are calculated based on target notional exposure/value. The target notional exposure/value is often higher or lower than the actual notional exposure for the Client Account. In addition, some of these strategies are implemented on an "overlay" basis. In these cases, the fees paid by client will be duplicative in relation to the actual assets invested by client.

- **Performance-Based Fees and Allocations.** In some cases, NBIA, its affiliates, and the Portfolio Managers receive Performance Fees or other special allocations based on the returns to its investors. Performance Fees create incentives for NBIA, its affiliates, and the Portfolio Managers 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 that a Client Account subject to a Performance Fee is invested in one or more Portfolio Funds or Separate Accounts that itself is also subject to a Performance Fee, the Client Account will generally be subject to two levels of Performance Fees. Consequently, the returns to investors will be lower than returns to a direct investor in the Portfolio Fund or Separate Account.
- **Projections.** NBIA will make investments relying, in part, upon projections it has developed concerning an issuer or its securities or other assets' future performance, cash flow, recovery value and other factors. Projections are inherently uncertain and subject to factors beyond the control of NBIA. The inaccuracy of certain assumptions, the failure of an issuer to satisfy certain financial requirements and the occurrence of unforeseen events could cause any such projection to be materially inaccurate. Investors should therefore carefully examine the assumptions behind a particular projection or targeted return.
- **Proxy Contests and Unfriendly Transactions.** From time to time, a Client Account could purchase securities of a company that is the subject of a proxy contest in the expectation that new governance will be able to improve the company's performance or effect a sale or liquidation of its assets so that the price of the company's securities will increase. If an incumbent board of a targeted company is not defeated or if new board members are unable to improve the company's performance or sell or liquidate the company, the market

price of the company's securities (or those that use the company as a reference) will likely fall, which would cause the Client Account to suffer losses. In addition, where an acquisition or restructuring transaction or proxy fight is opposed by the subject company's management, the transaction could become the subject of litigation. Such litigation involves substantial uncertainties and could impose substantial cost and expense on the company participating in the transaction.

- **Puerto Rico.** The Commonwealth of Puerto Rico and its related issuers continue to experience financial difficulties, including persistent government budget deficits, underfunded public pension benefit obligations, underfunded government retirement systems, sizable debt service obligations and a high unemployment rate. Several rating agencies have downgraded a number of securities issued in Puerto Rico to below investment-grade, and numerous issuers have entered Title III of the Puerto Rico Oversight, Management, and Economic Stability Act ("**PROMESA**"), which is similar to bankruptcy protection, through which the Commonwealth of Puerto Rico can restructure its debt. However, Puerto Rico's case is the first ever heard under PROMESA, and there is no existing case precedent to guide the proceedings. Accordingly, Puerto Rico's debt restructuring process could take significantly longer than traditional municipal bankruptcy proceedings. Further, it is not clear whether a debt restructuring process will ultimately be approved or, if so, the extent to which it will apply to Puerto Rico municipal securities sold by an issuer other than the territory. A debt restructuring could reduce the principal amount due, the interest rate, the maturity, and other terms of Puerto Rico municipal securities, which could adversely affect the value of Puerto Rican municipal securities. Puerto Rico's short-term financial difficulties continue to be further impacted by the 2017 hurricane, and Puerto Rico has faced significant out-migration relating to its economic difficulties, eroding Puerto Rico's population, economic base and ultimate ability to support its current debt burden, creating further long-term uncertainty.
- **Quantitative Trading/Tools Risk.** Quantitative investment strategies rely heavily on proprietary quantitative models in seeking to exploit short-term and long-term relationships among securities prices and volatility. The models employed could be ill-suited to prevailing market conditions or could be unreliable, especially where unusual events specific to particular corporations or major events external to the operation of markets causes extreme market moves that are inconsistent with the historic correlation and volatility structure of the market. The models are often formulated based on past market data which could be a poor indicator of future price movements. Models also often have hidden biases or exposure to broad structural or sentiment shifts. In the event actual events fail to conform to the assumptions underlying the models, losses could be incurred.
- **Recent Market Conditions.** Events in certain sectors 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 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 could 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 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 investments made for 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 can affect investor and consumer confidence and 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.

Those and other events, and the potential for continuing market turbulence, can have an adverse effect on Client Accounts. 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 that, 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.

- **Recent Market Conditions – Brexit.** In January 2020, the United Kingdom ("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 could affect other countries in the EU and elsewhere, and could 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 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 could 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 renegotiated terms or regulations will not have an adverse impact on the Client Accounts or NBIA, 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 NBIA delegates investment or other authority.

- **Recent Regulatory Events and Government Intervention.** The situation in the financial markets has resulted in increased regulation, and the need of many financial institutions for government help has given lawmakers and regulators increased leverage. The Dodd-Frank Act, among other things, granted regulatory authorities broad rulemaking and enforcement authority to implement and oversee various provisions of the Dodd-Frank Act, including comprehensive regulation of the over-the-counter derivatives and consumer credit markets. The Dodd-Frank Act covers a broad range of topics, including (among many others): a reorganization of federal financial regulators; a process intended to improve financial systemic stability and the resolution of potentially insolvent financial firms; new rules for derivatives trading; the creation of a consumer financial protection watchdog; the registration and additional regulation of hedge and private equity fund managers; and new federal requirements for residential mortgage loans. The U.S. government or its agencies often acquire distressed assets from financial institutions and ownership interests in such institutions. The implications of government ownership and disposition of these assets are unclear and such a program can have positive or negative effects on liquidity, valuations and performance of Client Accounts. Instruments in which Client Accounts invest, or the issuers of such instruments, could be affected in ways that are unforeseeable. Accordingly, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by the Dodd-Frank Act and increased regulation arising out of the recent financial crisis are difficult to predict or measure with certainty. Other G-20 countries have implemented or are in the process of adopting regulations to govern swap transactions, and particular transactions will be subject to the laws and regulations of other jurisdictions.

Changes in political administrations could herald changes in certain policies, among them proposals relating to the regulation of certain players in the financial markets. While those proposed policies are going through the political process, markets could react strongly to expectations, which could increase volatility, especially if a market's expectations for changes in government policies are not borne out.

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

- **Redemption Risk.** A Client Account could experience periods of heavy redemptions that could cause a Client Account to sell assets at inopportune times or at a loss or depressed value. Redemption risk is greater to the extent that one or more investors or intermediaries control a large percentage of investments in a Client Account, have short investment

horizons, or have unpredictable cash flow needs. In addition, redemption risk is heightened during periods of declining or illiquid markets. Heavy redemptions, whether by a few large investors or many smaller investors, could hurt a Client Account's performance. Since the financial crisis that started in 2008, the Federal Reserve has attempted to stabilize the economy and support the economic recovery by keeping the federal funds rate (the interest rate at which depository institutions lend reserve balances to other depository institutions overnight) at or near zero percent. In addition, as part of its monetary stimulus program known as quantitative easing, the Federal Reserve purchased on the open market large quantities of securities issued or guaranteed by the U.S. government, its agencies or instrumentalities. The Federal Reserve has raised and lowered the federal funds rate several times recently and it is not clear how the federal funds rate will change going forward. The Federal Reserve has also begun the process of balancing its portfolio by decreasing the number of securities it holds. A general rise in interest rates has the potential to cause investors to move out of fixed income securities on a large scale, which would likely increase redemptions from Client Accounts that hold large amounts of fixed income securities. Such a move, coupled with a reduction in the ability or willingness of dealers and other institutional investors to buy or hold fixed income securities would likely result in decreased liquidity and increased volatility in the fixed income markets.

- **Reliance on Corporate Management and Financial Reporting.** NBIA will select investments for Client Accounts in part on the basis of information and data filed by issuers of securities with various government regulators, publicly available or made directly available to NBIA by such issuers or third parties. Although NBIA will evaluate that information and data and seek independent corroboration when it considers it appropriate and reasonably available, NBIA will not always be in a position to confirm the completeness, genuineness or accuracy of such information and data. NBIA is dependent upon the integrity of the management of such issuers and of such third parties as well as the financial reporting process in general. Client Accounts can incur material losses as a result of corporate mismanagement, fraud and accounting irregularities relating to issuers of securities or other assets they hold.
- **Repurchase Agreements and Reverse Repurchase Agreements.** In a repurchase agreement, the Client Account purchases securities from a bank or securities dealer that agrees to repurchase the securities from the Client Account at a higher price on demand or on a designated future date. Repurchase agreements generally are for a short period of time, usually less than a week. Costs, delays or losses could result if the selling party to a repurchase agreement becomes bankrupt or otherwise defaults.

A reverse repurchase agreement involves the sale of a security, with an agreement to repurchase the same or substantially similar securities at an agreed upon price and date. As such, they are a form of financing and leverage. Whether such a transaction produces a gain for the Client Account depends upon the cost of the agreement and the income and gains on the securities purchased with the proceeds received from the sale of the repurchased security. If the income and gain on the securities purchased fail to exceed the costs, or if the Client Account incurs a loss on such securities, the Client Account will incur a loss on the leveraged transactions. As a leveraging technique, reverse repurchase

agreements often increase a Client Account's yield; however, such transactions also increase the Client Account's risks and could result in a loss of principal.

- **Risks of Investing in Affiliated Portfolio Funds.** Certain Client Accounts invest in Affiliated Portfolio Funds. The investment performance of such a Client Account is directly related to the investment performance of those Affiliated Portfolio Funds and to the allocation of its assets among those Affiliated Portfolio Funds. When a Client Account invests in Affiliated Portfolio Funds it is exposed to the same principal risks as the Affiliated Portfolio Funds as well as to the Affiliated Portfolio Funds' expenses in direct proportion to the allocation of its assets to the Affiliated Portfolio Funds, which could result in the duplication of certain fees, including, where applicable, management and administration fees.
- **Risks Relating to the PWM Advisory Program and the NB Investment Platform.** With respect to the PWM Advisory Program, NBIA provides discretionary or non-discretionary investment advisory services by allocating assets among the proprietary and non-proprietary strategies available through the PWM Advisory Program. Similarly, with respect to the NB Investment Platform, NBBD Brokers propose the allocation of assets among the proprietary and non-proprietary strategies available through the NB Investment Platform. Accordingly, clients should consider the risk factors provided in this Item 8.C to the extent they are applicable to any of the strategies in which a Client Account invests. Generally, a client will pay more if the client invests in a strategy through the PWM Advisory Program or the NB Investment Platform than if the client invests in the strategy directly.

As further described in "*The PWM Advisory Program and the NB Investment Platform*" in Item 8.B, the investment strategies that are available through the PWM Advisory Program and the NB Investment Platform are generally limited to (i) all of the proprietary strategies and (ii) non-proprietary strategies approved by the Third-Party SMA Provider and further narrowed by ISG. In addition, on a limited basis, from time to time, ISG will, specifically for one or more client accounts, approve a complementary non-proprietary strategy not approved by Third-Party SMA Provider, but vetted through ISG's diligence process. While the Third-Party SMA Provider and NBIA perform due diligence on the non-proprietary strategies, there can be no assurance that the strategies included will perform well or perform better than strategies that were not included. With respect to the strategies approved by the Third-Party SMA Provider, while NBIA will perform its own due diligence, NBIA, in part, relies on the information provided by Third-Party SMA Provider about the non-proprietary strategies and their managers. To the extent that information is inaccurate, the strategies selected for inclusion in the PWM Advisory Program or the NB Investment Platform or the strategies selected for any PWM Program Client or Platform Client could invest and perform differently than anticipated.

NBIA and its employees generally have an incentive to allocate the client's assets in, or recommend, proprietary strategies or the strategies of its own portfolio management team as doing so will generally result in increased revenue to NBIA and its affiliates (and accordingly, increased compensation for their employees). The performance of the

proprietary strategies depends on the skill of NBIA and its portfolio manager(s) in making appropriate investment decisions. To the extent a proprietary strategy experiences poor performance, this would negatively affect the performance of the Client Accounts invested therein. In addition, it is possible that the Client Account would perform better if invested in non-proprietary strategies (or in proprietary strategies managed by other portfolio management teams). It is also possible that non-proprietary strategies that would have outperformed proprietary strategies were not included on the PWM Advisory Program and NB Investment Platform because those non-proprietary strategies were not deemed to be complementary to the proprietary strategies.

The specific strategies implemented for clients investing through the PWM Advisory Program or the NB Investment Platform can be reflective of the top-down macro and asset class views of the NBIA employee exercising investment discretion over the Client Accounts. Those views often differ from the views of other NBIA employees and those of the Neuberger Berman Asset Allocation Committee, Neuberger Berman Multi-Asset Class team or ISG. Alternatively, those views can take into account the views of other NBIA employees or those of the Neuberger Berman Asset Allocation Committee, Neuberger Berman Multi-Asset Class team or ISG. For example, an NBIA employee could utilize asset allocation models provided by ISG. In either case, it is possible that the Client Account would have performed better if otherwise invested.

See also *“Dependence on NBIA,” “Independent Portfolio Managers,” “Investment Analyses,”* and *“Verification Risk”* in this Item 8.C.

- **Risks Relating to the Guided Portfolio Solutions Program.** NBIA’s GPS Program is managed by a team of experienced portfolio managers and investment analysts. GPS is an investment advisory service under which NBIA provides asset allocation and discretionary investment management by allocating assets among a portfolio of NB Registered Funds. NBIA’s GPS Program involves various material risks. Investors in the GPS Program are subject to the risks relating to the NB Registered Funds and their investments. In addition, investors in the GPS Program are subject to the following material risks associated with investing in the GPS Program. Investors should also refer to the risk factor discussions in the Offering Documents of the NB Registered Funds that are part of the GPS Program.

*Model Risk.* To the extent a strategy uses or implements investment models, such as asset allocation models, performance will be largely influence on the success of implementing and managing the investment models that assist in allocating assets. Models that have been formulated on the basis of past market data can be a poor predictor of future price movements. Models are often not reliable if unusual or disruptive events cause market movements, the nature or size of which are inconsistent with the historic correlation and volatility structure of the market. Models also have hidden biases or exposure to broad structural or sentiment shifts. In the event that actual events fail to conform to the assumptions underlying such models, losses could be incurred.

*Asset Allocation Risk.* If a strategy, such as an asset allocation strategy, favors exposure to an asset class during a period when that asset class underperforms other asset classes, performance will suffer.

- **Sector Risk.** To the extent a Client Account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market can be more volatile, and can perform differently, than the broader market. The several industries that constitute a sector could all react in the same way to economic, political or regulatory events. A Client Account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries could adversely affect performance.
- **Separate Account Allocations.** Some NB Private Funds will place assets with Portfolio Managers by opening a Separate Account rather than investing in a Portfolio Fund. Separate Accounts expose the underlying portfolio to theoretically unlimited liability, and it is possible that an NB Private Fund could lose more in a Separate Account managed by a particular Third-Party Portfolio Manager than if the NB Private Fund had invested in a Portfolio Fund.
- **Short Sale Risk.** Short sales are subject to special risks. A short sale involves the sale by a Client Account of a security that it does not own with the hope of purchasing the same security at a later date at a lower price. A Client Account could also enter into a short position through a forward commitment or a short derivative position through a futures contract or swap agreement. If the price of the security or derivative has increased during this time, then the account will incur a loss equal to the increase in price from the time that the short sale was entered into plus any premiums and interest paid to the third party. Therefore, short sales involve the risk that losses will be exaggerated, potentially causing a loss of more money than the actual cost of the investment. Also, there is the risk that the third party to the short sale will fail to honor its contract terms, causing a loss to the account.
- **Swaps.** NBIA utilizes swaps for certain Client Accounts where it believes it will further the objectives of a Client Account that permits such instruments. Swap agreements historically have been OTC, two-party contracts entered into primarily by institutional investors for periods typically ranging from a few weeks to more than one year. In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which are often adjusted for an interest factor. There are various types of swaps, including total return swaps, credit default swaps and interest rate swaps; all of these and other swaps are derivatives and as such, each is subject to the general risks relating to derivatives described herein.

The Dodd-Frank Act has created an evolving regulatory framework for trading swaps in the United States. Under the Dodd-Frank Act, standardized swaps are required to be executed

on or subject to the rules of designated contract markets or swap execution facilities and cleared by a central counterparty, a derivatives clearing organization. Central clearing is intended to reduce the risk of default by the counterparty. However, central clearing exposes Client Accounts to the clearing organization and clearing broker risks referenced above. Central clearing also can increase the costs of swap transactions by requiring the posting of larger amounts of initial and variation margin than are required in OTC transactions. On the other hand, given the longer time horizon to be covered, lesser opportunities for netting, and likely less standardization of the instruments involved, margin on bilateral positions could be greater. It is possible that a clearing organization or a clearing member or futures commission merchant through which a swap is submitted for clearing will default. The regulations to implement the Dodd-Frank Act are still being developed so there will likely be further changes to the rules governing swap transactions.

*Interest Rate Swaps, Mortgage Swaps, and Interest Rate “Caps,” “Floors,” and “Collars.”* In a typical interest rate swap agreement, one party agrees to make regular payments equal to a floating rate on a specified amount in exchange for payments equal to a fixed rate, or a different floating rate, on the same amount for a specified period. Mortgage swap agreements are similar to interest rate swap agreements, except the notional principal amount is tied to a reference pool of mortgages. In an interest rate cap or floor, one party agrees, usually in return for a fee, to make payments under particular circumstances. For example, the purchaser of an interest rate cap has the right to receive payments to the extent a specified interest rate exceeds an agreed level; the purchaser of an interest rate floor has the right to receive payments to the extent a specified interest rate falls below an agreed level. An interest rate collar entitles the purchaser to receive payments to the extent a specified interest rate falls outside an agreed range.

Among other techniques, a Client Account can use interest rate swaps in an effort to offset declines in the value of fixed income securities held in the Client Account. In such an instance, NBIA can agree with a counterparty to pay a fixed rate (multiplied by a notional amount) and the counterparty to pay a floating rate multiplied by the same notional amount. If long-term interest rates rise, resulting in a diminution in the value of the Client Account’s portfolio, the Client Account would receive payments under the swap that would offset, in whole or in part, such diminution in value; if interest rates fall, the Client Account would likely lose money on the swap transaction. NBIA could also enter into constant maturity swaps, which are a variation of the typical interest rate swap. Constant maturity swaps are exposed to changes in long-term interest rate movements.

*Total Return Swaps.* NBIA will enter into total return swaps (“**TRS**”) on behalf of certain Client Accounts to obtain exposure to a security or market without owning or taking physical custody of such security or market. Thus, a Client Account would be either a total return receiver or a total return payer. Generally, the total return payer sells to the total return receiver an amount equal to all cash flows and price appreciation on a defined security or asset payable at periodic times during the swap term (*i.e.*, credit risk) in return for a periodic payment from the total return receiver based on a designated index (*e.g.*, SONIA) and spread, plus the amount of any price depreciation on the reference security or asset. The total return payer does not need to own the underlying security or asset to enter



into a total return swap. The final payment at the end of the swap term includes final settlement of the current market price of the underlying reference security or asset, and payment by the applicable party for any appreciation or depreciation in value. Usually, collateral must be posted by the total return receiver to secure the periodic interest-based and market price depreciation payments depending on the credit quality of the underlying reference security and creditworthiness of the total return receiver, and the collateral amount is marked-to-market daily equal to the market price of the underlying reference security or asset between periodic payment dates.

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

*Contracts for Differences.* Certain non-U.S. Client Accounts will enter into contracts for differences. In these transactions, the Client Account and another party assume price positions in reference to an underlying security or other financial instrument. The “difference” is determined by comparing each party’s original position with the market price of such securities or financial instruments at a pre-determined closing date. Each party will then either receive or pay the difference, depending on the success of its investment.

Financial markets for the securities or instruments that form the subject of a contract for differences can fluctuate significantly. Parties to a contract for differences assume the risk that the markets for the underlying securities will move in a direction unfavorable to their original positions. In addition, these contracts often involve considerable economic leverage. As a result, such contracts can lead to disproportionately large losses as well as gains and relatively small market movements can have large impacts on the value of the investment.

*Credit Default Swaps.* In a credit default swap, the credit default protection buyer makes periodic payments, known as premiums, to the credit default protection seller. In return, the credit default protection seller will make a payment to the credit default protection buyer upon the occurrence of a specified credit event. A credit default swap can refer to a single issuer or asset, a basket of issuers or assets or index of assets, each known as the reference entity or underlying asset. A Client Account could act as either the buyer or the seller of a credit default swap. A Client Account could buy or sell credit default protection on a basket of issuers or assets, even if a number of the underlying assets referenced in the basket are lower-quality debt securities. In an unhedged credit default swap, a Client Account buys credit default protection on a single issuer or asset, a basket of issuers or assets or index of assets without owning the underlying asset or debt issued by the

reference entity. Credit default swaps involve greater and different risks than investing directly in the referenced asset, because, in addition to market risk, credit default swaps include liquidity, counterparty and operational risk.

Credit default swaps allow Client Accounts to acquire or reduce credit exposure to a particular issuer, asset or basket of assets. If a swap agreement calls for payments by a Client Account, the Client Account must be prepared to make such payments when due. If a Client Account is the credit default protection seller, the Client Account will experience a loss if a credit event occurs and the credit of the reference entity or underlying asset has deteriorated. If a Client Account is the credit default protection buyer, the Client Account will be required to pay premiums to the credit default protection seller. In the case of a physically settled credit default swap in which a Client Account is the protection seller, the Client Account must be prepared to pay par for and take possession of the debt of a defaulted issuer delivered to the Client Account by the credit default protection buyer. Any loss would be partially offset by the premium payments the Client Account receives as the seller of credit default protection. If a Client Account sells (writes) a credit default swap, it currently intends to segregate the full notional value of the swap, except if the Client Account sells a credit default swap on an index with certain characteristics (*i.e.*, on a broad based index and cash settled) where NBIA believes segregating only the amount out of the money more appropriately represents the exposure of the Client Account.

*Credit Linked Notes.* Certain Client Accounts will invest in structured instruments known as credit linked securities or credit linked notes ("CLNs"). CLNs are typically issued by a limited purpose trust or other vehicle (the "CLN trust") that, in turn, invests in a derivative or basket of derivatives instruments, such as credit default swaps, interest rate swaps or other securities, in order to provide exposure to certain high yield, sovereign debt, emerging markets, or other fixed income markets. Generally, investments in CLNs represent the right to receive periodic income payments (in the form of distributions) and payment of principal at the end of the term of the CLN. However, these payments are conditioned on the CLN trust's receipt of payments from, and the CLN trust's potential obligations to, the counterparties to the derivative instruments and other securities in which the CLN trust invests. For example, the CLN trust could sell one or more credit default swaps, under which the CLN trust would receive a stream of payments over the term of the swap agreements provided that no event of default has occurred with respect to the referenced debt obligation upon which the swap is based. If a default were to occur, the stream of payments would likely stop and the CLN trust would be obligated to pay the counterparty the par (or other agreed upon value) of the referenced debt obligation. This, in turn, would reduce the amount of income and principal that a Client Account would receive as an investor in the CLN trust.

Certain Client Accounts will enter into CLNs to gain access to sovereign debt and securities in emerging markets, particularly in markets where the Client Account is not able to purchase securities directly due to domicile restrictions or tax restrictions or tariffs. In such an instance, the issuer of the CLN could purchase the reference security directly or gain exposure through a credit default swap or other derivative. Investments in CLNs are subject to the risks associated with the underlying reference obligations and derivative

instruments, including, among others, credit risk, default risk, counterparty risk, interest rate risk, leverage risk and management risk.

*Options on Swaps (Swaptions).* A swaption is an option to enter into a swap agreement. The purchaser of a swaption pays a premium for the option and obtains the right, but not the obligation, to enter into an underlying swap on agreed-upon terms. The seller of a swaption, in exchange for the premium, becomes obligated (if the option is exercised) to enter into an underlying swap on agreed-upon terms. Depending on the terms of the particular option agreement, a Client Account generally will incur a greater degree of risk when it writes a swaption than when it purchases a swaption. When a Client Account purchases a swaption, it risks losing only the amount of the premium it has paid should it decide to let the option expire unexercised.

- **Systemic Risk General.** It is possible that credit risk will arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and often adversely affects financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which NBIA interacts on a daily basis.
- **Systemic Risk – European Sovereign Debt Crisis.** The European sovereign debt crisis and the ongoing recession in part of Europe have raised questions concerning the financial stability of certain EU and Eurozone members, including the continued viability of the Eurozone’s single currency and increased the risk of a possible failure of the euro or the exit of one or more countries from the Eurozone (see “*Recent Market Conditions*” in this Item 8.C.). Many institutions remain saddled with high default rates on loans, still hold assets of indeterminate value, and have been forced to maintain higher capital reserves under new regulations. This has led to decreased returns from finance and banking directly, and has constricted the sector’s ability to lend, thus potentially reducing future returns and constricting economic growth. Europe is experiencing continuing challenges as a result of certain member-countries’ financial difficulties and the uncertainty around their fiscal and monetary policy direction. These developments will likely exacerbate the risks resulting from a Client Account’s exposure to euro-related currency fluctuations. Investments that are denominated in a foreign currency, such as euros, will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Volatility in the currency markets could result in a Client Account’s investment portfolio incurring higher costs and could adversely impact the profitability and cash flows from operations of its portfolio companies. As a result, a decline in the value of the euro could reduce a Client Account’s returns from exits of euro-dominated investments. The potential adverse fluctuations in foreign currency exchange rates and the costs associated with conversion of investment principal and income from one currency into another could adversely impact a Client Account’s returns. Although it is difficult to forecast all of the consequences of a failure of the euro or the exit of one or more countries from the Eurozone, one possible outcome is a rise in interest rates on the sovereign debt of one or more troubled European nations, which could lead to a failure or series of failures in performance of sovereign debt. Given the high degree of exposure to

European sovereign debt by European financial institutions, this would likely increase the risk of a failure by one or more European financial institutions. Any such failure could have a material adverse effect on one or more of a Client Account's portfolio investments or the Client Account itself. Certain Client Accounts have exposure, directly or indirectly (including through portfolio investments) to counterparties that have significant exposure to, or themselves are, European financial institutions.

- **Tax Reform Risks.** On December 22, 2017, the President of the United States signed into law new tax legislation, commonly referred to as the Tax Cuts and Jobs Act. Many provisions of the Tax Cuts and Jobs Act are complex and, in certain cases, additional guidance will be necessary to interpret certain of the provisions. Although some U.S. Treasury Regulations and other guidance have been issued, it is expected that further U.S. Treasury Regulations or other guidance will be issued to provide additional clarification. The timing of any such guidance is not known. As a result, the effects that the Tax Cuts and Jobs Act will have on investments in Client Accounts, and on the investment activities of Client Accounts, remain uncertain.
- **Tax Risk.** Tax laws and regulations applicable to a Client Account are subject to change, and unanticipated tax liabilities could be incurred by investors as a result of such changes. A Client Account's U.S. federal income tax liability with respect to income and gains on an investment could exceed its overall return for such a year. Further, a Client Account could face limitations with respect to its ability to use its allocable share of deductions and losses from its investments in certain securities. The tax treatment of some strategies is uncertain. Investors should consult their own tax advisors to determine the potential tax-related consequences of investing in a Client Account.
- **Terrorism Risk.** Terrorist attacks often lead to increased short-term market volatility and could have long-term effects on United States and world economies and markets. Terrorist attacks also could adversely impact interest rates, auctions, secondary trading, ratings, credit risk, inflation and other factors relating to a Client Account's securities and adversely affect such account's service providers and operations.
- **Tracking Error Risk.** Tracking error risk refers to the risk that the performance of a Client Account does not match or correlate to that of the index it attempts to track, either on a daily or aggregate basis. Factors such as fees and trading expenses, imperfect correlation between the Client Account's investments and the index, changes to the composition of the index, regulatory policies, high portfolio turnover rate and the use of leverage all contribute to tracking error. Tracking error risk can cause the performance of a Client Account to be less or more than expected.
- **Valuation Risk.** The price at which a Client Account could sell any particular investment can differ from the Client Account's valuation of the investment. Such differences could be significant, particularly for illiquid securities and securities that trade in relatively thin markets or markets that experience extreme volatility. If market or other conditions make it difficult to value some investments (including Private Investments), NBIA could value these investments using more subjective methods, such as fair value methodologies.

Because nonpublic financial and operational information regarding some investments are not always disclosed or are disclosed at irregular intervals, it is possible that NBIA will value the investment differently than other managers. For Client Accounts that generate a daily NAV, such as NB Registered Funds, investors who purchase or redeem shares on days when the NB Registered Fund is holding fair-valued securities could receive fewer or more shares, or lower or higher redemption proceeds, than they would have received if the NB Registered Fund had not fair-valued the securities or had used a different valuation methodology. The value of non-U.S. securities, certain futures and fixed income securities, and currencies, as applicable, could be materially affected by events after the close of the markets on which they are traded but before the Client Account determines its NAV. A Client Account's ability to value its investments in an accurate and timely manner can be impacted by technological issues or errors by third-party service providers, such as pricing services or accounting agents.

- **Verification and Valuation Risk with respect to Third-Party Portfolio Managers.** Where applicable, NBIA receives information from Third-Party Portfolio Managers regarding their historical performance (if any), exposures, and investment strategy. In most cases NBIA will have little or no means of independently verifying the information supplied to it by such Third-Party Portfolio Managers and will rely in large part on the limited information provided to it by such managers. The absence of detailed information could result in significant losses to the Client Accounts that invest, directly or indirectly, in Third-Party Separate Accounts or Third-Party Portfolio Funds.

With respect to NB Private Funds that invest in Third-Party Portfolio Funds and Third-Party Separate Accounts, in most cases, NBIA will have limited ability to assess the accuracy of the valuations received from a Third-Party Portfolio Manager. The NAVs received by NBIA from the Third-Party Portfolio Managers typically will be estimates only, and will be subject to revision through the end of each Third-Party Portfolio Fund's annual audit. Net capital appreciation or depreciation figures cannot be considered final until the fund's annual audit is complete.

- **When-Issued and Delayed Delivery Transactions Risk.** When-issued and delayed-delivery transactions occur when securities are purchased or sold by a Client Account with payment and delivery taking place in the future to secure an advantageous yield or price. These transactions often expose the Client Account to counterparty risk of default as well as the risk that securities will experience fluctuations in value prior to their actual delivery. Purchasing securities on a when-issued or delayed-delivery basis involves the additional risk that the price available in the market when the delivery takes place will not be as favorable as (or the yield will be more favorable than) that obtained in the transaction.

### **Additional Risks for Fixed Income Strategies**

The following is a summary of material risks specific to NBIA fixed income strategies that should be considered along with the general risks listed above. These risks also apply to alternative and Multi-Asset Class Mandate strategies that incorporate fixed income strategies. Please note that certain risks do not apply to all NBIA fixed income strategies or apply to a material degree.

- **Asset-Backed Securities.** Asset-backed securities represent direct or indirect participations in, or are secured by and payable from, pools of assets such as, among other things, motor vehicle installment sales contracts, installment loan contracts, leases of various types of real and personal property, and receivables from revolving credit (credit card) agreements, or a combination of the foregoing. These assets are securitized through the use of trusts and special purpose vehicles. Credit enhancements, such as various forms of cash collateral accounts or letters of credit, can support payments of principal and interest on asset-backed securities. Although these securities can be supported by letters of credit or other credit enhancements, payment of interest and principal ultimately depends upon individuals or other borrowers paying the underlying loans, which are often affected adversely by general downturns in the economy. Asset-backed securities are subject to the same risk of prepayment associated with mortgage-backed securities.
- **Bank Loan Agents.** Bank loans are typically administered by a bank, insurance company, finance company or other financial institution (the “agent”) for a lending syndicate of financial institutions. In a typical bank loan, the agent administers the terms of the loan agreement and is responsible for the collection of principal and interest and fee payments from the borrower and the apportionment of these payments to all lenders that are parties to the loan agreement. In addition, an institution (which can be the agent) often holds collateral on behalf of the lenders. Typically, under loan agreements, the agent is given broad authority in monitoring the borrower’s performance and is obligated to use the same care it would use in the management of its own property. In asserting rights against a borrower, the Client Account normally would be dependent on the willingness of the lead bank to assert these rights, or upon a vote of the lenders to authorize the action.

If an agent becomes insolvent, or has a receiver, conservator, or similar official appointed for it by the appropriate bank or other regulatory authority, or becomes a debtor in a bankruptcy proceeding, it is possible that the agent’s appointment is terminated and a successor agent is appointed. If an appropriate regulator or court determines that assets held by the agent for the benefit of the purchasers of bank loans are subject to the claims of the agent’s general or secured creditors, the purchasers might incur certain costs and delays in realizing payment on a bank loan or suffer a loss of principal or interest.

- **Call Risk.** When interest rates are low, issuers will often repay the obligation underlying a “callable security” earlier than expected, thereby affecting the investment’s average life and perhaps its yield. Furthermore, the Client Account will likely have to reinvest the proceeds from the called security at the current, lower rates.
- **Collateralized Loan Obligations (“CLOs”) and Collateralized Debt Obligations (“CDOs”).** Certain Client Accounts invest in CLOs and CDOs. CLOs and CDOs issue classes or “tranches” that vary in risk and yield. The value of CLOs and CDOs generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CLO or CDO, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Client Accounts that invest in CLOs and CDOs can experience substantial losses due to actual defaults, decrease of market value due

to collateral defaults and disappearance of subordinate tranches, market anticipation of defaults, and investor aversion to CLO and CDO securities as a class. The risks of investing in CLOs and CDOs depend largely on the type of the underlying collateral. Holders of CLOs or CDOs rely on distributions from the underlying collateral or proceeds thereof for payment in respect of the applicable CLO or CDO. If distributions on the underlying collateral are insufficient to make payments on the CLOs or CDOs, generally, no other assets are available for payment of the deficiency, and following realization of the CLOs or CDOs, the obligations of the issuer to pay such deficiency will generally be extinguished.

- **Credit Risk.** A Client Account could lose money if the issuer or guarantor of a security (including a security purchased with securities lending collateral), or the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as unable or unwilling, to honor its obligations. The downgrade of the credit of a security or of the issuer of the security held by the Client Account often reduces its value. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.
- **Dilution.** From time to time, an NB Private Fund could invest in Portfolio Funds that limit the amount of additional capital that they will accept from an investor. In such cases, continued sales of interests in the Portfolio Fund will dilute the participation of existing investors in the Portfolio Funds.
- **Distressed Securities.** A Client Account where the strategy invests in distressed securities is generally exposed to greater risks than if the strategy invested only in higher-grade securities. Distressed securities are those 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. In certain periods, there is little or no liquidity in the markets for distressed securities or instruments. The prices of such securities could be subject to periods of abrupt and erratic market movements and above-average price volatility and it could be more difficult to value such securities. The Client Account could lose a substantial portion or all of its investment in distressed securities or be required to accept cash or securities with a value less than the Client Account's original investment.
- **Fixed-Income Securities.** Fixed-income securities include traditional debt securities issued by corporations, such as bonds and debentures and debt securities that are convertible into common stock and interests. The market value of fixed-income securities is sensitive to changes in interest rates. In general, when interest rates rise, a 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 fixed-income securities of that issuer.

Fixed-income securities are also often subject to yield curve risk. When the yield curve shifts, the price of a bond that was initially priced based on the initial yield curve will change. Yield curve risk is reduced by keeping the duration of the bond portfolio relatively short.

Additionally, fixed-income securities are subject to inflation risk, liquidity risk and reinvestment risk. Inflation risk is the risk that inflation will erode the purchasing power of the cash flows generated by debt securities. Fixed-rate debt securities are more susceptible to this risk than floating rate debt securities. Liquidity risk is the risk that certain fixed income securities will be difficult to sell at the time and at the price the Client account would like, which could cause the Client Account to hold these securities for longer than it would like or to forego other investment opportunities. Reinvestment risk is the risk that cash flow from debt securities will be reinvested at a lower interest rate. A decline in income could affect a Client Account's overall return.

- **Foreclosure Process in Distressed Debt and Mortgage Loans.** With respect to Client Accounts that invest in distressed debt, NBIA generally concentrates on acquiring debt that is secured by assets that NBIA believes have a value adequate to ensure payment of such debt. However, if it becomes necessary to foreclose on the assets underlying a loan acquired by a Client Account, significant uncertainty could arise as to the outcome of the proceeding. Bankruptcy judges have broad discretion as to how they deal with the claims of different creditors, and it is possible that the claims of secured creditors will not — despite their legal entitlement — always be respected as a matter of policy. These Client Accounts can make investments in restructurings and workouts that involve companies that are experiencing, or are expected to experience, severe financial difficulties, which are never overcome and lead to uncertain outcomes. The Bankruptcy Courts have broad discretion to control the terms of a reorganization, and political factors are often of significant importance in the more high profile bankruptcies.

The foreclosure process with respect to the residential mortgage loan strategy can result in procedural delays and uncertainties in many jurisdictions. Federal, state and local laws and ordinances have considered or are considering, legislation or regulations that would hinder or delay foreclosure proceedings against defaulted mortgage borrowers, or limit a residential mortgage loan servicer's ability to take actions that are necessary or appropriate to preserve mortgage loan value. Judicial decisions also have imposed significant requirements and burdens on lenders that could result in delays and further expense. The inability to foreclose on defaulted borrowers when or as anticipated, or an increase of expenses for foreclosure proceedings, could result in increased costs, reduced collections and lower returns. In addition, any limitations on foreclosure are likely to cause delayed or reduced collections from mortgagors and generally increased servicing costs.

- **Interest Rate Risk.** Interest rates can rise and reduce the market value of an investment. Long-term fixed income securities such as bonds, subject their owners to the greatest amount of interest rate risk. Short terms securities, such as Treasury bills tend to be less influenced by interest rate movements.



- **Junior Loans.** Certain Client Accounts utilize secured and unsecured subordinated loans and second lien loans (collectively, “**Junior Loans**”). Secured Junior Loans are generally second in line in terms of repayment priority. A secured Junior Loan often has a claim on the same collateral pool as the first lien or are secured by a separate set of assets, such as property, plants, or equipment. Junior Loans generally give investors priority over general unsecured creditors in the event of an asset sale.

Junior Loans are subject to the same general risks inherent to any loan investment, including credit risk, market and liquidity risk, and interest rate risk. Due to their lower place in the borrower’s capital structure, Junior Loans involve a higher degree of overall risk than senior loans of the same borrower.

- **Lender Liability Risk.** In recent years, a number of judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, collectively referred to as “lender liability.” Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Client Accounts that invest in loans, particularly distressed debt, can become subject to allegations of lender liability, which could subject them to significant liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender: (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court can elect to subordinate the claim of the offending lender to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination.” If a Client Account that invests in loans became subject to equitable subordination, it could result in substantial losses for the Client Account.

- **Loan Interests.** Loans generally are subject to restrictions on transfer, and it is possible that NBIA will be unable to sell loans at a time when it would otherwise be desirable to do so or will be able to sell them only at prices that are less than their fair market value. NBIA could find it difficult to establish a fair value for loans held by the Client Account. Loans normally are not registered with the SEC or any state securities commission or listed on any securities exchange. As a result, the amount of public information available about a specific loan historically has been less extensive than if the loan were registered or exchange traded. Bank loan interests are also often not rated by independent rating agencies. Therefore, investments in a particular loan could depend almost exclusively on the credit analysis of the borrower performed by NBIA. Also, there is a risk that the value of the collateral securing a loan (if any) will decline after the Client Account invests or that the collateral (if any) will not be sufficient to cover the amount owed to the Client Account. NBIA will invest in unsecured bank loans for certain Client Accounts. Loans are also subject

to the risk of a borrower defaulting, which will often limit or delay the Client Account's access to the collateral under bankruptcy or other insolvency laws. If the borrower defaults on an unsecured bank loan, the relevant Client Account will be a general creditor and will not have rights to any specific assets of the borrower. Additionally, if the Client Account acquires a participation interest in a loan, it is possible that it will not be able to control the exercise of any remedies that the lender would have under the loan and likely would not have any rights against the borrower directly. Loans purchased by a Client Account could represent interests in loans made to finance highly leveraged corporate acquisitions, known as "leveraged buy-out" transactions, leveraged recapitalization loans and other types of acquisition financing. The highly leveraged capital structure of the borrowers in such transactions often makes such loans especially vulnerable to adverse changes in economic or market conditions. In addition, some loan interests are not considered "securities," and purchasers, such as a Client Account, therefore would generally not be entitled to rely on the strong anti-fraud protections of the federal securities laws.

- **Lower-Rated Debt Securities.** Fixed income securities receiving below investment grade ratings often have speculative characteristics, and, compared to higher-grade securities, often have a weakened capacity to make principal and interest payments in adverse 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 high profile default.
- **Mortgage-Backed Securities.** Mortgage-backed securities represent "pools" of mortgages and other assets, including consumer loans or receivables held in trust. Investment in mortgage-backed securities poses several risks, including market and credit risk. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-backed securities, making them more sensitive to interest rate changes. When interest rates decline, borrowers can often pay off their mortgages sooner than expected. This can reduce the return in a Client Account because the Client Account would have to reinvest those funds at lower prevailing interest rates. Market risk reflects the risk that the price of a security will fluctuate over time. Credit risk reflects the risk that the strategy will not receive all or part of its principal or posted collateral, if any because the issuer or credit enhancer has defaulted on its obligations. In addition to these risks, the 2008 sub-prime mortgage crisis continues to have a negative impact on the value of some mortgage-backed securities and result in limited liquidity in the secondary market for mortgage-related securities.

From time to time, NBIA will sell to-be-announced mortgage-backed securities ("TBAs") it has committed to purchase on behalf of Client Accounts before those securities are delivered to the Client Account on the settlement date. The Client Account could also enter into a TBA agreement and "roll over" such agreement prior to the settlement date by selling

the obligation to purchase the pools set forth in the agreement and entering into a new TBA agreement for future delivery of mortgage-backed securities. TBA mortgage-backed securities can increase prepayment risks because the underlying mortgages could be less favorable than anticipated by NBIA.

- **Mortgage Loan Modification Risk.** Modification of troubled loans and real estate acquired with loan pools involves substantial risks including declines in the value of residential real estate, general economic conditions that contribute to declining home prices, deterioration of a borrower's ability to keep payments current on a modified loan or to refinance a loan, increases in the cost of property maintenance, taxes and insurance, natural disasters and casualty losses, borrower bankruptcies, moratoriums on foreclosures, zoning changes, incomplete or defective loan documentation, and fluctuations in interest rates. In addition, active federal and state government scrutiny and enforcement actions against mortgage loan holders and new legislation could adversely affect the ability to foreclose on a timely basis and impose conditions, restrictions and additional costs on loan modifications. The success of a loan modification program depends significantly on the ability of third party, unaffiliated servicers to follow modification guidelines, negotiate acceptable workout terms, provide delinquency notices, initiate foreclosure proceedings, monitor re-performing loans and liquidate real estate. Some servicing agreements with third parties provide for incentive compensation as a percentage of cash flows or profits from a modified loan. These arrangements could lead to more aggressive and riskier servicing practices by the servicer that adversely affect the results of a loan modification and potentially lead to legal or regulatory actions.
- **Municipal Securities.** Municipal securities rely on the creditworthiness or revenue production of their issuers. Municipal securities are often difficult to obtain because of limited supply, which can increase the cost of such securities and effectively reduce a strategy's yield. Typically, less information is available about a municipal issuer than is available for other types of securities issuers. Additionally, because interest income on municipal obligations is normally not subject to regular federal income taxation, the attractiveness of municipal obligations in relation to other investment alternatives is affected by changes in federal income tax rates applicable to, or the continuing tax-exempt status of, such interest income. In addition, a Client Account that concentrates its investments in a particular state's municipal bonds could be affected significantly by economic, regulatory or political developments affecting the ability of that state's issuers to pay interest or repay principal. Any provisions of the state's constitution and statutes that limit the taxing and spending authority of the state governmental entities could impair the ability of the state's issuers to pay principal or interest on their obligations. Each state's economy could be sensitive to economic problems affecting particular industries. Future state or local political and economic developments, constitutional amendments, legislative measures, executive orders, administrative regulations, litigation and voter initiatives could have an adverse effect on the debt obligations of the state's issuers.

Certain municipal bonds have restrictions in their offering documents that set the lowest denomination of an issue that can be purchased or sold subject to certain exceptions ("minimum denomination"). It is possible that certain events, such as a partial call, will

result in a particular client holding a position that is less than the minimum denomination for that municipal bond. If a client who is holding a position that is less than the minimum denomination sells the position, the fact that the client's position is below the minimum denomination would likely adversely affect the liquidity of the position unless the client has other securities from the issue that can be combined to reach the minimum denomination.

Municipal bonds can be bought or sold at a market discount (*i.e.*, a price less than the bond's principal amount or, in the case of a bond issued with original issue discount ("**OID**"), a price less than the amount of the issue price plus accrued OID). If the market discount is more than a *de minimis* amount, and if the bond has a maturity date of more than one year from the date it was issued, then any market discount that accrues annually, or any gains earned on the disposition of the bond, generally will be subject to federal income taxation as ordinary (taxable) income rather than as capital gains. Some municipal securities, including those in the high yield market, include transfer restrictions similar to restricted securities (*e.g.*, can only be transferred to qualified institutional buyers and purchasers meeting other qualification requirements set by the issuer). Accordingly, it could be difficult to sell municipal securities at a favorable time or at favorable prices.

*Risk of Principal Only Investments.* Principal only investments are municipal obligations that entitle the holder to receive par value of such investment if held to maturity. The values of principal only investments are subject to greater fluctuation in response to changes in market interest rates than bonds that pay interest currently. Client portfolios that are required to make annual distributions will accrue income on these investments and could be required to sell securities to obtain cash to meet such distribution obligations.

- **Physical Assets.** From time to time, particularly with respect to the distressed debt and residential mortgage loan strategies, a Client Account will be involved in transactions that result in the Client Account owning physical assets (typically collateral for secured loans acquired by the Client Account) directly. In such cases, the Client Account will be subject to all the risks inherent in owning physical assets such as real estate. These risks include: general and local economic and social conditions; fluctuations in asset values; over-concentration in the physical asset, declines in the financial resources of the prospective purchasers or lessees for such assets; a drop in demand or an increase in the competition for such assets; storage, insurance and other maintenance costs; destruction, spoilage, impairment, damage, depreciation and obsolescence; changes in tax, environmental and other applicable laws and regulations, increasing the costs or restricting the use of such assets; environmental protection penalties and liabilities (including those attributable to the conduct of prior owners of such assets); increases in interest rates and, accordingly, of the cost of inventory as well as of the availability of financing in order to maintain such assets or to finance purchases of such assets; a shortage of financing (irrespective of interest rates); or increases in operating expenses that could adversely affect the value of such assets to a potential purchaser or lessee. There can be no assurance of the profitable ownership or operation of any physical asset. The cost of operating or maintaining an asset could materially exceed the income or sale proceeds generated by such asset, while such

asset itself — as opposed to the loans formerly secured by such asset — could generate little or no cash flow.

- **Prepayment and Extension Risk.** A Client Account's 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, a Client Account would likely have to reinvest the proceeds in an investment offering a lower yield, not benefit from any increase in value that might otherwise result from declining interest rates and lose any premium it paid to acquire the security. Higher interest rates generally result in slower payoffs, which effectively increase duration, heighten interest rate risk, and increase the potential for price declines. The prices of variable and floating rate securities (including loans) can be less sensitive to prepayment risk.
- **Rating Agency Risk.** From time to time, NBIA will purchase securities for Client Accounts rated by a rating agency. NBIA could use these ratings to determine whether to purchase, sell or hold a security. Ratings are not absolute standards of quality. Securities with the same maturity, interest rate and rating often have different market prices. Credit ratings attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value. In addition, rating agencies sometimes fail to make timely changes in credit ratings. An issuer's current financial condition could be better or worse than a rating indicates.
- **Residential Mortgage and Real Estate Related Investment Risks.** Certain Client Accounts invest in mortgage loans. This strategy involves risks, including, among others: (a) declines in the value of residential real estate, (b) risks related to general and local economic conditions, (c) possible lack of availability of mortgage funds for borrowers to refinance or sell their homes, (d) overbuilding, (e) the general deterioration of the borrower's ability to keep a modified or rehabilitated troubled mortgage loan current, (f) increases in competition, property taxes and operating expenses, (g) changes in zoning and other applicable laws, (h) costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems, (i) casualty or condemnation losses, (j) uninsured damages from floods, earthquakes or other natural disasters, (k) limitations on and variations in rents, (l) fluctuations in interest rates, (m) foreclosure moratoriums and other requirements or restrictions on foreclosures that extend the time needed to foreclose, (n) the creation of new, or the extension of existing, homebuyer incentive programs, and (o) new servicing or loss mitigation requirements. To the extent that assets underlying a Client Account's investments are concentrated geographically, by property type or in certain other respects, the Client Account could be subject to certain of the foregoing risks to a greater extent. In addition, this strategy relies on the motivation of banks, thrifts, mortgage companies, residential real estate developers, certain government agencies, and other participants in the residential mortgage market to originate or sell mortgage loans and other real estate assets.

- **Risks of Zero-Coupon and Deep Discount Bonds and PIK Securities.** Zero-coupon and deep discount bonds often experience volatility in market value due to changes in interest rates. Securities purchased on a when-issued or forward commitment basis are subject to the risk that when delivered they will be worth less than the agreed upon payment price. Bonds and preferred stocks that make “in-kind” payments (“**PIK Securities**”) and other securities that do not pay regular income distributions could experience greater volatility in response to interest rate changes and issuer developments. Client Accounts that are required to make annual income distributions under the Code will accrue income on certain of these instruments and could be required to sell securities to obtain cash to meet such requirement. PIK Securities generally carry higher interest rates compared to bonds that make cash payments of interest to reflect the increased risks associated with the deferral of interest payments. PIK Securities involve additional risk because the Client Account receives no cash payments until the maturity date or specified cash payment date. If the issuer of a PIK Security defaults, it is possible that the Client Account will lose its entire investment.
- **Sovereign Debt Risk.** Sovereign debt securities are subject to the risk that a governmental entity will delay or refuse to pay interest or repay principal on its sovereign debt, due, for example, to cash flow problems, insufficient foreign currency reserves, political considerations, the relative size of the governmental entity’s debt position in relation to the economy, its policy toward international lenders or the failure to put in place economic reforms required by multilateral agencies. If a governmental entity defaults, it often asks for more time in which to pay or for further loans. There is no legal process for collecting sovereign debt that a government does not pay nor are there bankruptcy proceedings through which all or part of the sovereign debt that a governmental entity has not repaid can be collected.

Sovereign debt risk is increased for emerging market issuers. Certain emerging market or developing countries are among the largest debtors to commercial banks and non-U.S. governments. At times, certain emerging market countries have declared moratoria on the payment of principal and interest on external debt. Certain emerging market countries have experienced difficulty in servicing their sovereign debt on a timely basis that led to defaults and the restructuring of certain indebtedness.

- **Stripped Mortgage-Backed Securities Risk.** Stripped mortgage-backed securities (“**SBMS**”) are derivative multi-class mortgage securities issued by agencies and instrumentalities of the U.S. Government or by private originators of, or investors in, mortgage loans. They are typically structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. As such, these classes can be very sensitive to changes in interest rates and the rate of prepayments.
- **Stripped Securities Risk.** Stripped securities are the separate income or principal components of debt securities. These securities are particularly sensitive to changes in interest rates, resulting in greater fluctuations in price than other debt securities and traditional government securities with identical credit ratings.

- **Sukuk Risk.** Sukuk are fixed-income investments conforming to Islamic principles, which prohibit charging interest (*i.e.*, money paid simply for the use of the investor's money). Sukuk are generally similar to a combination of asset-backed securities and repurchase agreements. The issuer, often a special purpose vehicle established to issue the sukuk, holds title to an asset or pool of assets. The sukuk represents an interest in that asset, so the income to the investor comes from ownership of the asset, not from interest on the investor's money. The issuer of the sukuk agrees in advance to repurchase the sukuk from the investor on a certain date at a certain price.

As unsecured investments, sukuk are backed only by the credit of the issuing entity, which could be a special purpose vehicle that holds no other assets. They are thus subject to the risk that the issuer is not able to repurchase the instrument at the agreed upon date for the agreed upon price, if at all. Furthermore, since the purchasers of sukuk are investors in the underlying asset, they are subject to the risk that the asset will not perform as expected, and that the flow of income from the investments will be slower than expected or cease altogether. In the event of default the process could take longer to resolve than conventional bonds. Evolving interpretations of Islamic law by courts or prominent scholars could affect the free transferability of sukuk in ways that cannot now be foreseen. In that event, a Client Account could be required to hold its sukuk for longer than intended, even if the sukuk's condition is deteriorating.

- **Trade Claims.** Certain Client Accounts that invest in distressed debt can, from time to time, acquire trade claims — *i.e.*, amounts due from a company to its suppliers. Trade claims are not “securities” for regulatory purposes, and a Client Account, in investing in trade claims, will not have the protection of the securities laws. Trade claims are typically highly illiquid and generally have a relatively junior position as compared to securities and other debt owed by the issuer. There are often defenses to trade claims — for example, the services or products furnished not meeting specifications — of which NBIA is not aware at the time of a Client Account's acquisition of such claims.
- **U.S. Government/Agency Risk.** U.S. Government/Agency Risk is the risk that the U.S. Government will not provide financial support to U.S. Government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. Not all U.S. Government securities are backed or guaranteed by the U.S. Government. Some U.S. Government securities are supported only by the credit of the issuing agency, which depends entirely on its own resources to repay the debt, and are subject to the risk of default. For example, U.S. Government securities issued by the Federal National Mortgage Association (“**Fannie Mae**”), Federal Home Loan Mortgage Corporation (“**Freddie Mac**”) and Federal Home Loan Banks are chartered or sponsored by Acts of Congress, but their securities are neither issued nor guaranteed by the United States Treasury. Therefore, these securities are not backed by the full faith and credit of the United States. The maximum potential liability of the issuers of some U.S. Government securities can greatly exceed their current resources, including their legal right to support from the U.S. Treasury. It is possible that these issuers will not have the funds to meet their payment obligations in the future. Importantly, the future of the entities is in serious question as the U.S.

government continues to consider multiple options, including privatization, consolidation, and abolishment of the entities.

- **Whole Loans Risk.** Certain Client Accounts will acquire whole loans — as opposed to commercial mortgaged-backed securities whose payment flows are dependent on payments of the underlying loans. When the Client Account holds a whole loan, NBIA will be responsible for dealing directly with the issuer — which can both consume valuable investment adviser resources that could be more profitably employed in other investments as well as subject the Client Account to all the uncertainties, expenses and adversary proceedings that surround foreclosures in general.

### **Additional Risks for Equity Strategies**

NBIA's equity strategies involve various material risks, including the risks associated with certain market caps categories (*i.e.*, mid-cap and small-cap) and certain specialty strategies (*i.e.*, Master Limited Partnerships and Sustainable Equity). The following is a summary of material risks specific to NBIA equity strategies that should be considered along with the general risks listed above. These risks also apply to alternative and Multi-Asset Class Mandate strategies that incorporate equity strategies. Please note that certain risks do not apply to all NBIA equity strategies or apply to a material degree.

- **Brokerage Commissions/Transaction Costs/High Portfolio Turnover Risk.** With respect to those accounts that pay separate commissions, a high portfolio turnover rate increases a strategy's transaction costs, including brokerage commissions and dealer costs). Further, higher portfolio turnover will likely result in the realization of more short-term capital gains than if the strategy had lower portfolio turnover.
- **Correlation Risk.** There can be no assurance that the underlying equity portfolio will correlate to or track closely the selected benchmark (*e.g.*, an index, ETF or basket) on which the options positions are based, and as a result, the option strategy performance could vary substantially from the performance of the portfolio for any period of time. For example, when writing options on an index, the value of the index could appreciate while the value of the equity portfolio declines in value. This would result in losses on both the option positions and the equity portfolio.
- **Equity Market Risk.** Investments in equity securities (*e.g.*, common stocks, preferred stocks, convertible securities, rights, warrants and Depositary Receipts ("DRs")) are subject to market risks that will cause their prices to fluctuate over time. Historically, the equity markets have moved in cycles and the value of a strategy's securities could fluctuate substantially from day to day. Investments in income-producing equity securities are also subject to the risk that the issuer will reduce or discontinue paying dividends.
- **Growth Stock Risk.** Because the prices of most growth stocks are based on future expectations, these stocks tend to be more sensitive than value stocks to bad economic news and negative earnings surprises. Bad economic news or changing investor



perceptions can negatively affect growth stocks across several industries and sectors simultaneously.

- **Issuer-Specific Risk.** The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.
- **Market Capitalization Risk (Small-, Mid- and Large-Cap Stocks Risk).** To the extent a strategy emphasizes small-, mid-, or large-cap stocks, it takes on the associated risks. Compared to small- and mid-cap companies, large-cap companies are often less responsive to changes and opportunities. At times, the stocks of larger companies lag other types of stocks in performance. The stocks of small- and mid-cap companies are often more volatile and less liquid than the stocks of larger companies and are often more affected than other types of stocks by the underperformance of a sector or during market downturns. Compared to large-cap companies, small and mid-cap companies generally have a shorter history of operations and limited product lines, markets or financial resources.
- **New Issues.** Certain Client Accounts will invest in “new issues.” Therefore, such Client Account will have “new issues” profits or losses. A “new issue” generally is any initial public offering of an equity security, as defined in Section 3(a)(11) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). Under the rules adopted by FINRA, certain persons engaged in the securities, banking or financial services industries (and certain members of their respective families) are restricted from having profits and losses attributable to investments in “new issues” allocated to them, subject to a ten percent (10%) *de minimis* exemption. Similar restrictions apply to persons that directly or indirectly own 25% or more of certain publicly traded companies. Such restricted persons could have an economic disadvantage as compared to those investors in such Client Account who do participate in “new issues” since some of the Client Account’s assets will be indirectly used to fund the purchase of “new issues” as to which the “restricted persons” will derive no benefit.
- **Ownership Restrictions.** Certain investment strategies pursued by a Client Account, including control investment strategies, will be affected by applicable U.S. state and federal laws and regulations, as well as non-U.S. laws and regulations, governing the beneficial ownership of public securities. These laws and regulations could inhibit a Client Account’s ability to freely acquire and dispose of the securities of an investment that is the subject of such investment strategies. Should a Client Account be affected by such laws and regulations, it might not be able to transact in ways that would facilitate a realization of value of the investment. Accordingly, such changes, if any, could have an adverse effect on the ability of a Client Account to achieve its investment objective.
- **Private Companies and Pre-IPO Investments.** Investments in private companies, including companies that have not yet issued securities publicly in an IPO (“**Pre-IPO Shares**”) involve greater risks than investments in securities of companies that have traded publicly on an exchange for extended periods of time. Investments in these companies are

generally less liquid than investments in securities issued by public companies or are often illiquid, difficult to value and priced by a method that NBIA believes accurately reflects fair value. Compared to public companies, private companies generally have a more limited management group and limited operating histories with narrower, less established product lines and smaller market shares, which often causes them to be more vulnerable to competitors' actions, market conditions and consumer sentiment with respect to their products or services, as well as general economic downturns. In addition, private companies often have limited financial resources and are unable to meet their obligations under their existing credit facilities (to the extent that such facilities exist). This could lead to bankruptcy or liquidation of such private company or the dilution or subordination of an investment in such private company. Additionally, there is significantly less information available about private companies' business models, quality of management, earnings growth potential and other criteria used to evaluate their investment prospects and the little public information available about such companies could be unreliable. Because financial reporting obligations for private companies are not as rigorous as public companies, it is often difficult to fully assess the rights and values of certain securities issued by private companies. Accordingly, NBIA often only has limited access to a private company's actual financial results and there is no assurance that the information obtained is reliable. Moreover, because securities issued by private companies are generally not freely or publicly tradable, many Client Accounts do not have the opportunity to purchase these share or are able to sell these shares in the amounts or at the prices they desire.

Although there is a potential for Pre-IPO Shares to increase in value if the company does issue shares in an IPO, IPOs are risky and volatile and can cause the value of the investment to decrease significantly. It is possible that the private companies in which Client Accounts invest never issue shares in an IPO and a liquid market for their Pre-IPO Shares never develop, which would likely negatively affect the price at which NBIA or Client can sell these shares and make it more difficult to sell these shares. Investments in a private company's securities include investing in restricted securities – see *"Restricted Securities"* in this Item 8.C.

- **Private Investments in Public Companies.** PIPEs present certain risks not associated with open market purchases of equity securities. In a typical PIPEs transaction, a Client Account will acquire, directly from a company seeking to raise capital in a private placement pursuant to Regulation D under the Securities Act, common stock or a security convertible into common stock, such as convertible notes or convertible preferred stock. The issuing company's common stock is usually publicly traded on a U.S. securities exchange or in the over-the-counter market, but the securities acquired by such Client Account will be subject to restrictions on resale imposed by federal securities laws absent an effective registration statement. If the securities cannot be registered for public resale in a timely manner or at all, it is possible that they will only be saleable in a privately negotiated transaction and possibly at a price less than that paid by such Client Account, assuming a suitable buyer can be found. Even if the shares are registered for public resale, the market for the company's securities could nevertheless be "thin" or "illiquid," making the sale of securities at desired prices or in desired quantities difficult or impossible. As a seller of securities in a registered public offering, the relevant Client Account could be

deemed to be a statutory “underwriter” under the Securities Act, and in that capacity liable for misstatements or omissions in the offering documents prepared by the issuing company. While the Client Account typically will be indemnified by the issuing company against such liabilities, it is possible that the issuing company will not have the financial resources to satisfy its indemnification obligations. Furthermore, it is the position of the SEC staff that indemnification for violations of the Securities Act is against public policy and therefore unenforceable. While the price paid by a Client Account will usually be at a discount to the public trading price at the time of purchase, by the time such Client Account is able to dispose of its shares in a public sale the market price for the issuing company’s securities could be below the price paid by the Client Account, or the sale by the Client Account and other holders with similar registration rights at or about the same time could cause the market price of the issuing company’s common stock to decline substantially before the Client Account is able to dispose of any or all of its investment. The ability to sell shares in an underwritten public offering will be largely dependent upon various economic and market conditions, over which the issuing company, the Client Account, and NBIA will have no control.

- **Restricted Securities.** Restricted securities generally are securities that can be resold to the public only pursuant to an effective registration statement under the Securities Act or an exemption from registration. Equity securities, including preferred stock, and fixed income securities, can be deemed a “restricted security.” Regulation S under the Securities Act is an exemption from registration that permits, under certain circumstances, the resale of restricted securities in offshore transactions, subject to certain conditions, and Rule 144A under the Securities Act is an exemption that permits the resale of certain restricted securities to “qualified institutional buyers.” Where an exemption from registration under the Securities Act is unavailable, or where an institutional market is limited, NBIA will, in certain circumstances, require the issuer of restricted securities held in Client Account to file a registration statement to register the resale of such securities under the Securities Act. In such case, the Client Account will be obligated to pay all or part of the registration expenses, and a considerable period of time could elapse between the decision to sell and the time the Client Account would be permitted to resell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, or the value of the security were to decline, the Client Account might obtain a less favorable price than prevailed when the decision to sell was made. Restricted securities for which no market exists are priced by a method that NBIA believes accurately reflects fair value.
- **REITs and Real Estate Risk.** A strategy’s investments in the securities of Real Estate Investment Trusts (“REITs”) and companies principally engaged in the real estate industry are subject to risks associated with the direct ownership of real estate. These risks include fluctuations in the value of underlying properties, the impact of economic conditions on real estate values, the strength of specific industries renting properties and defaults by borrowers or tenants. In addition to these risks, REITs are dependent on specialized management skills and some REITs have investments in relatively few properties, or in a small geographic area or a single type of property. The properties held by REITs could fall in value for a variety of reasons, such as declines in rental income, poor property

management, environmental liabilities, uninsured or uninsurable damage, increased competition (as a result, for instance, of over-building), or changes in real estate tax laws. There is also a risk that REIT stock prices overall will decline over short or even long periods because of rising interest rates. REITs tend to be small- and medium-size companies. Like small-capitalization stocks in general, REIT stocks can be more volatile than, and at times will perform differently from, large capitalization stocks. These factors can increase the volatility of the strategies investments in REITs. Investments in REITs will cause the investors to bear their pro rata portion of the REITs management fees and other expenses, which could result in duplicative expenses. In addition, there are special risks associated with investing in preferred securities such as preferred REITs. The risks include the following: (i) such preferred securities could include provisions that permit the issuer, in its discretion, to defer or omit distributions for a certain period of time or indefinitely and, as such, preferred securities could lose substantial value due to the omission or deferment of distribution payments, (ii) preferred securities are often subordinated to the issuer's senior debt in terms of liquidation and payment, and therefore will be subject to greater credit risk than the senior debt, and (iii) preferred securities could trade less frequently and in a more limited volume and be subject to more abrupt or erratic price movements than many other securities.

- **Value Stock Risk.** Value stocks could remain undervalued during a given period or never realize their full value. This could happen, among other reasons, because of a failure to anticipate which stocks or industries would benefit from changing market or economic conditions.

### **Additional Risks for Alternative Strategies**

The following is a summary of material risks specific to NBIA alternative investment strategies that should be considered along with the general risks listed above. In addition, the risks listed above relating to fixed income and equity strategies also apply to alternative strategies that invest in fixed income or equity investments, respectively. Please note that certain risks do not apply to all NBIA alternative investment strategies or apply to a material degree.

- **Absolute Return Risk.** A Client Account's returns could deviate from overall market returns to a greater degree than the returns of other Client Accounts that do not employ an absolute return focus. Thus, during periods of strong market performance, a Client Account invested in an absolute return strategy could underperform other strategies. Investment strategies and investment advisers whose performance has historically been non-correlated or demonstrated low correlations to one another or to major world financial market indices can become correlated at certain times. During these circumstances, a Client Account's absolute return focus would likely not function as anticipated.
- **Co-Investments Risk.** NB PE Closed-End Funds and certain NB Private Funds make Co-Investments on an opportunistic basis. There can be no assurance that NB PE Closed-End Funds or NB Private Funds will be given Co-Investment opportunities, or that any Co-Investment offered to the NB PE Closed-End Funds or NB Private Funds would be

appropriate or attractive to the NB PE Closed-End Funds or NB Private Funds. The market for Co-Investment opportunities is competitive and often limited, and it is possible that the Co-Investment opportunities to which the NB PE Closed-End Funds or NB Private Funds wish to allocate assets will not be available at any given time. Due diligence will be conducted on Co-Investment opportunities; however, it is possible that NBIA will not have the ability to conduct the same level of due diligence applied to Third-Party Portfolio Fund investments. The NB PE Closed-End Funds and NB Private Funds will generally rely on the manager or sponsor offering such Co-Investment opportunity to perform most of the due diligence on the relevant portfolio company and to negotiate terms of the Co-Investment.

In general, the ability to dispose of Co-Investments will be severely limited, both by the fact that the securities are expected to be unregistered and illiquid and by contractual restrictions that limit, preclude or require certain approvals for any sale. NBIA could have little opportunity to negotiate the terms of such Co-Investments. On the other hand, where Co-Investments are heavily negotiated, the NB PE Closed-End Funds or NB Private Fund will likely incur additional legal and transaction costs in connection therewith. Co-Investments are generally subject to many of the same risks as investments in Third-Party Portfolio Funds.

- **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 EU. A Client Account will likely be subject to certain requirements under AIFMD to the extent that interests in such Client Account are offered in the European Economic Area (“**EEA**”). AIFMD requires certain disclosures for prospective Investors that are domiciled or that maintain a registered office in the EEA. If a Client Account becomes subject to these requirements, it will provide AIFMD-required disclosure to all existing and prospective investors in such Client Account.
- **Market Direction Risk.** If a Client Account typically holds both long and short positions, an investment in such a product will involve market risks associated with different types of investment decisions than those made for a typical “long only” fund. A Client Account’s returns could suffer when there is a general market advance and the product holds significant “short” positions, or when there is a general market decline and the product holds significant “long” positions. The markets can have considerable volatility from day to day and even in intra-day trading.
- **Multi-Manager Risk.** Multi-manager product performance is dependent upon the success of the adviser and any sub-advisers in implementing the product’s investment strategies in pursuit of its goal. To a significant extent, a Client Account’s performance will depend on the success of the adviser’s methodology in allocating the Client Account’s assets to sub-advisers and its selection and oversight of the sub-advisers. The sub-advisers’ investment styles are not always be complementary, which could adversely affect the performance of a Client Account. A sub-adviser’s strategy could be out of favor at any time. In addition, because each sub-adviser makes its trading decisions independently, it is possible that the

sub-advisers will purchase or sell the same security at the same time without aggregating their transactions or hold long and short positions in the same security at the same time. This would cause unnecessary brokerage and other expenses.

- **Risks Associated with Secondary Investments.** NB PE Closed-End Funds will, from time to time, opportunistically invest in Third-Party Portfolio Funds acquired as “secondary investments” in privately negotiated transactions from investors in the Third-Party Portfolio Funds (typically after the end of the Third-Party Portfolio Fund’s fundraising period).

*Competition for Secondary Investment Opportunities.* Many institutional investors, including other fund-of-funds entities, as well as existing investors of private equity funds could seek to purchase secondary interests of the same Third-Party Portfolio Fund which NB PE Closed-End Funds also seek to purchase. In addition, many top-tier Portfolio Managers have become more selective by adopting policies or practices that exclude certain types of investors, such as fund-of-funds. Portfolio Managers can also be partial to secondary interests being purchased by existing investors of their funds with whom they have existing relationships. In addition, some secondary opportunities are conducted pursuant to specified methodologies (such as a right of first refusal granted to existing investors or a so-called “Dutch auction,” where the price of the investment is lowered until a bidder bids and that first bidder purchases the investment, thereby limiting a bidder’s ability to compete for price), which can restrict the availability of such opportunity for NB PE Closed-End Funds. No assurance can be given that the NB PE Closed-End Funds will be able to identify investment opportunities that satisfy the NB PE Closed-End Funds’ investment objectives and desired diversification goals or, if the NB PE Closed-End Funds is successful in identifying such investment opportunities, that the NB PE Closed-End Funds will be permitted to invest, or invest in the amounts desired, in such opportunities.

*Nature of Secondary Investments.* With respect to “secondary investments,” because the NB PE Closed-End Funds will not be acquiring interests of Third-Party Portfolio Funds directly from the issuers, it is generally not expected that the NB PE Closed-End Funds will have the opportunity to negotiate the terms of the interests being acquired or other special rights or privileges. There can be no assurance as to the number of investment opportunities that will be presented to the NB PE Closed-End Funds. In addition, valuation of the interests could be difficult, as there generally will be no established market for those investments or for the privately-held portfolio companies in which a Third-Party Portfolio Fund invests. Moreover, the purchase price of interests in a Third-Party Portfolio Fund will be subject to negotiation with the sellers of the interests and there is no assurance that the NB PE Closed-End Funds will be able to purchase interests at attractive discounts to NAV, or at all. The overall performance of the Third-Party Portfolio Fund will depend in large part on the acquisition price paid by the NB PE Closed-End Funds for its secondary interests, the structure of such acquisitions and the overall success of the underlying private equity fund.

*Pooled Secondary Investments.* From time to time, an NB PE Closed-End Fund could have the opportunity to acquire a portfolio of interests in a Third-Party Portfolio Funds from a

seller, on an “all or nothing” basis. Where that is the case, certain of the interests could be less attractive than others, and certain of the Portfolio Managers managing the Third-Party Portfolio Funds could be more familiar to NBIA or more experienced or highly regarded than others. In addition, it is possible that an NB PE Closed-End Fund will not be to carve out those investments which NBIA considers (for commercial, tax legal or other reasons) less attractive from the deal.

*Contingent Liabilities Associated With Secondary Investments.* In some cases where a NB PE Closed-End Fund acquires an interest in a Third-Party Portfolio Fund through a secondary transaction, the NB PE Closed-End Funds will acquire contingent liabilities of the seller of the interest. More specifically, where the seller has received distributions from the relevant Third-Party Portfolio Fund and, subsequently, that Third-Party Portfolio Fund recalls one or more of these distributions, the NB PE Closed-End Funds (as the purchaser of the interest to which such distributions are attributable and not the seller) could be obligated to return the monies equivalent to such distribution to the Third-Party Portfolio Fund. While the NB PE Closed-End Funds could, in turn, make a claim against the seller for any such monies so paid to the Third-Party Portfolio Fund, there can be no assurances that the NB PE Closed-End Funds would prevail on such claim.

*Risk of Early Termination.* The governing documents of the Third-Party Portfolio Funds are expected to include provisions that would enable the Portfolio Manager or a majority in interest (or higher percentage) of their limited partners or members, under certain circumstances, to terminate the Third-Party Portfolio Fund prior to the end of their respective stated terms. Early termination of a Third-Party Portfolio Fund in which the NB PE Closed-End Funds is invested could result in (i) the NB PE Closed-End Funds having distributed to it a portfolio of immature and illiquid securities, or (ii) the NB PE Closed-End Fund’s inability to invest all of its capital commitments as anticipated, either of which could have a material adverse effect on the performance of the NB PE Closed-End Fund.

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



those investments are sold or mature into marketable securities they will remain illiquid. As a general matter, companies in which a Client Account invests generally face intense competition, including competition from companies with far greater financial resources; more extensive research, development, technological, marketing and other capabilities; and a larger number of qualified managerial and technical personnel.

Generally a Client Account will not obtain or seek to obtain any control over the management of any portfolio company in which any Client Account invests (other than with respect to certain strategies such as special situations). The success of each investment made by a Client Account will largely depend on the ability and success of the management of the portfolio companies in addition to economic and market factors.

- **Risks relating to SPACs and SPAC Sponsors.** Certain NB Private Funds will invest in special purpose acquisition companies (“**SPACs**”) and their sponsors. Those investments are speculative, involve a higher degree of risk than more traditional investments, are not suitable for all investors and are intended for experienced and sophisticated investors who are willing to bear the high economic risk of the investment. A SPAC is a publicly traded company formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more operating businesses. Following the acquisition of a target company, a SPAC typically would exercise control over the management of such target company in an effort to increase the value of such target company. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust until the target company is acquired or a predetermined period of time elapses. Investors in a SPAC would receive a return on their investment in the event that a target company is acquired and such target company's value increased. In the event that a SPAC is unable to locate and acquire target companies by the deadline, the SPAC would be forced to liquidate its assets, which could result in losses due to the expenses and liabilities of the SPAC. Investors in a SPAC are subject to the risk that, among other things, (i) the SPAC is be able to locate or acquire target companies by the deadline, (ii) assets in the trust are subject to third party claims against the SPAC, which could reduce the per share liquidation price received by the investors in the SPAC, (iii) the SPAC is exempt from the rules promulgated by the SEC to protect investors in “blank check” companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC are not be afforded the benefits or protections of those rules, (iv) the SPAC is only be able to complete one business combination, which causes it to be solely dependent on a single business, (v) the value of any target company decreases following its acquisition by the SPAC, (vi) the value of the funds invested and held in the trust decreases, (vii) the inability to redeem due to the failure to hold the securities in the SPAC on the record date or the failure to vote against the acquisition, (viii) the SPAC is unable to consummate a business combination, and as a result, public stockholders are forced to wait until the deadline before liquidating distributions are made, and (ix) redemption rights make the SPAC unattractive to targets or preclude the SPAC from completing a business combination. In addition, most SPACs are illiquid and have a concentrated shareholder base that tends to be comprised of hedge funds (at least at inception). At the time of investment, it is possible that a SPAC has not yet selected or approached any



prospective target businesses with respect to a business combination. In those circumstances, there will likely be limited basis to evaluate the possible merits or risks of such SPAC's investment in any particular target business. To the extent that a SPAC completes a business combination, it will be affected by numerous risks inherent in the business operations of the acquired company or companies. Investment in SPAC sponsors are subject to additional risks, including the potential loss of the entire at-risk investment and the founder shares and warrants becoming worthless if no business combination is completed. For these and additional reasons, investments in SPACs and SPAC sponsors are speculative and involve a high degree of risk.

- **Special Risks Associated with Private Equity Investments by NB PE Closed-End Funds.** An NB PE Closed-End Fund's investment portfolio will generally consist of investments in privately held companies (either directly or through Portfolio Funds), and operating results for the portfolio companies in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses and include the following risks:

*Buyout Funds.* Buyout transactions can result in new enterprises that are subject to extreme volatility, require time for maturity and can 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 can 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.

*Interest Deductibility Risks.* Generally privately held companies in which the NB PE Closed-End Funds invest (either directly or through Portfolio Funds) rely on significant amounts of borrowed capital, which can increase profit potential but at the same time increase the risk of loss. However, recent tax legislation, commonly referred to as the Tax Cuts and Jobs Act, caps tax deductions of interest expenses at 30 percent of earnings before interest, taxes, depreciation, and amortization (EBITDA) for many companies beginning in 2018. Additionally, in 2022 the cap on tax deductions of interest expenses will be set at 30 percent of earnings before interest and taxes, but after depreciation and amortization, which will reduce the base earnings figure upon which the 30 percent interest expense deduction will be calculated. While the ultimate impact of the Tax Cuts and Jobs Act on NB PE Closed-End Funds and the investments held thereby remains unclear, as certain privately held companies will benefit from the Tax Cuts and Jobs Act's reduction of the corporate tax rate, there is a risk that the Tax Cuts and Jobs Act's cap on interest deductions will reduce the returns that NB PE Closed-End Funds can achieve from certain current or future investments in privately held companies, as well as a risk that the cap

will reduce the number and/or type of privately held companies that NB PE Closed-End Funds can target for investment.

- **Special Situations Risks.** Certain Client Accounts, including certain NB PE-Closed End Funds and NB Private Funds, will invest, directly or indirectly through Portfolio Funds, in actual or anticipated special situations (*e.g.*, acquisitions, spin-offs, reorganizations and liquidations, tender offers and bankruptcies). The special situations asset class include portfolio companies that are in transition, out of favor, financially leveraged or troubled, potentially troubled, or involved in major strategic actions, restructurings, bankruptcy, reorganization, or liquidation. Those 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. 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 Client Account, directly or indirectly, to certain additional potential liabilities. For example, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor could have its claims subordinated, or disallowed, or be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments by such companies to us could be required to be returned if any such payment is later determined to have been a fraudulent conveyance or a preferential payment. Numerous other risks also arise in the workout and bankruptcy contexts. In addition, there could be no minimum credit standard that is a prerequisite to a Client Account's direct or indirect investment in any instrument and it is possible that a significant portion of the obligations and preferred stock in which a Client Account directly or indirectly invests will be less than investment grade.
- **Subsidiary Risk.** Certain NB Registered Funds will invest in wholly-owned subsidiaries ("**Subsidiary**") to seek commodities exposure. By investing in a Subsidiary, the NB Registered Fund is indirectly exposed to the risks associated with the Subsidiary's investments and operations. A Subsidiary is generally not registered under the Investment Company Act and accordingly, not subject to all the investor protections of the Investment Company Act.
- **Venture Capital Investments.** Certain Client Accounts, including certain NB PE-Closed End Funds and NB Private Funds, will invest in venture capital investments, including through venture capital funds. It is possible that the companies in which those Client Accounts invest, directly or indirectly, have limited operating histories; are in a conceptual or early stage of development; offer services or products that are not yet developed or ready to be marketed, or that have no established market; are attempting to implement novel business plans or to become public; are operating at a loss or have significant fluctuations in operating results, are engaged in a rapidly changing business; require substantial additional capital to support their operations to finance expansion or maintain their competitive position; or otherwise have a weak financial condition.. Although venture

capital investments can 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.

<b>Item 9:      Disciplinary Information</b>
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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or potential client's evaluation of the firm or the integrity of the firm's management in this item. NBIA has no items to disclose.

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

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

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

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

NBIA is registered as a CTA and CPO with the CFTC. NBIA is not registered as a Futures Commission Merchant. Certain of NBIA's management personnel are registered with the National Futures Association (the "NFA") as principals or associated persons of NBIA or one or more affiliates of NBIA (including NBBD, which is registered as a CTA and introducing broker with the CFTC ("Introducing Broker")). Notwithstanding such registrations, NBIA relies on exemptions from registration as a CPO and CTA with respect to certain accounts and pools that qualify for such exemptions.

### **C. Material Relationships**

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

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

NBIA is affiliated with NBBD, a U.S. registered broker-dealer. In addition, most NBIA advisory personnel are registered representatives with FINRA through their affiliation with NBBD. See Item 11.B.3.

For the majority of portfolio transactions for Separate Accounts, Wrap Program accounts, Unbundled Program accounts, and Dual Contract Program accounts, NBBD does not receive a brokerage commission for effecting securities trades. In those cases where NBBD does receive brokerage commissions, they are at a negotiated rate. For Private Wealth Management Accounts, Clients generally pay an "all-inclusive fee" for advisory and brokerage services. See also Item 5.A.1 for certain instances when NBBD will receive brokerage commissions or other fees for certain accounts and Item 5.E. for additional compensation that can be received by NBBD and NBBD's broker-dealer representatives ("**NBBD Brokers**").

Subject to applicable law, NBBD receives sales commissions in connection with the sale of interests in certain NB Private Funds and NB Registered Funds. Some sales commissions will be

a portion of, or calculated from, NBIA's management fee with respect to such shares or interests. In addition, in its capacity as a registered broker-dealer, NBBD executes transactions for certain of the NB Private Funds and receives brokerage commissions in that regard. Further information on the services provided by NBBD on behalf of the NB Private Fund is contained in the Offering Documents of the relevant NB Private Fund. All transactions executed by NBBD for the NB Registered Funds are conducted in accordance with the requirements of Rule 17e-1 under the Investment Company Act. NBBD is also registered as a Municipal Securities Dealer with the Municipal Securities Rulemaking Board. NBBD is the principal underwriter and distributor for the NB Registered Funds. In addition, registered representatives of NBBD offer and sell shares of the NB Registered Funds. NBBD also acts as a distributor for certain NB Private Funds and Sub-Advised Accounts. See Item 11.B.3 and Item 12.A.

In addition, with respect to the NB Investment Platform, Platform Clients access the platform based on their relationship with NBBD and NBBD Brokers, who serve as the Platform Clients' relationship managers. The strategies and investment vehicles that are available through the NB Investment Platform are selected by NBIA in its sole discretion and NBIA has established limitations or other parameters relating to the inclusion of strategies in the platform. Proprietary strategies will be available as the Platform Clients' primary investment options and third-party investment strategies will be available on a limited basis and solely as a complement to such proprietary strategies. NBBD Brokers then present proposals of the available strategies and investment vehicles for the Platform Client's consideration and ultimately, the Platform Client decides, in its sole discretion, the strategies in which the Platform Client wishes to invest and the specific allocation to each strategy. The use of proprietary strategies as the primary investment option will result in incremental benefits, including additional compensation to NBIA, its affiliates and their respective employees, including NBBD and NBBD Brokers. The NBBD Brokers have an incentive to propose certain products (such as proprietary products) over others based on the compensation to be received. See also Item 8.C.

Moreover, from time to time, NBBD provides wealth planning analyses (each, a "**Wealth Analysis**") to certain eligible clients ("**WA Client(s)**") free of charge. The Wealth Analysis is intended solely for informational and discussion purposes to educate WA Clients on financial planning topics and help WA Clients better understand their financial profile and evaluate possible options, and is based on information provided by the WA Clients. Neither NBBD nor NBIA provides any on-going or periodic review, follow-up or monitoring of any of the topics covered in any Wealth Analysis. Wealth Analyses and any related discussions are subject to a separate written agreement and do not constitute investment advice and are not part of any investment advisory or fiduciary services offered by NBIA, NBBD or their respective affiliates. None of NBIA, NBBD nor their respective affiliates serve as a fiduciary or investment adviser in connection with any Wealth Analysis, and the Wealth Analysis and any related discussions are not intended to serve as a primary basis for any decision or as a recommendation with respect to any investment, financial, insurance, trust and estate or tax planning determination. NBBD has designated specific employee(s) with oversight responsibilities for each Wealth Analysis produced for WA Clients ("**NBBD Wealth Analyst(s)**"). Neither NBBD nor NBIA complies with any industry association standards or requirements in respect of the Wealth Analysis and any related discussions, or monitors the requirements of the Certified Financial Planner™ (CFP®) designation for any NBBD

Wealth Analyst that holds it, and NBBD is not providing “financial planning services” as such term is defined by any industry associations, including the CFP Board.

In providing investment management services to its clients, NBIA draws upon the trading, research, operational and administrative resources of its affiliated entities. In addition, from time to time, NBIA uses security analyses and research reports prepared by its affiliated entities.

NBIA utilizes Placement Agents in offering certain NB Private Funds and NB PE Closed-End Funds to investors. These Placement Agents include NBBD and unaffiliated registered broker-dealers. See Item 5.E. and Item 14.B. Officers of NBBD also solicit Separate Account clients for NBIA.

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

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

NBIA acts as adviser to the NB Registered Funds. NBIA also acts as an adviser or sub-adviser to certain Private Funds where a related party is a general partner, managing member or the adviser. Certain management persons of NBIA act as officers and directors of certain NB Registered Funds, affiliated Non-U.S. Registered Funds, NB Private Funds and Affiliated CITs (“**Affiliated Funds**”). In addition, NBIA serves as a sub-adviser to Non-U.S. Registered Funds advised by affiliates of NBIA.

NBIA also acts as sub-adviser to Third-Party Mutual Funds. Certain affiliates of Third-Party Mutual Funds are clients of affiliates of NBIA or are referred to NBIA by its affiliates, and receive investment advisory services from NBIA or its affiliates, and other services from certain NBIA affiliates. As recipients of those services, affiliates of Third-Party Mutual Funds will generally be charged the usual and customary fees by both NBIA and any of its affiliates for rendering such services. This will likely result in total fees that are higher than would have been paid had the affiliates obtained all services from either NBIA or its affiliates alone or from other unrelated brokers and investment advisers.

In its capacity as a registered broker-dealer, NBIA’s affiliate, NBBD, executes transactions for certain of the Affiliated Funds and receives brokerage commissions in that regard. See Item 10.C.1.

Subject to the investment guidelines and applicable law, NBIA invest certain Client Accounts in Affiliated Funds. See Item 5.C regarding additional fees and expenses associated with investments in Affiliated Funds. NBIA has an incentive to recommend or invest Client Accounts in Affiliated Funds (rather than in non-Affiliated Funds) to the extent NBIA wishes to seed or otherwise increase the assets under management of any particular Affiliated Fund. In addition, NBIA has a conflict of interest in recommending or investing Client Accounts in Affiliated Funds (rather than in non-Affiliated Funds) as doing so increases the advisory and administrative fees received by NBIA and its affiliates (unless waived), and the distribution fees, placement fees or other fees received by certain affiliates of NBIA for distributing Affiliated Funds.

None of NBIA nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Affiliated Fund. Because NBIA receives a Performance Fee in connection with its management of certain Client Accounts, NBIA has an incentive to devote a disproportionate amount of time and resources to those Client Accounts that pay a Performance Fee at the expense of other accounts that are charged only a management fee. NBIA and its related persons intend to devote as much time as they deem necessary for the management of each account, and will allocate investment opportunities between Private Funds, NB Registered Funds and other Client Accounts managed in a similar strategy in accordance with NBIA's trade allocation policy described in Item 12.B.

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

NBIA has relationships that are material to its investment management business with the following affiliated investment advisers (the "**Affiliated Advisers**").

#### SEC Registered Advisers:

Neuberger Berman Asia Limited  
Neuberger Berman Europe Limited  
Neuberger Berman BD LLC\*  
Neuberger Berman Singapore Pte. Limited  
Neuberger Berman Loan Advisers LLC  
NB Alternatives Advisers LLC  
Neuberger Berman Breton Hill ULC  
Neuberger Berman AIFM S.à.r.l (Exempt Reporting Adviser)

#### Non-SEC Registered Advisers:

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

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

Where required, personnel of non-SEC-registered advisers are considered "access persons" of NBIA and are subject to certain NBIA policies and procedures as well as supervision and periodic monitoring.

In providing investment management services to its clients, NBIA draws upon the portfolio management, trading, research, operational and administrative resources of certain of its affiliates, including using affiliates to execute transactions for Client Accounts. Subject, in certain instances, to the written consent of the client and the regulatory status of the affiliate, NBIA will engage one or more of the Affiliated Advisers as sub-advisers to certain Client Accounts, including



Separate Accounts, NB Registered Funds or NB Private Funds, or treat the Affiliated Advisers as “participating affiliates,” the latter in accordance with the applicable SEC No-Action Letters. In addition, from time to time, NBIA will delegate some or all of its role as adviser to certain Client Accounts to Affiliated Advisers. If an affiliate acts as a sub-adviser or is otherwise delegated some portion of NBIA’s advisory role, investment professionals from such affiliate will likely be delegated decision-making roles for some or all aspects of the strategy, including the opening of brokerage accounts and the placement of orders to deploy the strategy. As participating affiliates, whether or not registered with the SEC, certain affiliates provide designated investment personnel to associate with NBIA and perform specific advisory services to NBIA consistent with the powers, authority and mandates of NBIA’s clients. The employees of a participating affiliate are designated to act for NBIA and are subject to certain NBIA policies and procedures as well as supervision and periodic monitoring by NBIA. The participating affiliate agrees to make available certain of its employees to provide investment advisory services to NBIA’s clients through NBIA, to keep certain books and records in accordance with the Advisers Act and to submit the designated personnel to requests for information or testimony before SEC representatives. Participating affiliates will also be delegated the duty to place orders for certain securities and commodity interests transactions pursuant to an agreement between NBIA and the participating affiliate. See also Item 10.D.

A number of NBIA personnel involved in portfolio management at NBIA are also officers of certain Affiliated Advisers and provide investment management services to clients of such affiliates. Neither NBIA nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Client Account. NBIA and its related persons intend to devote as much time as they deem necessary for the management of each Client Account and will allocate investment opportunities in accordance with NBIA’s trade allocation policy. See also Item 6 and Item 11.D.6 with respect to side-by-side management issues.

NBIA acts as sub-adviser to certain Separate Account clients of Affiliated Advisers. In addition, NBIA serves as sub-adviser to certain Non-U.S. Registered Funds and Private Funds advised by Affiliated Advisers.

Certain employees of Affiliated Advisers provide marketing or client-related services in connection with NBIA products.

The views and opinions of NBIA, and those of the Affiliated Advisers and their research departments, will, at times, differ from one another. As a result, Client Accounts managed by NBIA or its Affiliated Advisers will hold securities or pursue strategies that reflect differing investment opinions or outlooks at the time of their acquisition or subsequent thereto. See Item 11.B.8 and 11.D.6.

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

NBBD is registered with the CFTC as a CTA and Introducing Broker and is a member of the NFA. Certain employees of NBBD in their capacity as associated persons of NBBD solicit prospective investors to invest in Private Funds or Separate Accounts that trade commodity interests and are sponsored or managed by NBIA. In addition, NB Alternatives Advisers LLC and Neuberger Berman

Breton Hill ULC are registered as CPOs and Neuberger Berman Breton Hill ULC is registered as a CTA. See Item 10.C.1 and Item 10.C.3 for a description of NBIA's relationship with NBBD, NB Alternatives Advisers LLC and Neuberger Berman Breton Hill ULC.

## **5. Banking or thrift institution**

NBIA is affiliated with Neuberger Berman Trust Company N.A. and Neuberger Berman Trust Company of Delaware N.A. (together, "**NB Trust Companies**"). NB Trust Companies provide comprehensive fiduciary and wealth management services to high net worth individuals, families and their related entities, including investment management, custody, tax planning and trustee and executor services. In addition, Neuberger Berman Trust Company N.A. provides outsourced Chief Investment Officer (OCIO), investment management, custody, and other fiduciary services to institutional clients. For such accounts, NB Trust Companies utilize the investment platform of equity, fixed income and alternative products and strategies of its affiliates (including NBIA) as its primary investment option. Non-affiliated products and strategies are also available on a limited basis and generally as a complement to affiliated offerings. The product and strategies available as investment options with respect to such accounts can differ from those available as investment options through the PWM Advisory Program or the NB Investment Platform. NB Trust Companies' preference for affiliated products and strategies will result in incremental benefits to NB Trust Companies, its affiliates (including NBIA) and their respective employees. Neuberger Berman Trust Company N.A. generally acts as the IRA custodian for IRA Private Wealth Management Accounts for which NBBD acts as broker-dealer. NB Trust Companies have appointed NBIA to manage certain assets of clients of NB Trust Companies. NBIA provides personnel and services to NB Trust Companies, pursuant to an Administrative Services Agreement between NB Trust Companies and Neuberger Berman Group LLC.

In addition, certain NBIA personnel are also officers of Neuberger Berman Trust Company N.A. and, in their capacity as officers of the Neuberger Berman Trust Company N.A., provide portfolio management and related investment functions to collective investment trusts established by Neuberger Berman Trust Company N.A. NBIA also provides certain administrative services, including trade execution and back- and middle-office support for those funds.

## **6. Accountant or accounting firm**

None.

## **7. Lawyer or law firm**

None.

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

None.

**9. Pension consultant**

None.

**10. Real estate broker or dealer**

None.

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

Affiliates of NBIA act as the GP Entity with respect to certain Private Fund entities managed by NBIA. See Item 10.C.2. Further information about the partnerships where affiliates of NBIA serve as the GP Entity is available in Section 7.B(1) and (2) of Schedule D of Part 1A of NBIA and its affiliated SEC-registered investment advisers' Form ADVs. See Item 10.C.3.

**12. Administrator**

None.

**D. Selection of Other Investment Advisers**

From time to time, NBIA engages other advisers, including its affiliates, to act as sub-advisers for its Separate Accounts and its Affiliated Funds. In addition, from time to time, NBIA delegates some or all of its role as adviser to certain Client Accounts to other advisers, including its affiliates. In addition, NBIA invests certain Client Accounts in the Affiliated Underlying Investments and Unaffiliated Underlying Investments. In connection with those investments and the selection of potential sub-advisers or advisers, NBIA selects and recommends certain investment managers (including Portfolio Managers).

NBIA performs detailed due diligence on potential third party sub-advisers or advisers to its Client Accounts and the Portfolio Managers of Affiliated Underlying Investments and Unaffiliated Underlying Investments before selecting them, including analysis of the adviser's investment process and results, including the length of their track record, consideration of the assets under management, and interviews with members of the adviser's senior management and investment teams. NBIA's decision to invest with an adviser or sub-adviser, depends upon various factors that include the adviser's performance record, management style, number and continuity of investment professionals, and client servicing capabilities. With respect to the PWM Advisory Program and the NB Investment Platform, the third-party strategies and investment vehicles that are available as investment options are those approved by Third-Party SMA Provider and further vetted through ISG's diligence process. See *"The PWM Advisory Program and the NB Investment Platform"* in Item 8.B.

With respect to the PWM Advisory Program and the NB Investment Platform, in selecting the non-proprietary strategies that are available, NBIA generally limits the available strategies to those approved by the Third-Party SMA Provider and further narrowed by ISG. However, NBIA has an

incentive to select less attractive strategies so that the proprietary strategies are viewed in more favorable light.

For a detailed discussion of conflicts of interest that apply with respect to the services provided by NBIA and NBBD to retail clients, please see NBIA's Conflict Disclosures and NBBD's Conflict Disclosures, which will be available at [http://www.nb.com/conflicts\\_disclosure\\_nbja/](http://www.nb.com/conflicts_disclosure_nbja/) and [http://www.nb.com/conflicts\\_disclosure\\_nbbd/](http://www.nb.com/conflicts_disclosure_nbbd/), respectively, after June 30, 2020.

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

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

In addition, the Conflicts Procedures impose certain additional requirements on Access Persons (as defined in the Conflicts Procedures) who are advisory persons. The Conflicts Procedures also require Access Persons to report personal securities transactions on at least a quarterly basis or as otherwise required and provide the Firm with a detailed summary of certain holdings (initially upon becoming an Access Person and annually thereafter) over which such Access Persons have a direct or indirect beneficial interest. NBIA has also adopted compliance and business supervisory procedures that are designed to meet its fiduciary obligations to have NBIA and its employees act in the best interest of its clients.

Clients and prospective clients can obtain a copy of the Code of Ethics by contacting a Client Service Representative. For a detailed discussion of conflicts of interest with respect to the advisory services provided by NBIA and its advisory personnel to retail clients, please see NBIA’s Conflict Disclosures, which will be available at [http://www.nb.com/conflicts\\_disclosure\\_nbia/](http://www.nb.com/conflicts_disclosure_nbia/) after June 30, 2020.

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

From time to time, NBIA will participate or have an interest in client transactions as described below. NBIA makes all investment management decisions in its clients’ best interests.

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

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

If NBIA, its affiliates or their respective principals own a substantial equity interest in an account managed by the adviser, a transaction involving that account and another client could be characterized as a principal transaction. For example, if NBIA, its affiliates or their respective principals have a substantial equity interest in an Affiliated Fund, the transfer of securities from such Affiliated Fund's account to an NBIA-managed Separate Account could be deemed a principal transaction.

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

NBIA and its related persons do not generally engage in principal transactions with NBIA's clients. Subject to applicable rules and regulations, if NBIA were to engage in such affiliated principal transactions, NBIA would disclose the transaction to the client and obtain the client's consent in accordance with Section 206-3 of the Advisers Act. With respect to Affiliated Funds, NBIA can engage in such transactions as described in each fund's Offering Documents. In such instances, NBIA will comply with applicable law, as well as any requirements imposed by the Affiliated Funds themselves. The conflicts of interest are disclosed in each Affiliated Fund's Offering Documents.

An "agency cross transaction" is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. NBIA infrequently causes clients to engage in agency cross transactions and would disclose the transaction to the client and obtain the client's consent in accordance with Section 206-3 of the Advisers Act.

## **2. *Cross Transactions***

Cross trades involve the transfer, sale or purchase of assets from one Client Account to another Client Account without the use of a broker-dealer. For equities, NBIA will, at times, engage in cross trading where permissible, if it determines that the cross trade and the conditions for the transaction would be favorable to both Client Accounts and the terms of the transaction are fair to both Client Accounts. For fixed income, generally, it is NBIA's policy not to engage in buying or selling of securities from one Client Account to another except in limited circumstances when it believes that the cross trade is in the best interest of both Client Accounts. The vast majority of trades made for Client Accounts will be executed through the open market or with reference to an independently established market price. For both equity and fixed income cross trades, neither NBIA nor its affiliates will receive transaction-based compensation from the trade. In certain situations, specific consent for each such transaction are required from both parties to the transaction. Where an NB Registered Fund or a Third-Party Mutual Fund is involved, the

transaction will be executed in accordance with the provisions of Rule 17a-7 under the Investment Company Act and any applicable policies and procedures approved by the NB Registered Fund's or Third-Party Mutual Fund's Board of Trustees/Directors/Managers.

### **3. *Affiliated Brokers***

NBIA is affiliated with NBBD, a U.S. registered broker-dealer. Most NBIA advisory personnel are registered representatives with FINRA through their affiliation with NBBD. Certain NBIA equity strategies utilize a central trading desk to execute transactions (including ETFs) with third-party brokers for certain Client Accounts. In the event NBIA were to execute a transaction on behalf of its clients with NBBD as broker, NBIA would generally only do so if it had received prior written authorization from the client and only in accordance with all applicable laws and regulations, including ERISA, and Rule 17e-1 under the Investment Company Act. Such transaction would only be executed if NBBD provided best execution under the circumstances. See Item 12.A.

For the majority of Private Wealth Management Accounts, NBBD will provide brokerage services. For those Private Wealth Management Accounts that have consented to the use of NBBD as broker, clients generally will be charged an "all-inclusive" fee for brokerage and advisory services and will generally not be charged a separate brokerage commission (see Item 5.A.1). When a client opens a Private Wealth Management Account, NBIA will seek the client's consent to effect brokerage transactions through NBBD, consistent with the requirements of the federal securities laws and other applicable laws. A client can grant or revoke this consent at any time. Clients will be advised that they are not required to use NBBD as broker for their account. Pursuant to the terms of the GPS Program, clients in the GPS Program are required to use NBBD as broker for their GPS Accounts. With respect to the PWM Advisory Program and the NB Investment Platform, it is possible that where PWM Program Clients or Platform Clients do not use NBBD as broker for their account the strategies in which their Client Accounts can be invested will be limited (*e.g.*, the Client Accounts could be limited to investing in proprietary strategies or restricted from investing in Non-Proprietary Separate Accounts).

NBBD occasionally acts as broker for securities transactions for NBIA's Institutional Accounts and Private Funds.

NBBD receives sales commissions in connection with the sale of interests in certain NB Private Funds and NB Registered Funds. See Item 5.E. and Item 10.C.1.

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

From time to time, employees of NBIA and its related persons who are registered representatives or associated persons of NBBD, a registered investment adviser and broker-dealer, CTA and Introducing Broker, recommend to certain NBIA's clients that they buy or sell securities in which NBIA or a related person has a financial interest. Such financial interest could include having a business relationship (whether client, broker, vendor or investment consultant) or serving as investment adviser, general partner, managing member or director for a particular investment product. In both instances, it is possible that the purchase or sale of a security either directed by NBIA or recommended by NBIA (including NBIA employees that re NBBD Brokers) will have an

impact on the price of such security, which could indirectly benefit (or act to the detriment of) NBIA and its affiliates.

NBIA and its Affiliated Advisers act in various capacities with respect to Affiliated Funds from which they receive advisory, administrative, distribution or other fees. When appropriate and in accordance with applicable law, including with respect to clients in the GPS Program and the Discretionary PWM Program, NBIA allocates client assets to Affiliated Funds. Employees of NBIA and its related persons who are registered representatives or associated persons of NBBD also, from time to time, recommend an investment in an Affiliated Fund (*e.g.*, through the NB Investment Platform). NBIA has a conflict of interest to the extent that they recommend, or invest Client Accounts in, Affiliated Funds (rather than in Non-Affiliated Funds) where NBIA wishes to seed or otherwise increase the assets under management of any particular Affiliated Fund. In addition, NBIA has a conflict of interest in recommending or investing Client Accounts in Affiliated Funds (rather than in non-Affiliated Funds) as doing so increases the advisory and administrative fees received by NBIA and its affiliates (unless waived), and the distribution fees, placement fees or other fees received by certain affiliates of NBIA for distributing Affiliated Funds.

See Item 5.C, Item 10.C.1, Item 10.C.2 and Item 11.D.7.

NBIA's policies and procedures together with its investment process seek to ensure that all accounts are managed in accordance with their investment objectives and guidelines and in accordance with NBIA's fiduciary obligations. Specifically, NBIA has policies and procedures in place reasonably designed to assure that NBIA and its employees and agents do not make recommendations or provide advice in a fiduciary capacity with respect to Plan Clients (including those that invest through the PWM Advisory Program) that would be inconsistent with its fiduciary duties under ERISA and otherwise, as applicable.

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

Employees of NBIA or its affiliates, and their family members, are investors in Private Funds, NB Registered Funds, Non-U.S. Registered Funds or Third-Party Mutual Funds managed by NBIA or an affiliate. Any such investments are made in conformity with the Conflicts Procedures (see Item 12.B) that include procedures governing the use of confidential information and personal investing. NBIA and its affiliates also maintain Separate Accounts for employees. The Firm maintains a policy that prohibits "insider accounts" that do not pay investment advisory fees from receiving a more favorable execution price than that received on the same day by Client Accounts. The Firm generally reduces or waives investment advisory fees and performance fees/incentive allocations/carried interest for employees. See also Item 11.C.

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

NBIA will recommend to certain clients investments in which NBIA, its affiliates or their respective employees are also invested. See Item 11.B.5.

NBIA also will recommend securities to certain clients in which a related person has established an interest independent of NBIA. Moreover, NBIA will, from time to time, purchase and sell



securities for Client Accounts that the Firm, its affiliates or their respective employees have seeded.

NBIA provides investment advisory services to various clients that can differ from the advice given, or the timing and nature or action taken, with respect to any one account. It is possible that NBIA, its affiliates and their respective employees (to the extent not prohibited by the Code of Ethics), and clients of NBIA or its affiliates will hold, acquire, increase, decrease, or dispose of securities or interests (including interests in Affiliated Funds) at or about the same time that NBIA is purchasing or selling securities or interests (including interests in Affiliated Funds) for a Client Account that are, or are deemed to be, inconsistent with the actions taken by such persons.

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

#### **7. *Securities Trades during an Underwriting Syndicate***

NBIA and its Affiliated Advisers do not participate as members of underwriting syndicates. From time to time, the NB Registered Funds will purchase securities from an underwriting syndicate in which an affiliate of a Third-Party Mutual Fund is a participating member. The NB Registered Funds have adopted procedures under Rule 10f-3 of the Investment Company Act governing such transactions. In addition, the Third-Party Mutual Funds can purchase securities from an underwriting syndicate from which an affiliate of the Third-Party Mutual Fund is a participating member and NBIA would seek to work with the Third-Party Mutual Fund's adviser to ensure that all such purchases are in accordance with applicable rules and regulations.

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

NBIA employees and officers are also officers, employees or registered representatives of NBBD and certain Affiliated Advisers. In such capacity, they sell or provide similar services as the services offered by NBIA. From time to time, the views and opinions of NBIA, NBBD or any of the Affiliated Advisers and their research departments differ from one another. As a result, it is possible that Client Accounts hold securities or other investment products for which each of NBIA, NBBD and the Affiliated Advisers have a different investment opinion or outlook at the time of their acquisition or subsequent thereto.

### **C. Personal Trading**

NBIA, or one or more of its affiliates, including employees, from time to time, invest for their own account directly or through an Affiliated Fund or a non-Affiliated Fund in equity, fixed income, derivatives or other investments in which NBIA also invests on behalf of certain Client Accounts. Moreover, it is possible NBIA and its affiliates and their respective employees will buy, sell or hold securities while entering into different investment decisions for one or more Client Accounts. Many of the conflicts that exist with respect to the investment by NBIA and its affiliates and their respective employees in investments in which NBIA also invests on behalf of certain Client Accounts are similar to those that exist with respect to side-by-side management of Client

Accounts. See also Item 10.C.3, Item 11.D.6 and Item 12.B. All investments by NBIA and its affiliates and their respective employees are made in accordance with the Firm's policies.

From time to time, NBIA and its affiliates and their respective employees participate directly or indirectly in Private Fund investments to the extent permitted by the terms of the applicable Private Fund's governing documents. Such participation in each investment will be on substantially the same terms and conditions as provided for in the Offering Documents of the Private Funds. The sale or disposition by NBIA, its affiliates or their respective employees must also be consummated in accordance with internal policies and applicable law.

It is the Firm's policy to monitor and in some cases prohibit personal securities transactions for NBIA, its affiliates and their respective employees. The Conflicts Procedures contain 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 restitution policy;
- (c) prohibitions against employee participation in certain IPOs;
- (d) prohibitions against trading on the basis of material non-public information;
- (e) pre-approval requirements for certain security transactions such as private placement offerings;
- (f) a minimum holding period of 30 days for most personal securities transactions; and
- (g) annually affirming in writing that (i) all reportable transactions occurring during the year were reported to the Firm; (ii) all reportable positions were disclosed; (iii) all newly opened securities accounts or private placements were disclosed; and (iv) the employee has read, understood and complied with the Code of Ethics.

The price restitution policy attempts to address the conflict that could arise from employees owning the same securities as clients, or where the accounts of both enter the market at the same time. Subject to certain exclusions, including certain accounts that are custodied and traded by third parties as part of programs sponsored by financial intermediaries, 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, for operational reasons beyond NBIA's control, not be feasible and the proceeds will either be remitted to Client Accounts or donated to charity.

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

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

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

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

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

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

## **2.     *Gifts/Gratuities/Entertainment***

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

Subject to applicable law, the Firm allows personnel to provide limited business gifts and entertainment to personnel/representatives of clients or prospective clients as detailed in the Firm's 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 clients or client representatives, such as public 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 regions 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 them.

Accepting gifts or entertainment from clients, prospective clients, employees or agents of clients, outside vendors, suppliers, consultants, and other persons or entities with whom the Firm does business also creates actual or apparent conflicts of interest. Subject to applicable law, the Firm does not prohibit personnel from accepting all business-related gifts or entertainment. However, none of 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 also prohibited from soliciting gifts or entertainment, and giving any gifts or entertainment to anyone who solicits them.

## **3.     *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 volunteering or fundraising for a campaign.

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

Certain types of outside affiliations or other activities pose a conflict of interest or regulatory concern to the Firm. Therefore, the Firm prohibits certain activities, and requires employees to disclose outside activities and affiliations 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, or non-profit, charitable, civic or educational organizations. In some cases, those relationships 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 involve little or no personal responsibility or exposure on their part and 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 could 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, which include serving in a board or advisory position as a fiduciary to certain Client Accounts, such as an NB Private Fund, will only be made in writing on a case-by-case basis by the Legal and Compliance Department.

Certain Firm personnel serve, under certain limited circumstances, 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 outsourced service providers and vendors (“**Third-Party Vendors**”) that provide products or services to the Firm and enters into an appropriate contract. When hiring Third-Party Vendors, NBIA has an incentive to choose vendors at the lowest possible cost to NBIA or Third-Party Vendors that provide other financial incentives (*e.g.*, potentially referring clients to NBIA or its affiliates). The Firm’s relationships with Third-

Party Vendors are managed so that appropriate controls and oversight are in place to protect the Firm's interests, including safeguarding of private and confidential information regarding the Firm's clients and employees.

From time to time, NBIA and its affiliate will introduce Private Wealth Management Account clients to one or more private banks with which it has a partnership that can provide lending solutions to the client. None of NBIA nor its affiliates recommend or endorse any of those private banks or the services they provide. None of NBIA nor its affiliates receive direct compensation in connection with any such lending services, but it is possible that they will receive other benefits. It is possible that other providers would be able to provide clients with better lending terms or better services.

From time to time, certain NBIA affiliates provide additional services to NBIA's clients for which they do not receive additional compensation. For example, the Neuberger Berman Foundation provides philanthropic consulting services to certain clients. Those services and any related discussions are intended solely for information and discussion purposes, do not constitute investment advice, are not part of any investment advisory or fiduciary services offered by NBIA or its affiliates, and are not intended to serve as a primary basis for any decision or as a recommendation with respect to any investment, financial, insurance, trust and estate or tax planning determination. NBIA and its affiliates have an incentive to provide additional services to clients in order to maintain and build relationships with their clients. It is possible that non-affiliate providers would be able to provide clients with better services.

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

NBIA and its employees have differing investment or pecuniary interests in different Client Accounts, and NBIA employees have differing compensatory interests with respect to different Client Accounts. Similarly, NBIA employees who are dual employees with an Affiliated Adviser could have different interests with respect to accounts managed for NBIA and Affiliate Accounts.

NBIA and its employees face a conflict of interest when (i) the actions taken on behalf of one Client Account (or Affiliate Account) impact other similar or different Client Accounts (or Affiliate 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 (including where the negotiation of a purchase of securities from an issuer for some Client Accounts negatively impact other securities issued by the same issuer held in other Client Accounts, or the holdings of some Client Accounts cause NBIA to refrain from recommending or making certain investments or to be limited by law, courts or otherwise in the actions it can recommend or take on behalf of other Client Accounts), or have differing ability to engage in short sales and economically similar transactions) or (ii) NBIA and its employees (and the Affiliated Advisers and their employees) have differing interests in certain Client Accounts (*e.g.*, where NBIA or its related persons are exposed to different potential for gain or loss through differential ownership interests or compensation structures or where NBIA or its employees have determine where to dedicate their time and resources) because NBIA and its related persons have an incentive to favor certain accounts over others (*e.g.*, NBIA and its related persons could favor

more profitable accounts, accounts of larger clients, or accounts of clients from whom they are seeking additional business).

Such conflicts present particular concern when, for example, NBIA places, or allocates, securities transactions that NBIA believes could more likely result in favorable performance, engages in cross trades or executes potentially conflicting or competing investments.

From time to time, NBIA, 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. As a result, or as part of the negotiations of certain terms prior to the purchase of a security, NBIA could pursue rights or privileges with respect to an issuer that has, or could have, an adverse effect on some of its Clients Accounts. Conflicts 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). Similarly, if an issuer in which one or more Client Accounts hold different classes of securities (or other assets, instruments or obligations issued by the same issuer) encounters financial problems, decisions over the terms of any workout will raise conflicts of interest (*e.g.*, conflicts over proposed waivers and amendments to debt covenants or strategies to be pursued in bankruptcy proceedings). For example, it is possible a debt holder would be better served by a liquidation of the issuer in which it would be paid in full, whereas an equity or junior bond holder might prefer a reorganization that holds the potential to create value for them. In some cases, NBIA will (i) refrain from taking certain actions or making certain investments, or sell investments on behalf of clients in order to avoid or mitigate certain conflicts of interest, or (ii) be limited (by applicable law, courts or otherwise) in positions or actions it will be permitted to take, which, in each case, could have the potential to disadvantage the clients on whose behalf the actions are not taken, investments not made, or investments sold. In other cases, NBIA will not refrain from taking actions or making investments on behalf of certain Clients that have the potential to disadvantage other Clients. Moreover, if Client Accounts are invested in different levels of an issuer's capital structure, it is possible that NBIA will acquire material nonpublic information, including where it has representatives on the issuer's board of directors or the creditors' committee - see Item 11.D.1). To mitigate these conflicts, NBIA's policies and procedures seek to ensure that investment decisions are made in accordance with the fiduciary duties owed to Client Accounts and that NBIA and its advisory personnel do not place their own interests ahead of the interests of its client.

In addition, certain side-by-side managed accounts or portfolios could create additional conflicts. For example, from time to time, NBIA, on behalf of different Client Accounts (or Affiliate Accounts), could acquire both long and short positions in securities of an issuer (*i.e.*, "long/short" strategies). A short sale involves the sale of a security that the acquirer does not own in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. To make delivery to the buyer, the acquirer must borrow the security, and the acquirer is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the acquirer. In contrast to taking a long position in a security, when a manager sells a security short, he/she is typically doing so with the expectation that the security will decline in

value. Depending on a number of conditions, including the security's liquidity and general economic conditions, shorting a security also generally has the added consequence of adversely impacting its market price. As a result, managers who manage long/short products have conflicts of interest where they short a security in which they are also long for another client or in another product. NBIA has adopted policies and procedures that would permit such transactions only, under certain limited circumstances. For example, where sufficient liquidity exists in the market and where certain client's positions in a particular security have yet to achieve long-term tax treatment, but the manager is otherwise pre-disposed to shorting that security, the manager would likely be permitted to engage in such transaction.

The views and opinions of NBIA, its portfolio managers and other employees and those of its affiliates and research departments will, from time to time, differ from one another, as well as from their respective Chief Investment Officers, the Firm's Asset Allocation Committee, Multi-Asset Class team and ISG. As a result, products managed by NBIA or its affiliates often hold securities or pursue strategies that reflect differing investment opinions or outlooks at the time of their acquisition or subsequent thereto.

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

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

Some employees of NBIA receive a portion of the fees or other compensation received by NBIA or and its affiliates. In addition, most NBIA employees are registered representatives with FINRA through their affiliation with NBBB, and when in their role as NBBB Brokers, serve as relationship managers for clients of NBIA and also receive a portion of the fees or other compensation received by NBIA and its affiliates. See Item 5.E. for a discussion of compensation to NB Salespersons and certain conflicts with respect thereto. Compensation methodology varies and is based upon a variety of factors, including gross or net revenue, asset or sub-asset class, and the specific investment product or investment vehicle.

Given that compensation varies, an employee has an incentive to promote, recommend or allocate assets based on the compensation to be received. For example, NBIA and its employees (including NBBB Brokers) would financially benefit if a Client Account is allocated in a way that results in either NBIA or the employee receiving more compensation from investing in one product or strategy than from investing in other products or strategies. Strategies that involve comparatively higher levels of complexity (*e.g.*, portfolio composition or risk management) or that make use of more complicated financial instruments and financing techniques (*e.g.*, hedging foreign currency exposure or interest rate volatility) will generally result in higher fees to NBIA, and to those NBIA employees who promote, recommend, allocate or manage those strategies. The expenses, fees and other charges vary among asset classes or among sectors or sub-categories within an asset class. For example, the expenses, fees and other charges for equity products and services are generally higher in comparison to fixed income products and services, and the expenses, fees and other charges for emerging markets equities products and services are generally higher in comparison to U.S. core equity products and services. In addition, certain strategies are managed in a substantially similar manner across multiple investment vehicles (*i.e.*, Separate Accounts, NB Registered Fund, and Private Fund) and certain vehicles have higher expenses, fees and other



charges. For example Private Funds often have higher expenses, fees and other charges than other vehicles such as Separate Accounts or NB Registered Funds. Certain NB Private Funds also charge other fees, including Performance Fees, which allow NBIA (and its affiliate) and, in certain cases, selected personnel, an opportunity to share in the Performance Fee. In addition, where permitted by law, an NB Private Fund can also invest in Affiliated Portfolio Investments and Unaffiliated Portfolio Investments that utilize the services of NBIA, its affiliates or their respective employees for a fee or other compensation.

Certain options strategies are implemented on an “overlay” basis where the assets serving as collateral for the option strategies are held outside of the Client Account in which the options strategies are implemented. To the extent the collateral assets for such overlay strategies are invested in other investment products and strategies of NBIA, the use of overlay strategies will involve incremental fees to NBIA and its employees. See also Item 10.C.1 with respect to the NB Investment Platform. Accordingly, for all of the forgoing reasons, differences in the strategies and vehicles that are included in Client Accounts will likely result in differences and potentially higher or incremental fees to NBIA or its employees.

Specifically, with respect to Private Wealth Management Accounts, NBIA advisory personnel are compensated, directly or through compensation pools, based, in large part, on the revenues generated by NBIA and its affiliates with respect to the clients they cover. As such, NBIA advisory personnel have an incentive to take certain actions based on the compensation to be received

For example, as discussed in Item 5.E, NBIA and NBIA advisory personnel have an incentive to invest Client Accounts in (or allocated Client Accounts to) Affiliated Portfolio Investments over Unaffiliated Portfolio Investments. Similarly, in certain instances, NBIA and NBIA advisory personnel have the ability to invest Client Accounts in (or allocated Client Accounts to) various strategies and products with differing fees. In those cases, NBIA and NBIA advisory personnel have an incentive to invest in (or allocate to) assets, strategies and products that generate more revenue for NBIA and its affiliates, including strategies and products that have higher fees are subject to higher fees (*e.g.*, in most cases, equity and equity strategies over fixed income and fixed income strategies, Separate Accounts over NB Registered Funds, etc.), overlay strategies (where permitted) and proprietary strategies (and for NBIA advisory personnel that are on portfolio management teams, strategies managed by its own portfolio management team or strategies managed by other portfolio management teams where there is an agreement or belief that that portfolio management team will allocate client assets back to the NBIA’s advisory personnel’s portfolio management team). While NBIA and its advisory personnel endeavor at all times to put the interest of NBIA’s advisory clients first as part of NBIA’s fiduciary duty, clients should be aware that conflicts of interest exist.

Specifically with respect to Plan Clients that invest through the PWM Advisory Program, where the NBIA advisory personnel is also on a portfolio management team, the NBIA advisory personnel will be compensated based on a target allocation to the NBIA advisory personnel’s own portfolio management team regardless of the actual assets allocated to its own portfolio management team. As a result, the NBIA advisory personnel has an incentive to allocate Plan Client assets to strategies other than the NBIA advisory personnel’s own portfolio management team as the NBIA advisory personnel would receive the same compensation without having to spend the resources or effort

of managing the assets. With respect to non-Plan Clients that invest through the PWM Advisory Program, certain NBIA advisory personnel that are on portfolio management teams will receive additional compensation if the NBIA advisory personnel meets certain “diversification thresholds” by allocating assets away from its own portfolio management team. Where that is the case, the NBIA advisory personnel has an incentive to take actions to meet those thresholds.

To mitigate those conflicts, NBIA has policies and procedures in place and trains its employees to provide advice that is suitable and appropriate for clients and to act in the clients’ best interest without placing its own interests or the interests of NBIA ahead of the interests of its client. For Private Wealth Management Account clients, the Firm’s Private Wealth Supervision group (“**PWS**”) compares the type of assets in the clients’ accounts against the investment objective provided by the client and reviews any possible discrepancies with the relevant NBIA investment professional. Additionally, members of PWS conduct periodic Client Account reviews for portfolio managers to Private Wealth Management Accounts. During those reviews, the portfolio management team’s holdings, performance, concentrated positions, account activity and margin exposure are reviewed across their accounts. NBIA’s policies and procedures are reinforced in the Firm’s annual training, which covers relevant topics including know-your-customer and other regulatory requirements.

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

## Item 12: Brokerage Practices

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

#### *In General—Brokerage Selection*

Certain NBIA equity strategies utilize a central trading desk to execute transactions with third-party brokers for certain Client Accounts. Accordingly, where appropriate, references to NBIA in connection with trade execution in this Item 12 include the affiliates of NBIA that support the central equity trading desk. See Item 11.B.3. See also Item 4.D with respect to Wrap Program accounts, Unbundled Program accounts, and Dual Contract Program accounts.

NBIA is affiliated with NBBB, a U.S. registered broker-dealer. Most NBIA advisory personnel are registered representatives with FINRA through their affiliation with NBBB. NBBB and NBBB's associated persons, in their separate capacities as registered representatives, make allocation and other recommendations to clients and effect securities transactions for clients for which they will receive separate and customary compensation. Certain employees with responsibilities for a Client Account receive a portion of the commissions paid to NBBB by the Client Account. While NBIA and its advisory personnel endeavor at all times to put the interest of NBIA's advisory clients first as part of NBIA's fiduciary duty, clients should be aware that a conflict of interest exists.

With respect to those Client Accounts for which NBIA has discretion to select the broker-dealer, NBIA looks to the overall quality of service provided by the broker and will consider many factors when making a selection for execution. It is NBIA's policy to seek the best execution of client trades considering all the relevant circumstances. Traders will consider the price, size of the transaction, liquidity of both the security and the market, the broker's ability to provide or find liquidity, time limitations, or confidentiality of the transaction. In addition, NBIA can consider research and other services in making brokerage decisions (See "*Research and Other Soft Dollar Benefits*" in this Item 12.A). Accordingly, Clients could be able to obtain more favorable brokerage commission rates elsewhere. NBIA 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.

NBIA has selected one or more firms to serve as prime broker ("**Prime Broker**") to hold the funds and securities of certain Private Funds, and certain Separate Accounts will establish a prime-brokerage relationship. The Prime Broker also executes transactions on behalf of certain Private Funds and Separate Accounts, consistent with the principles of best execution. Specific trades are "traded away," where trades are executed through brokers other than the Prime Broker in order to gain access to greater inventory or better price or execution. NBIA has selected Prime Brokers it believes will provide specific services beneficial to a Private Fund, allowing the Private Fund to operate more effectively and efficiently by, for example, providing NBIA with electronic access to account information and trade confirmations and bulk mailing of statements to investors.

Clients who elect to trade on margin will enter into a separate agreement directly with the clearing agent. Clients should refer to the agreement with their clearing agent for all terms and conditions of the margin arrangement, including all related fees and expenses.

See Item 12.B for information on trade allocation procedures.

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

Soft dollars refers to the practice of using a portion of the commissions generated when executing client transactions to acquire research and brokerage services from broker-dealers. In general, NBIA's soft dollar activity relates to its equity trading; NBIA does not generally direct soft dollar credits for fixed income transactions to individual brokers or dealers on behalf of its clients.

*Use of Soft Dollars:* Where applicable, NBIA considers research and other services as a factor in making brokerage decisions and, as it deems appropriate, uses a portion of the commissions generated when executing client transactions (commonly referred to as "soft dollars") to acquire research and brokerage services ("**soft dollar benefits**") in a manner consistent with the "safe harbor" provided by Section 28(e) of the Exchange Act. Under the safe harbor, as it has been interpreted by the SEC, NBIA is permitted to use soft dollars to pay for soft dollar benefits, even where such benefits are also be available for cash, to the extent appropriate and permitted by law and other global jurisdictional requirements, when such benefits assist NBIA in meeting clients' investment objectives or in managing Client Accounts.

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

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

From time to time, NBIA uses “step outs” or “commission sharing arrangements” to obtain soft dollar benefits. A step out occurs when NBIA directs a broker-dealer, who executes a trade, to allocate (or “step out”) a portion of the trade to another broker-dealer for clearance and settlement. NBIA primarily uses step outs for block trades and believes that this practice assists in seeking best execution.

In commission sharing arrangements, NBIA effects transactions, subject to best execution, through a broker and requests that the broker allocate a portion of the commission or commission credits to a segregated “research pool” maintained by the broker. NBIA then directs such broker to pay for eligible products and services. Participating in commission sharing arrangements enable NBIA to (1) strengthen its key brokerage relationships; (2) consolidate payments for eligible products and services; and (3) continue to receive a variety of high quality eligible products and services while facilitating best execution in the trading process.

NBIA also can, in its discretion, elect to pay cash for soft dollar items.

*Allocation of Soft Dollar Research:* Research obtained with soft dollars will not always be utilized by NBIA for the specific Client Account or Client Accounts that generated the soft dollars. It should be noted that the value of many soft dollar benefits cannot be measured precisely, and commissions paid for such services cannot always be allocated to Client Accounts in direct proportion to the value of the services to each Client Account. Because, as discussed in Item 12.B, NBIA will aggregate or “bunch” certain client transactions, brokerage commissions attributable to one or more Client Accounts could be allocated to brokers who provide statistical data and research used by NBIA in managing other Client Accounts.

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

Commissions paid by one Client Account would, in effect, subsidize services that benefit another Client Account. However, any distortions should balance out over time as NBIA believes that its various sources of research and brokerage services enable NBIA to make better investment decisions and execute more effective trades. Therefore, NBIA does not usually attempt to allocate the relative costs or benefits of research or brokerage services among Client Accounts. Certain clients’ ability to pay for expenses through soft dollars could be limited by laws or regulations such as the restrictions under MiFID II. Although the Firm makes efforts to ensure that the clients are treated equally when it comes to bearing these expenses, these legal restrictions could result in clients who are not subject to the legal restrictions paying more commissions for soft dollars than similar situated clients who are subject to such legal restrictions. As part of the efforts to fairly distribute soft dollar expenses, each portfolio management team sets a budget estimating the spending on research for the team over the upcoming quarter that is monitored against the

research commissions generated by that portfolio management team's clients. NBIA believes that, in the aggregate, the services it receives benefit clients and assists NBIA in fulfilling its overall fiduciary duty to clients.

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

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

*Directed Brokerage for Soft Dollar Services:* In limited circumstances, it is possible that NBIA will enter into an agreement or understanding with a broker-dealer that would obligate NBIA to exclusively direct a specific amount of brokerage transactions or commissions to the broker-dealer in return for research (or brokerage) services. In some cases, NBIA will enter into a commission sharing arrangement pursuant to which soft dollars generated are held in an account for the benefit of NBIA, and credits from that account will be used to acquire soft dollar items.

### ***Brokerage for Client Referrals***

NBIA does not enter into agreements with, or make commitments to, any broker-dealer that would bind NBIA to compensate that broker-dealer, directly or indirectly, for client referrals (or sale of fund interests) through the placement of brokerage transactions. In accordance with Rule 12b-1(h) promulgated under the Investment Company Act and the NB Registered Funds' Directed Brokerage Policy, the NB Registered Funds do not select brokers to execute transactions in an NB Registered Fund, or direct commissions to brokers, in consideration of fund distribution. The policy also requires that NBIA never allocate commissions to a broker in return for "shelf space" for the NB Registered Funds, for exposure of NB Registered Funds to the broker's sales force or clients, or for any other arrangement that is designed to support or promote the broker's sales of NB Registered Funds.

### ***Directed Brokerage; Selection of Brokers***

Certain clients of NBIA have elected to use a specific broker-dealer for securities transactions in their account. To the extent NBIA is required to direct some or all of the trades for such account to a specific broker-dealer, NBIA does not have any role in, and does not have any responsibility for, client's selection of this broker-dealer. NBIA does not have any control over the broker's

services, including commissions charged by such broker, and the nature and quality of executions provided by such broker. As such, NBIA cannot ensure in any given transaction for an account where the client has directed the use of a specific broker that it will be able to obtain the best price. For example, NBIA can elect to purchase a security on behalf of certain of its Separate Accounts at a broker that NBIA believes can execute the trade faster than the broker selected by the client for its account. The purchase of the security for the undirected Separate Accounts could raise the price of the security before the broker for the directed account could execute its purchase of the security. This price impact could result in the directed brokerage account paying more than it otherwise would have had the account's order been aggregated with the Separate Account's order. In addition, a client's selection of another broker could result in the client not receiving certain benefits afforded NBIA's clients for whom NBIA does select brokerage. Those benefits include potential efficiencies in execution, clearance and settlement resulting from, among other things, the bunching of orders for various clients (see Item 12.B).

To the extent a client elects to use a specific broker-dealer for securities transactions in its account, but NBIA retains discretion in selecting the broker-dealer, NBIA will endeavor to use the selected broker but generally has no obligation to use the broker-dealer if, in NBIA's judgment, the use of the broker-dealer would not be consistent with NBIA's fiduciary obligations to obtain best execution or where NBIA is not confident of the selected broker-dealer's execution capability for a particular transaction. NBIA does not accept any responsibility for not using the broker selected by a client on any such transactions in which NBIA does not allocate the brokerage to that broker. NBIA could use step outs for client recapture purposes in order to mitigate dispersion and achieve best execution.

See Item 5.C for information regarding the execution of transactions through the Program Sponsor or designated broker for Wrap Program Clients, Unbundled Program Clients and Dual Contract Clients.

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

In an effort to achieve best execution of portfolio transactions, NBIA often trades securities for Client Accounts by utilizing alternative trading systems. Some alternative trading systems impose additional service fees or commissions. Those fees will be (i) paid by NBIA directly to the provider of the services, (ii) included in the execution price of a security, or (iii) where applicable, billed directly to the Client Account associated with the trading activity. NBIA's intention is that it will only use alternative trading systems and incur their fees if it believes that doing so helps it to achieve best execution for the applicable transaction, taking into account all relevant factors under the circumstances. For example, NBIA could consider the speed of the transaction, the price of the security, the research it receives and its ability to effect a block transaction.

### ***Trade Errors***

Trade errors can result from a variety of situations involving portfolio management (*e.g.*, inadvertent violation of investment restrictions) and trading (*e.g.*, miscommunication of information, such as wrong number of shares, wrong price, wrong account, calling the transaction a buy rather than a sell and vice versa, etc.) (collectively, "**Error Trades**"). In situations where

correcting an Error Trade would result in NBIA bearing financial losses, NBIA has an incentive to ignore or understate the Error Trade. However, NBIA has adopted policies and procedures for correcting Error Trades. The policies and procedures require that all Error Trades affecting a Client Account be resolved promptly and fairly. Under certain circumstances, the policy provides that trades can, where appropriate, be cancelled or modified prior to settlement. The intent of the policy is to reasonably assure that, if an Error Trade results in a Client Account being in a worse financial position, the Client Account is restored Error Trade to the appropriate financial position considering all relevant circumstances surrounding the error. Certain Error Trades executed by the Principal Strategies Group for certain NB Private Funds and certain Separate Accounts are not covered by the policy.

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

### ***Aggregation***

There will be occasions when NBIA decides to purchase or sell the same security or financial instrument for several Clients Accounts at approximately the same time (including Separate Accounts and certain fee-paying employee accounts, Private Funds, Non-U.S. Registered Funds, NB Registered Funds and other Sub-Advised Accounts). While NBIA is not obligated to do so, in some cases, NBIA will combine or “bunch” such orders in order to secure certain efficiencies and results with respect to execution, clearance and settlement of orders. Similarly, in some cases, NBIA will elect to combine Client Account orders with orders entered for the same security for client accounts of its Affiliated Advisers (“**Affiliate Accounts**”). NBIA is not obligated to include any Client Account in an aggregated trade. Transactions for any Client Account will not be aggregated for execution if the practice is prohibited or inconsistent with that client’s investment advisory agreement.

While NBIA 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, NBIA 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 NBIA. As a result, NBIA clients will not always pay the lowest available commission rates, so long as NBIA 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 in the event an order cannot be entirely fulfilled and NBIA is required to determine which accounts should receive executed shares and in what order. NBIA will generally endeavor to aggregate and allocate orders in a manner designed to ensure that no particular client or account is favored and that participating Client Accounts and Affiliated Accounts are treated in a fair and equitable manner over time.

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



NBIA will act in a manner it believes is fair and equitable for its clients as a group when bunching and price averaging.

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

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

NBIA considers many factors when allocating securities among clients, including the client's investment objectives, applicable restrictions, the type of investment, the number of shares or principal face amount purchased or sold, the size of the account, the amount of available cash in the account, and the size of an existing position in the account. The nature of a client's investment style could exclude it from participating in many investment opportunities, even if the client is not strictly precluded from participation based on written investment restrictions. Clients are not assured of participating equally or at all in particular investment allocations. For example, as noted in Item 4.B., certain advisory clients are not eligible to receive shares of IPOs or invest in certain Private Investments. Similarly, the Advisers Act prohibits certain NB Registered Funds from participating in certain transactions with certain of its affiliates and from participating in "joint" transactions alongside certain of its affiliates. The prohibition on "joint" transactions will limit the ability of an NB Registered Fund to participate alongside its affiliates in privately negotiated transactions unless the transaction is otherwise permitted under existing regulatory guidance, and will reduce the amount of privately negotiated transactions in which the NB Registered Fund can participate.

NBIA seeks to enter client trade orders in a fair, orderly, and equitable manner. To achieve this, where applicable, NBIA typically enters client orders on a rotational basis through its various internal business lines, such as Private Wealth Management, institutional (which includes Registered Funds where applicable), and Managed Account Group ("**MAG**") Program accounts, which include Model Portfolio Program accounts administered by MAG. Certain Private Wealth Management Accounts are administered by MAG and will be included in the MAG line of business spot in the rotation. A consequence of this rotation is that, on any given day, Client Accounts of different business lines – which have different places in that day's rotation – are likely to receive different execution prices and can experience different rates of return.

Investment Style Sub-Rotation: Within the MAG line of business spot in the firm-level trade rotation, there is a sub-rotation among all sponsor firms associated with a specific investment style. As such, within a particular applicable investment style, the MAG team buckets the sponsor firms (which include the Private Wealth Management Accounts administered by MAG, which are considered to be one sponsor firm) into the following four groups: (group 1) Individual Separately Managed Account (“SMA”) Firms (for sponsor firms with significant assets in that investment style) (group 2) Grouped SMA Firms (where sponsor firms with minimal assets in that investment style are grouped together for purposes of the rotation); (group 3) Intra-day Unified Managed Account (“UMA”)/Model Firms (for firms in model-delivery programs that accept and execute intra-day orders without restrictive trading cutoff times or other limiting factors); and (group 4) Variable Trading UMA/Model Firms (for firms in model-delivery programs that have restrictive trading cutoff times or other limiting factors and are therefore unable to fully honor and execute intra-day orders within the same trading day). The MAG team rotates order entry or trade recommendation delivery among groups 1, 2 and 3. When it is the Individual SMA Firms’ (group 1) or Intra-day UMA/Model Firms’ (group 3) place in the MAG rotation, the MAG team rotates order entry or trade recommendation delivery among sponsor firms. When it is the Grouped SMA Firms’ (group 2) place in the rotation, the MAG team enters orders or delivers recommendations for the various sponsor firms’ accounts concurrently. In certain cases, however, at NBIA’s discretion, NBIA will work orders typically subject to a rotation among sponsor firms concurrently or will aggregate like orders and trade away from a sponsor firm in an effort to expedite or establish additional controls on order execution when NBIA believes that it is in the best interest of the order to do so. Additionally, where certain sponsor firms have agreed to receive trade recommendations outside of the MAG team’s stated rotational process (group 4) due to the configuration of their programs, the MAG team takes steps to ensure that any such arrangement is fair and equitable to all programs.

Allocation of New Issues and Private Investments: When allocating limited investment opportunities, including new issues and Private Investments), NBIA has an incentive to favor certain clients or accounts, such as higher fee-paying accounts (including accounts that are subject to performance fees), larger clients, or clients from whom it is seeking additional business. In addition, certain eligibility requirements (including ones imposed by NBIA) can further limit the universe of clients to which NBIA will allocate certain investment opportunities. Notwithstanding the foregoing, NBIA attempts to allocate limited investment opportunities among clients in a manner that is fair and equitable when viewed over a considerable period of time and involving many allocations.

NBIA maintains policies and procedures to allocate securities in new issues and secondary offerings and Private Investments. For example, the factors taken into account in allocating fixed income new issues include whether the account’s investment objectives fall primarily within the market capitalization of the issuer of securities to be allocated, cash available and legal restrictions on the account. With respect to allocation of equity new issues, NBIA has adopted procedures whereby portfolio managers who actively participate in the syndicate process will receive a larger proportion of the shares than those received by other portfolio managers. Other factors taken into account in allocating shares of equity new issues include investment guidelines

or restrictions on the account. Once those requirements are met, the securities are generally allocated on a random basis (with respect to Private Wealth Management Accounts) or on a *pro rata* basis (with respect to Institutional Accounts) based on the assets under management of each account.

*International Equity Strategy Considerations:* NBIA manages distinct international equity strategies that purchase the securities of non-U.S. issuers in two types of accounts: those that choose to purchase only ADRs, and those that purchase securities traded in local markets as well as ADRs. In order to reduce the probability of marketplace disruptions, at the discretion of each portfolio manager, international equity accounts that are permitted to purchase either securities in the local market or ADRs could receive priority over those accounts that are permitted to purchase only ADRs. We believe that this trading methodology should result in better overall execution quality for all clients, but cannot assure this outcome. As a result of receiving priority, it is possible that the performance of accounts that are able to purchase both local securities and ADRs and accounts that are able to purchase only ADRs will differ.

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The Legal and Compliance Department, in conjunction with the Firm's Asset Management Guideline Oversight group ("AMGO"), is responsible for monitoring and interpreting the Firm's policies. Any exceptions to the Firm's policies require the prior approval of the Legal and Compliance Department.

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

### **A. Periodic Reviews**

NBIA's portfolio managers review accounts on a periodic basis, consistent with an account's needs. Certain accounts require daily review, while others require less frequent review. In reviewing accounts, portfolio managers take into consideration both client objectives and goals, and the manager's investment thesis for the total portfolio, as well as for particular securities and other assets. The client assets within each Separate Account for which NBIA serves as the discretionary investment adviser (including with respect to the PWM Advisory Program and the NB Investment Platform, the Proprietary Separate Accounts) will be monitored on a continuous basis. With respect to the PWM Advisory Program, NBIA will monitor the allocation of client assets across strategies on at least a quarterly basis.

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

While NBIA looks to the portfolio managers as the first step in the compliance process, NBIA recognizes the need for additional, independent oversight. AMGO serves as an independent supervisory group responsible for ensuring that portfolios are managed in accordance with investment guidelines, and, among other things, reviews daily option trading. In addition, with respect to Private Wealth Management Accounts, members of PWS are also responsible for monitoring whether portfolios are managed in accordance with their investment guidelines and whether investments made for any client portfolio are suitable for, and in the best interest of, the particular client. Members of PWS are also responsible for reviewing, among other things, new account forms and account update forms including changes to investment objectives (including, where applicable, EIGs and risk profiles).

The number of Client Accounts supervised by each portfolio manager varies depending upon a particular manager's workload and can change from time to time. Some portfolio managers are responsible for managing portfolios on behalf of an Affiliated Adviser. The process relating to the review of the accounts of an Affiliated Adviser would be governed by the policies of such affiliate.

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

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

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

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

## **C. Client Reports**

***Separate Accounts and Non-Discretionary Accounts***— NBIA will provide periodic reports to its Separate Account and Non-Discretionary Account clients regarding the status of their accounts based on the needs of the individual client. Such reports vary among client accounts based on size and type of account or client. Clients will generally also receive reports from their respective Qualified Custodians no less frequently than quarterly. When required by the client, confirmations are sent to such client on the next business day following the execution of a transaction in the client's account. Statements are also sent each month in which there is activity in the account. In addition to the reports described above, many clients periodically meet with their NBIA representative.

***NB Private Funds***— Investors in NB Private Funds receive such reports as described in the NB Private Fund's Offering Documents (or as otherwise negotiated with NBIA). Generally, annual audited financial statements of the NB Private Fund will be prepared in accordance with U.S. Generally Accepted Accounting Principles ("**GAAP**") and distributed to investors. Investors generally also receive monthly or quarterly reports containing information on the NB Private Fund's portfolio holdings, valuation of their interests in the NB Private Fund and cash distributions. Some of those reports include or are accompanied by information with respect to the performance of the NB Private Fund, other information about the investor's account and general market information. NB Private Fund investors will also receive certain tax-reporting information (*e.g.*, Form K-1).

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

NBIA often relies on information provided by third parties in preparing reports, and a third party often assists in preparing or distributing reports. To the extent reports include or rely upon information from a source other than NBIA (*e.g.*, benchmark information when a report includes a comparison of the NB Registered Fund's performance to one or more benchmark indices), NBIA attempts to obtain such information from reliable sources; however, the accuracy of that information cannot be guaranteed. Some reports also include or rely upon fair value determinations made by NBIA or a third party. While valuations are made in good faith, their

actual or empirical accuracy cannot be guaranteed. NBIA, in its discretion, will, from time to time, provide more frequent reports or more detailed information to all or any of its clients.

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

***Wrap and Related Program Accounts***— Wrap Program Clients and Unbundled Program Clients receive such reports as provided by the Program Sponsors or designated brokers. Wrap Program Clients and Unbundled Program Clients should refer to the relevant Program's disclosure document for additional information about the reports provided to Program participants. Dual Contract Clients, or, with their permission, the applicable Program Sponsor or designated broker, can request to receive reports substantially similar to the reports NBIA provides to its Separate Account clients or as required by applicable law or regulation, based on the needs of individual Dual Contract Clients. In addition, the Dual Contract Clients will generally also receive reports from the Program Sponsors or designated brokers. Such reports vary among Dual Contract Clients' accounts based on size and type of account or client. In some cases, NBIA will also make custom supplemental reporting available for certain Dual Contract Clients and Program Sponsors.

## Item 14: Client Referrals and Other Compensation

### A. Compensation by Non-Clients

While infrequent, from time to time, NBIA and its affiliates participate in revenue sharing arrangements with respect to certain third-party strategies and products. However, generally the revenue and resulting compensation received by NBIA, its affiliates and their respective employees with respect to those third-party strategies and products will be less than the revenue compensation received by NBIA and NBIA employee for similar proprietary strategies and products. Accordingly, on the one hand, the revenue sharing arrangements create an incentive for NBIA, its affiliates, and their respective employees to allocate client assets to the third-party strategies and products for which NBIA and its affiliate have a revenue sharing arrangement over other strategies and products. On the other hand, because the revenue and resulting compensation received by NBIA, its affiliates and their respective employees with respect to those third-party strategies and products will be less than the revenue compensation received by NBIA, its affiliates and their respective employees for similar proprietary strategies and products, this creates an incentive for NBIA, its affiliates and their respective employees to recommend or invest in proprietary strategies despite those third-party products and strategies being available.

### B. Compensation for Client Referrals

Subject to applicable law, certain employees of NBIA and its affiliates are eligible to earn an account referral commission for referring a potential client to NBIA that engages NBIA to provide investment management services. In addition, from time to time, in accordance with applicable law, NBIA retains and compensates third parties for introducing new clients to NBIA. See Item 5.E.

From time to time, in accordance with applicable law, NBIA will enter into referral arrangements with financial intermediaries, including participation in third-party programs such as Fidelity Wealth Advisor Solutions<sup>SM</sup>, for the purpose of introducing new investment advisory clients to NBIA. Under the referral arrangements, all referral parties are independent contractors and the compensation paid to such parties generally represents a percentage of the management and Performance Fees (if any) paid by the client to NBIA. Clients often pay a higher fee than they would otherwise pay due to the referring party's involvement in the introduction.

Referral arrangements give rise to conflicts of interests given that the referring party has a financial incentive to introduce new investment advisory clients to NBIA. NBIA's participation in the referral arrangements does not diminish its fiduciary obligations to its clients. Consistent with its obligations under the Advisers Act, NBIA provides disclosures for the referral parties to distribute to potential clients relating to the applicable referral arrangement.

#### *Consultants*

NBIA sponsors educational events where its representatives meet with consultants, broker-dealers, and other financial intermediaries (collectively "**Financial Intermediaries**"), or their clients. NBIA often charges a participation fee or pays for some of all of the expenses of the

participants. NBIA also participates in educational programs sponsored by Financial Intermediaries. NBIA sometimes pays a fee to participate in such programs. Both of these types of events provide NBIA with an opportunity to meet with Financial Intermediaries or their clients. Any fees paid by NBIA are from its own resources, which include the management fees received from its clients. Clients should confer with their Financial Intermediaries regarding the details of the payments their Financial Intermediaries receive from NBIA. In addition, NBIA and its affiliates actively seek to educate Financial Intermediaries in connection with the Firm's registered fund business. NBIA benefits from such activity as it advises NB Registered Funds.



## Item 15: Custody

### **Separate Accounts, Non-Discretionary Accounts**

Generally, none of NBIA nor its affiliates will maintain physical possession of the funds, securities or other assets that a client maintains in a Separate Account or Non-Discretionary Account. The assets in an Institutional Account or Non-Discretionary Account typically are deposited with a Qualified Custodian selected by the client. Under the investment management agreement, NBIA generally invoices the Institutional Account or Non-Discretionary Account client and the client directs its Qualified Custodian to pay NBIA.

Unless otherwise agreed by NBIA, any foreign exchange transactions related to trade settlement or repatriation of dividends, interest or other income ("**FX Transactions**") will be executed by the Qualified Custodian selected by the client, as part of the services provided by the Qualified Custodian to the client. Notwithstanding any standing instructions or other documentation executed by NBIA per the Qualified Custodian's requirements, the client, and not NBIA, is responsible for (i) the selection of the Qualified Custodian, and (ii) the handling or directing of, or nature and quality of, the FX Transactions executed by the Qualified Custodian, including the reasonableness of fees charged by the Qualified Custodian. Clients should contact their Qualified Custodian for information regarding FX Transactions executed by the Qualified Custodian, including any alternative arrangements (*e.g.*, "benchmark fx" arrangements) and the related fees and expenses. Where NBIA agrees to undertake responsibility for FX Transactions, NBIA's responsibility will generally be limited to trade settlement for FX Transactions in unrestricted currencies. Where FX Transactions are executed by NBIA, NBIA will seek best execution (which could include effectuating transactions with the client's Qualified Custodian or other counterparties). It is possible that the client will be subject to trade-away or other fees. Generally, NBIA will not take responsibility for other FX Transactions, which responsibility will remain with the client and the client's Qualified Custodian.

Private Wealth Management Accounts to which NBBD serves as broker-dealer (including accounts invested through the NB Investment Platform or the PWM Advisory Program) are typically introduced by NBBD to its clearing firm, currently National Financial Services LLC, which serves as the client's Qualified Custodian.

The Qualified Custodian will send quarterly (or more frequent) account statements directly to the client. Clients should carefully review those statements. NBIA provides quarterly (or more frequent) account statements to its clients. Clients should carefully read and compare any account statements received from NBIA against account statements received from their Qualified Custodian. In limited circumstances, NBIA will be deemed to have "constructive" custody due to certain control it could have over a client's custodial account with a Qualified Custodian.

### **Private Funds**

With the exception of certain privately offered securities, none of NBIA nor its affiliates will maintain physical possession of the funds, securities or other assets of any Private Fund. Physical custody of the assets of a Private Fund will be maintained with a Qualified Custodian selected by

NBIA, an affiliate or the third-party adviser to such Private Funds (as applicable), in its exclusive discretion, which selection changes from time to time generally without the consent of investors in the Private Fund.

Certain Private Funds have “prime brokerage” arrangements with certain Prime Brokers. For a Private Fund with a prime broker arrangement, a substantial amount of the brokerage transactions will likely be effected through the Prime Broker. Through this arrangement, the Prime Broker performs the following functions, among others: (1) arrange for the receipt and delivery of securities bought, sold, borrowed and lent; (2) make and receive payments for securities; (3) maintain physical possession and custody of cash and securities; and (4) deliver cash to the Private Fund’s bank accounts. The Prime Broker will generally maintain physical possession or custody of a certain portion of the Private Fund’s assets.

Although NBIA or its affiliates will generally not have physical possession or custody of any Private Fund assets, under Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”), an adviser has “constructive” custody if it has the authority to possess client assets by withdrawing funds on a client’s behalf. With respect to certain NB Private Funds, NBIA or its affiliates, by virtue of acting as the GP Entity of the NB Private Fund, has the authority to withdraw funds or securities from the Private Fund. Accordingly, NBIA is deemed to have “constructive” custody over the assets in certain NB Private Funds.

In order to comply with the Custody Rule, certain NB 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). With respect to those NB Private Funds that undergo an annual audit, the audited financial statements, prepared in accordance with GAAP, are distributed to all investors in each NB Private Fund that operates as a “fund-of-fund,” within 180 days of the end of the fund’s fiscal year and to all investors in each other NB Private Fund, within 120 days of the end of the fund’s fiscal year.

### **NB Registered Funds**

Neither NBIA nor its affiliates maintain physical possession of the assets of any NB Registered Fund, including any securities. The assets of each NB Registered Fund are held in an account of a Qualified Custodian in accordance with the requirements of the Investment Company Act.

### **Sub-Advised Accounts**

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

### **Wrap and Related Program Accounts**

NBIA does not maintain physical possession of the funds or securities in Wrap Program accounts, Unbundled Program accounts, or Dual Contract Program accounts. The assets in a Program account or Dual Contract Program account are typically custodied with the Program Sponsor or a designated broker that is a Qualified Custodian selected by the Program Sponsor, Program Client or Dual Contract Client.

Where the Qualified Custodian is selected by the Program Sponsor, Program Client or Dual Contract Client, NBIA's services do not include participation in the selection of the Qualified Custodian, the structuring of custody arrangements, or the supervision of the Qualified Custodian. NBIA assumes no liability with respect to the acts, omissions or other conduct of the Qualified Custodian of the Program Sponsor or client. If the Qualified Custodian invests otherwise uninvested cash in a client's custodial account, NBIA does not participate in those investment decisions and is not liable with regard to those investments.

## Item 16: Investment Discretion

### Discretionary

Subject to any investment guidelines or instructions communicated by a client to NBIA from time to time, NBIA enters into investment management agreements, sub-advisory agreements or other agreements with its clients that give NBIA authority, without obtaining specific client consent, to buy, sell, hold, exchange, convert or otherwise trade in any securities (including equity and fixed income), loans and other financial instruments, including derivatives. With respect to the Discretionary PWM Program, NBIA also has discretion to select the strategies in which client invests, which strategies include Third-Party Separate Accounts, Proprietary Separate Accounts, CITs, NB Mutual Funds, Third-Party Mutual Funds and ETFs (and, in limited cases, Private Funds, Private Investments and affiliated Non-U.S. Registered Funds). Generally, NBIA also has discretion to choose the broker-dealer(s) to be used and the commission rates paid unless the client instructs otherwise. NBIA's discretionary authority is derived from an express grant of authority under each client's investment advisory agreement, sub-advisory agreement, or other agreement with NBIA. With respect to certain agreements, NBIA is also given the authority to execute agreements or other documents on behalf of the client to effectuate NBIA's duties under the agreement. In addition, NBIA's discretionary authority generally allows NBIA to exercise any right incident to any securities or other assets (*e.g.*, the right to vote) held in the Client Account and to issue instructions to the Qualified Custodian for the Client Account for such purposes, as NBIA deems necessary and appropriate in the management of the Client Account. For additional information regarding proxy voting for Client Accounts, see Item 17. From time to time, NBIA is engaged to provide limited investment management services such as liquidating a Client Account. See also Item 4.C.

Purchases and sales must be suitable for, and in the best interest of, the particular client and limitations are sometimes imposed as a result of instructions from the client through investment guidelines or other writings. Some clients limit NBIA's authority by prohibiting or limiting the purchase of certain securities or other assets or industry groups. In addition, some clients further limit NBIA's authority by restricting the use of certain brokers or by requiring that a portion of client's transactions be executed through the client's designated broker. See Item 12.A. If a client restricts the use of certain brokers or directs some or all of its trades to particular brokers, it is possible that the client will receive a more or less advantageous price or execution on its securities trades than other clients that do not place restrictions on the use of certain brokers or direct execution to particular brokers.

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 will necessitate that the Firm restrict trading in certain issuers. Limitations will also be imposed when the purchase of a security, when aggregated with positions in such security held by NBIA for itself, by insiders, and by other clients, would exceed applicable law or NBIA's self-imposed rules with regard to maximum size of positions in a security. NBIA 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 policies and procedures on the handling of material non-public information, when the Firm is in possession of material non-public information related to a publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, in general, 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 is no longer deemed to be material or non-public. As such, there are circumstances that could prevent the purchase or sale of securities for certain Client Accounts for a period of time. See Item 11.D.1.

### **Non-Discretionary**

NBIA provides non-discretionary investment management services to institutional and individual clients where it is required to consult with a client before effecting any transactions for the Client Account. In some situations, NBIA simply provides non-binding investment advice in the form of written investment analyses on specific securities with no execution involvement.

Specifically, with respect to the Non-Discretionary PWM Program, NBIA selects the strategies and investment vehicles that are available through the PWM Advisory Program and those that are included in proposals for Client's consideration. Similarly, with respect to the NB Investment Platform, NBIA selects the strategies and investment vehicles that are available through the NB Investment Platform, and NBBB Brokers (most of whom are also NBIA employees) select the strategies and investment vehicles to include in proposals for the Client's consideration. However, in both cases, ultimately, the Client has the sole discretion as to the strategies and investment vehicles in which to invest (including the specific allocation to be invested in each).

Please refer to "*Non-Discretionary Services; Investment Platform*" in Item 4.B for a discussion of Non-Discretionary Accounts, the NB Investment Platform and the Non-Discretionary PWM Program.

With respect to certain Separate Account clients, while NBIA has ongoing responsibility to select securities or other investments that are purchased or sold for the Client Account, in some situations, NBIA will, at the client's request, be required to consult with the client before effecting any such purchases or sales for the Client Account. In addition, from time to time existing Private Wealth Management Account clients will direct NBIA or its affiliate, NBBB, to purchase or sell securities on their behalf in a Client-Directed Transaction. In each such case, neither NBIA nor NBBB will assume investment advisory responsibility for those transactions or holdings. The client is the final decision maker on all buy, sell and hold decisions with respect to those transactions and holdings.

### **Wrap and Related Program Accounts**

Please refer to Item 4.D. for a discussion of NBIA's discretionary authority for Wrap Program accounts, Unbundled Program accounts and Dual Contract Program accounts, and for a discussion of NBIA's non-discretionary investment management services under Model Portfolio Programs.

## Item 17: Voting Client Securities

NBIA generally has voting power with respect to securities in all of its Client Accounts (including, as applicable the Client Accounts of clients that invest through the NB Investment Platform and the PWM Advisory Program), other than Non-Discretionary Accounts. With respect to some Separate Accounts and Sub-Advised Accounts (including, as applicable, the Client Accounts of clients that invest through the NB Investment Platform and the PWM Advisory Program), the client has not delegated voting power to NBIA. NBIA has implemented written Proxy Voting Policies and Procedures (the “**Proxy Voting Policy**”) that are designed to reasonably ensure that NBIA votes proxies prudently and in the best interest of its advisory clients for whom NBIA 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.

NBIA generally votes proxies with a view to enhancing the value of the shares of stock held in the Client Accounts. The financial interest of its clients is the primary consideration in determining how proxies should be voted. As a general rule, NBIA will vote all proxies relating to a particular proposal the same way for all Client Accounts holding the security in accordance with the proxy voting guidelines set forth in the Proxy Voting Policy, unless a client specifically instructs NBIA in writing to vote such securities otherwise.

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

For sustainable equity clients, NBIA has adopted sustainable equity voting guidelines. In the event the sustainable equity voting guidelines do not address how a proxy should be voted, the proxy will be voted in accordance with the Glass Lewis recommendations.

NBIA has adopted proxy voting policies and procedures for the Principal Strategies Group (“**PSG**”) that are intended to facilitate the objectives of its investment strategies, which can be dependent on the outcome of stockholders’ votes. Those policies and procedures provide that the Proxy Committee has a more limited role as it relates to PSG’s voting decisions than it has for other NBIA investment teams. The PSG policies and procedures generally provide that proxies will be voted in accordance with Glass Lewis’s recommendations with respect to routine matters; however, in certain circumstances, both routine and non-routine, a PSG portfolio manager could determine that it is appropriate to vote in a manner inconsistent with Glass Lewis’s recommendation(s) and with other NBIA teams in an effort to best facilitate PSG’s strategies.

Where NBIA has voting power, NBIA retains final authority and fiduciary responsibility for proxy voting. NBIA believes that this process is reasonably designed to address material conflicts of interest that arise between NBIA and a client as to how proxies are voted.

**Conflicts:**

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

NBIA will vote proxies in accordance with the proxy voting guidelines or, in instances where a material conflict has been determined to exist, as Glass Lewis recommends. NBIA believes that this process is reasonably designed to address material conflicts of interest that arise in conjunction with proxy voting decisions. Potential conflicts considered by the Proxy Committee when it is determining whether to deviate from NBIA's proxy voting guidelines include: a material client relationship with the corporate issuer being considered; personal or business relationships between the portfolio managers and an executive officer; director, or director nominee of the issuer; joint business ventures; or a direct transactional relationship between the issuer and senior executives of the Firm.

In the event that an NBIA investment professional believes that it is in the best interest of a client or clients to vote proxies in a manner inconsistent with the proxy voting guidelines, the NBIA investment professional will contact a member of the Legal and Compliance Department advising the Proxy Committee and complete and sign a questionnaire in the form adopted from time to time. The questionnaire will require specific information, including the reasons the NBIA investment professional believes a proxy vote in that manner is in the best interest of a client or clients and disclosure of specific ownership, business or personal relationship, or other matters that raise a potential material conflict of interest with respect to the voting of the proxy. The Proxy Committee will meet with the NBIA investment professional to review the completed questionnaire and consider such other matters as it deems appropriate to determine that there is no material conflict of interest with respect to the voting of the proxy in the requested manner. The Proxy Committee shall document its consideration of such other matters. In the event that the Proxy Committee determines that such vote will not present a material conflict, the Proxy Committee will make a determination whether to vote such proxy as recommended by the NBIA investment professional. In the event of a determination to vote the proxy as recommended by the NBIA investment professional, an authorized member of the Legal and Compliance Department advising the Proxy Committee will instruct Glass Lewis to vote in such manner with respect to the client or clients. In the event that the Proxy Committee determines that the voting of a proxy as recommended by the NBIA investment professional would not be appropriate, the Proxy Committee will: (i) take no further action, in which case Glass Lewis shall vote such proxy in accordance with the proxy voting guidelines; (ii) disclose such conflict to the client or clients and obtain written direction from the client with respect to voting the proxy; (iii) suggest that the client or clients engage another party to determine how to vote the proxy; or (iv) engage another independent third party to determine how to vote the proxy. A record of the Proxy Committee's determinations shall be prepared and maintained in accordance with applicable policies.

In the event that the proxy voting guidelines do not address how a proxy should be voted and Glass Lewis refrains from making a recommendation as to how such proxy should be voted, the Proxy Committee will make a determination as to how the proxy should be voted. The Proxy Committee will consider such matters as it deems appropriate to determine how such proxy should be voted, including whether there is a material conflict of interest with respect to the voting of the proxy in accordance with its decision. The Proxy Committee shall document its consideration of such matters, and an authorized member of the Legal and Compliance Department advising the Proxy Committee will instruct Glass Lewis to vote in such manner with respect to such client or clients. Material conflicts cannot be resolved by simply abstaining from voting.

**Class Action Lawsuits:**

From time to time a security held in a Client Account could become the subject of a class action lawsuit. For certain Private Wealth Management Accounts and the NB Registered Funds, a third-party vendor has been engaged to identify, assert and file claims in class actions and private action securities litigation on behalf of the client or fund. Unless a client opts out of the service, NBIA (and its affiliates) and such third-party vendor are each authorized, but not obligated, on client's behalf and with respect to the Client Account, to review client data in order to identify claims, complete claim forms, interact with the administrator, receive settlement funds and distribute such funds, if any, to the Client Account. With respect to Separate Accounts for which a third-party vendor is not providing this service, generally, the Qualified Custodian for the account handles any decision to file a claim to participate in a class action settlement, and unless otherwise agreed with the client, NBIA has no responsibilities with regard to the class action process. With respect to NB Private Funds, typically the Qualified Custodian or other third-party agent engaged by the NB Private Fund, at the direction of NBIA, will handle the class action process and file claims.

With respect to Third-Party Mutual Funds and unaffiliated Private Funds, unless otherwise agreed with NBIA, typically the Qualified Custodian or other third-party agent engaged by the fund will handle the class action process and file claims.

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



## **Item 18: Financial Information**

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

NBIA does not require the prepayment of any fees six or more months in advance.

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

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

### **C. Bankruptcy Petitions**

NBIA has not been the subject of a bankruptcy proceeding.