

# Neuberger Berman Asia Limited

## Client Brochure

30 March, 2021

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

This Brochure provides information about the qualifications and business practices of Neuberger Berman Asia Limited (“**NBAL**”). If you have any questions about the contents of this Brochure, please contact us at (852) 3664-8800 or by email at: **NBAsiaClientServices@nb.com**.

This Brochure provides information for NBAL’s U.S. Clients. Most provisions of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) and of this Brochure do not apply to NBAL’s non-U.S. Clients. Registration as an investment adviser does not imply any particular level of skill or training.

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

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

## **Item 2: Material Changes**

This Brochure dated March 30, 2021 has been prepared in accordance with rules adopted by the U.S. Securities and Exchange Commission. This Brochure will be updated at least annually and we may further provide other ongoing disclosure information about material changes as necessary. This Brochure was last updated on March 30, 2020.

This Brochure has been updated to include the latest information relating to methods of analysis and investment strategies offered.

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## **Item 4: Advisory Business**

### **A. Description of Neuberger Berman Asia Limited (“NBAL”) and the Firm**

#### **NBAL**

NBAL is a Hong Kong corporation that was formed in December 2007 and registered with the SEC in August 2010. It is also licensed with and regulated by the Hong Kong Securities and Futures Commission to undertake various investment management activities, including dealing in securities, advising on securities and asset management.

NBAL is directly owned by Neuberger Berman Asia Holdings II LLC, which is, in turn, owned by Neuberger Berman Holdings LLC. It is an indirect, wholly-owned subsidiary of Neuberger Berman Group LLC (“NBG”).

#### **The Firm**

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, 2020, Neuberger Berman had approximately \$405 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.

Neuberger Berman is headquartered in New York, New York. As of December 31, 2020, Neuberger Berman had approximately 2,345 employees in 35 cities around the world.

NBAL’s investment management services are further discussed below.

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

NBAL currently provides the following types of investment management services:

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

NBAL has been engaged by certain affiliates to act as sub-adviser and/or sub-investment manager in respect of certain pooled investment vehicles (the “Funds”) and/or accounts

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

managed by such affiliates (“**Sub-Advised Accounts**”), whereby such affiliates have delegated discretionary authority to NBAL.

### **Separately Managed Accounts**

NBAL may provide ongoing discretionary investment management services to institutional clients based on their investment goals, objectives, time horizon, and risk tolerance. NBAL provides its advisory services through separately managed accounts (“**Separate Accounts**”).

In order to meet the diverse investment objectives of its Separate Account clients, NBAL may invest in investment strategies managed by NBAL or its affiliates, and non-U.S. Registered Funds including UCITS, managed by NBAL or its affiliates.

The Separately Managed Accounts and Sub-Advised Accounts to which NBAL provides investment management services are collectively referred to in this Brochure as “**Client Accounts**.”

NBAL may engage an affiliate or third-party to act as sub-adviser or sub-investment manager for a Client Account.

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

NBAL generally provides its investment management services, both in respect of Separate Accounts and Funds, pursuant to a discretionary investment management agreement.

For its Separate Account clients, the clients may impose restrictions on investing in certain securities, types of securities or financial instruments in accordance with their particular investment objectives and policies. NBAL may decide not to accommodate investment restrictions deemed to be unduly burdensome or incompatible with NBAL’s investment approach.

For its Funds, NBAL’s advisory services are performed in accordance with the terms of each investment management agreement. Each Fund may impose investment restrictions or guidelines as it deems appropriate to achieve its particular investment objective. Such investment restrictions and/or guidelines are typically described in the respective private placement memorandum, prospectus or other offering document (the “**Offering Document**”) for each Fund.

**D. Wrap Programs**

NBAL does not sponsor or participate in wrap fee programs.

**E. Assets Under Management**

<b><u>Discretionary Amounts:</u></b>	<b><u>Non-Discretionary Amounts:</u></b>	<b><u>Date Calculated:</u></b>
3,522,992,839	\$0	12/31/2020

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

### **A. Fee Schedule**

#### **Separate Accounts and Advisory Accounts**

Separate Accounts pay a management fee which may vary based on investment strategy, assets invested and level of customization. Some Separate Accounts may also pay a fee based on the performance of the account (a “**Performance Fee**”). Separate Accounts for U.S. clients that are charged a performance fee must be qualified clients (“**Qualified Clients**”) as defined under the Advisers Act.

Where applicable, fees are negotiable and are set forth in the investment management agreement with the client. There may be differences in fees paid by certain clients and some clients may pay more or less than others for the same or similar services depending on, for example, account inception dates, number or value of related accounts, total assets under management, fee negotiation, fee waiver or the manner in which NBAL services are obtained. NBG, its affiliates and employees are generally eligible for fee waivers or discounts on NBAL’s products.

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

Sub-advisory fees for the Sub-Advised Accounts are individually negotiated and vary depending on the account. NBAL receives management fees in its role as sub-adviser to certain funds and accounts offered, sponsored or managed by its affiliates.

### **B. Payment Method**

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

##### ***Separate Accounts***

Management fees are generally accrued and charged monthly in arrears. Performance fees or incentive allocations, where applicable, generally accrue on a monthly basis and are charged on an annual basis as documented in the relevant investment management agreement. Performance fees or incentive allocations may be subject to high-water marks and/or hurdles.

NBAL will invoice clients for fees incurred. NBAL’s fees may be directly deducted from the client’s custodial account following the client’s instruction to their custodian, or NBAL may invoice clients for fees incurred.



Where NBAL begins managing an account during the applicable fee calculation period, the fee charged for such period will be pro-rated based on the portion of the period that NBAL actually manages the account.

In the event the investment management agreement for a Separate Account is terminated, the client will be charged a pro-rated fee through the termination date. Termination of an agreement will not affect or preclude the consummation of any transaction initiated prior to termination and the client account may be subject to transaction-related costs associated with the unwinding of such transactions.

### ***Funds***

Management fees are accrued daily or monthly, depending on the particular requirements of each Fund, and generally charged monthly in arrears.

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

NBAL's fees with respect to its services as sub-adviser to each Non-U.S. Registered Funds are individually negotiated with each fund/investment adviser.

## **Valuation for Fee Calculation Purpose**

### ***Separate Accounts***

The market value of securities and other financial instruments may be valued by unaffiliated third-party service providers which may also serve as custodian and clearing agent for NBAL accounts. The market values of securities are ordinarily obtained from various quotation services or, in limited instances where pricing is not readily available or when the price provided by a pricing source does not, in our view, represent fair value, the security price may be based on fair-value as proposed in good faith by the NB Group Valuation Committee, but will ultimately be determined by the procedures/ agreements of the fund administrator of the separately managed Client Account.

### ***Funds***

The directors of the Funds (the "Directors") have appointed the administrator of the Funds to calculate the NAV, subject to the overall supervision and direction of the Directors. The administrator of the Funds has in turn delegated the calculation of the NAVs to its sub-administrator, who will carry out such calculation in accordance with the valuation rules set out in the offering document at the close of business on each valuation day by subtracting from the total value of all of the assets of the Funds all the outstanding debts, liabilities, obligations of the funds, as calculated generally in accordance with U.S. GAAP. The Directors may, in their discretion, permit any other method of valuation to be used if they consider that such method of valuation better reflects the NAV and is in accordance with good accounting practice. To the extent that the valuation rules adopted by the Funds deviates from U.S. GAAP, the Directors may be required to include a reconciliation note in the audited accounts of the Funds to reconcile values arrived at by applying U.S. GAAP and values arrived at by

applying the Funds' valuation rules

For purposes of determining the NAVs, the sub-administrator is entitled to rely on financial data furnished to it by the prime broker, market makers or independent third party pricing services. The sub-administrator may also use and rely on: (i) industry standard financial models or other financial models approved by the Directors in pricing any of the Funds' securities or other assets; and (ii) pricings of the Funds' portfolio securities or other assets calculated by the Manager and approved by the Directors.

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

In addition to the management and performance fees paid to NBAL, Client Accounts are charged other fees associated with their accounts and investments, including the following:

#### **Custodial Fees**

Typically, Separate Account clients elect to have account assets held in the custody of a bank, trust company or other entity selected by the client. The client will bear any custodial fees associated with such account. To the extent that cash is held in such accounts and fees are charged by the provider of such service, the fees so incurred by the client will be in addition to the fee payable to NBAL on the overall value of the account. See Item 15.

Each Fund has generally engaged either a prime broker or custodian, depending on the specific requirements of the Fund, to hold the Fund's assets and will bear any custodial fees charged by such prime broker or custodian.

#### **Transaction-Related Fees**

Client Accounts generally must bear all transaction-related costs, including brokerage commissions, for transactions affected for the account. See Item 12.

#### **Other Fees and Expenses**

Investors in the Funds will incur other fees and expenses associated with their investments in such funds. Fund expenses are described in the respective Fund's Offering Document. These expenses, in addition to brokerage and other transaction-related costs will generally include the fees and expenses of other service providers to the Fund, such as prime brokers, custodians, transfer agents, administrators, valuation agents, auditors and counsel.

The Funds may themselves invest in other funds as described in each Fund's Offering Document. To the extent a Fund invests in another fund, which may be affiliated or unaffiliated, it will bear the costs and expenses associated with an investment in that underlying fund.

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

### **Separate Accounts and Advisory Accounts**

As described in Item 5.B., Separate Account management fees are generally accrued on a monthly basis and paid in arrears. In the event the investment management agreement for a Separate Account is terminated, the client will be charged a pro-rata fee through the termination date.

### **Funds**

As described in Item 5, management fees are generally paid monthly in arrears. Certain Funds charge performance fees at the end of their fiscal year, or upon withdrawal by an investor from the Fund. Investors should refer to the applicable Offering Document for more information related to fees.

### **Sub-Advised Accounts**

In the event NBAL is terminated as sub-adviser, any prepaid fees will be refunded according to the type of account and sub-advisory agreement.

## **E. Sales Compensation**

NBAL'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 NBAL's affiliates. Certain NB Salespersons are registered representatives of Neuberger Berman BD LLC ("NBBD"), an affiliate of NBAL 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 NBAL or its affiliate is engaged to provide investment management services for a client they have introduced to NBAL. 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 NBAL 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.

NBAL or its affiliates train its 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 NBAL believes mitigates this conflict. NB Salespersons are also generally required to undergo product specific training for all products that they market.

NBAL may utilize affiliated and unaffiliated placement agents (and unaffiliated sub-placement agents and the services of financial intermediaries) (collectively, the "**Placement Agent**") in offering certain Funds to investors. These Placement Agents may be registered as

broker-dealers with the SEC and FINRA members, including NBAL's affiliate, Neuberger Berman BD LLC (formerly Neuberger Berman LLC) ("**NBBD**") a registered broker-dealer and member of the Financial Industry Regulatory Authority ("**FINRA**"). Placement Agents generally receive fees or other compensation with respect to all or certain of the investors that the Placement Agent refers and introduces. Generally, a Placement Agent may receive a portion of NBAL's management fee with respect to shares placed by such Placement Agent, and in certain cases, may receive a portion of the performance fee earned by NBAL.

Investors in NB Private 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 on their own behalf.

## **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 or unrealized) capital gains or capital appreciation of the assets of a Client Account. Examples of Performance Fee structures include:

- 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 mark”, where the manager receives performance fees only on increases in the NAV of a fund in excess of the highest net asset value it has previously achieved
- 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 Separate 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 Separate Account underperforms a benchmark rate).

NBAL charges performance fees in connection with the management of certain Client Accounts.

To the extent that NBAL and its portfolio managers manage accounts that charge only management fees as well as accounts that charge both management fees and Performance Fees, NBAL or its portfolio managers or salesperson may have a conflict of interest in that an account with a Performance Fee will offer the potential for higher profitability when compared to an account with only a management fee. Performance fee arrangements generally create an incentive for NBAL and/or its portfolio managers to recommend or make investments that are riskier or more speculative than those which 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 NBAL 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 NBAL 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, NBAL or its portfolio managers will have an incentive to realize an investment other than at maximum value.

To manage these conflicts, NBAL has adopted a number of compliance policies and procedures, including (i) the NB Asia Code of Ethics (the “**Code**”) (see Item 11), (ii) the NB Asia Compliance Manual, (iii) NB Asia Trade Aggregation and Allocation Policy which seek to ensure that (a) investment opportunities are allocated fairly among clients and that all accounts are managed in accordance with their investment mandate, and (b) best execution and order allocation monitoring procedures are reasonably designed to identify unfair or unequal treatment of accounts. NBAL does not consider fee structures in allocating investment opportunities.

## Item 7: Types of Clients

NBAL offers investment advisory and sub-advisory services to institutional clients, including pension plans, trusts, charitable organizations, corporations, state or municipal government entities, sovereign wealth funds. NBAL also serves as an investment adviser of 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 NBAL's Client Accounts:

### **Separate Accounts**

In general, NBAL requires a commitment in excess of \$100 million in order to establish a Separate Account for a client, but may consider smaller-sized accounts. All Separate Accounts U.S. clients must be Qualified Purchasers and those that pay a performance fee must also be Qualified Clients. **The minimums may be reduced by NBAL in its exclusive discretion.**

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

### **A. Methods of Analyses**

#### **Investment Analysis**

NBAL utilizes a variety of investment analysis methodologies including:

- Charting analysis — involves the use of patterns in performance charts. NBAL uses this technique to search for patterns used to help predict favorable conditions for buying and/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, and/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.
- Real estate analysis — involves the analysis of the real estate market factors such as demand, supply, vacancy, rental/capital value outlook and the fundamental drivers of such factors.
- 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 NBAL 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 publicly available sources. This presents the risk that the methods of analysis may 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's price can be influenced by the overall movement of the market, rather than any specific company-related 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 the assumptions used for modeling purposes may prove incorrect, unreasonable or incomplete.

### Sources of Information

In conducting investment analysis, NBAL utilizes a broad spectrum of information, including, but not limited to:

- financial publications, industry and trade journals
- inspections of corporate activities
- proprietary and third-party research materials
- corporate rating services
- annual reports, prospectuses, and filings with the SEC or with non-U.S. regulators
- newspapers, magazines, websites
- discussions and meetings with NBAL's, NBAL's affiliates or third party research analysts
- charts, statistical material and analysis
- company press releases, presentations and interviews (in person or by telephone)
- contact or meetings with management of various companies, analysts and consultants
- personal assessment of the financial consequences of world events derived from general information
- such other material as is appropriate under the particular circumstances

NBAL may also rely on the research and portfolio management of its affiliates. See Item 10.C.3.



## B. Investment Strategies

Below is a summary of NBAL's investment strategies.

Certain material risks associated with NBAL's investment strategies are set forth in Item 8.C. The strategy descriptions stated below is a summary only. The principal investment strategy for each Non-U.S. Registered 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.

NBAL'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.

**China A-Share Equity Strategy:** The strategy focuses on equity securities in the China A-Share market, which only includes companies with principal businesses in mainland China. The investment team seeks to add value through a fundamental, bottom-up stock research and selection approach and strategic due diligence.

**Global Real Estate Securities Strategy:** The strategy seeks to achieve total return via active investment in a diversified portfolio of publicly traded global real estate securities, primarily equity real estate investment trusts. The investment team uses top-down research with fundamental real estate securities analysis, and places great emphasis on regional, country and property sector weightings.

**Emerging Markets Equity Select Strategy:** The strategy is managed by the Firm's Emerging Market Equity Team. The strategy seeks to maximize performance from secular growth of emerging markets' local economies, by using quality-focus, fundamental research and investing in, with bias towards, domestically oriented companies.

**5G Connectivity Strategy:** The strategy adapts a thematic approach and invests in equity securities of established companies that are key enablers and beneficiaries of 5G and next generation connectivity. The investment team utilizes intensive, bottom-up research and sector expertise to seek to achieve long term capital appreciation through its investments.

**Next Generation Mobility Strategy:** The strategy adapts a thematic approach and invests in equity securities of companies that are enablers and beneficiaries of the disruption of the transportation industry, which provide solutions to drive the proliferation of autonomous, electric and connected vehicles. The strategy seeks to achieve long term capital appreciation through its investment.

Any of the above strategies may be customized in accordance with, among other things, the Separate Account's investment objectives, performance expectations and risk tolerance. The detailed strategies applicable to Separate Accounts are documented in the respective investment management agreements.

The above referenced investment strategies are a summary only. Clients should look to their investment management agreements with NBAL and other client materials provided by

NBAL in its presentation of the particular strategy for a more complete description of each strategy and its associated risks.

The investment strategy for each Fund is more particularly described in the Fund's Offering Document. Investors should carefully read each Fund's Offering Document and consult with their own counsel and advisers as to all matters concerning an investment in the respective Fund. Investors should not rely solely on the descriptions provided herein.

### **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 NBAL, 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.

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

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

**Absence of Regulatory Oversight for Private Funds.** The NB Private Funds are not registered as investment companies under the Investment Company Act, and, accordingly, the significant investor protection provisions of 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).

**Bankruptcy of a Custodian or Broker.** Assets of a Client Account held by a custodian or broker 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 may not be 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.

**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.

**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 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 NBAL.** The performance of a Client Account depends on the skill of NBAL and its portfolio manager(s) in making appropriate investment decisions. Any Client Account's success depends upon NBAL's ability to develop and implement investment strategies and to apply investment techniques and risk analyses that achieve the client's investment objectives. Subjective decisions made by NBAL 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.

**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, NBAL could use derivatives, such as options, 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 NBAL will not be able to close out or sell a derivative position at a particular time or at an anticipated price. NBAL 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. Commodities 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 derivatives. Title VII could affect a Client Account's ability to enter into derivative transactions, increase the costs in entering into such transactions, or result in Client Accounts entering into such transactions on less favorable terms than prior to effectiveness of the Dodd-Frank Act.

In addition, to the extent that NBAL takes advantage of opportunities with respect to derivative instruments that are not currently contemplated for use or that are currently not available, 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 is often greater for derivatives with longer maturities where events could intervene that prevent required payments from being made. Counterparty risk is also 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 NBAL believes are owed under an OTC derivatives contract or that those payments may be delayed or made only after the Client Account has incurred the costs of litigation. In addition, counterparty risk is pronounced during unusually adverse market conditions and is particularly acute in environments in which financial services firms are exposed to systemic risks. 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.

*Additional Risk Factors in Cleared Derivatives Transactions.* Transactions in some types of swaps (including 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 NBAL expects to be cleared), and no clearing member is willing or able to clear the transaction 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 accept 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 clear a transaction. 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 could increase the risk of loss and volatility than would be the case if the Client Account were diversified across asset classes because the value of issue holdings would be more susceptible to adverse events affecting that asset class or issuer.

**ESG and Impact Investing Risk.** For Client Accounts with social or environmental impact objectives, as part of NBAL's investment process, it focuses on identifying businesses that demonstrate the potential to create economic value while reducing risk and to invest in issuers that satisfy those pecuniary objectives and are intentionally generating positive social or environmental impact.

As with the use of any investment criteria in selecting a portfolio, there is no guarantee that the criteria used will, in hindsight, result in the selection of investments that will outperform other investments or help reduce risk of the portfolio. Accordingly, the use of ESG factors, like other economic factors, may cause a Client Account to underperform other strategies that do not follow ESG and impact criteria. Use of ESG and impact criteria may also affect exposure to certain sectors or industries and may impact investment performance depending on whether such sectors or industries are in or out of favor in the market. There is no guarantee that the ESG and impact criteria used for any Client Account will ultimately result in the identification of companies that will be successful or realize what NBAL believes to be their full value. NBAL's judgment as to the economic impact of applied social or environmental factors is



based partially on information from external sources; availability of such information, as well as errors in or omissions from such information could result in incorrect evaluation of a potential investment, which could negatively impact the relevant Client Accounts or create additional risk in those Client Accounts. In addition, NBAL and its affiliates have an incentive to take actions (*e.g.*, make investments, 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 to maintain or to retain the interest rate under one of the Firm's credit agreements.

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

In addition, ESG matters have been the subject of increased focus by certain regulators in the EU. For example, in May 2018, the European Commission proposed legislative reforms relating in part to formalizing the duties and disclosure obligations of companies, asset managers and asset owners in relation to ESG factors. These and other proposals have resulted in the Non-Financial Disclosure Regulation and EU Taxonomy, among other initiatives. These legislative developments, which create a common classification system and disclosure obligations focusing on ESG issues, largely apply from 2021 onwards and will require additional disclosures to clients with respect to ESG factors. Most of these obligations will be in force by March 2021. Because relations between the UK and the EU are still in a time of transition, cross-border implementation may be subject to rapid changes. It is likely that the UK will introduce similar legislation relating to ESG, although the form and content of such legislation are currently uncertain.

**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 and concurrent foreign exchange risk; nationalization or expropriation of assets; settlement, custodial or other operational risks; and less stringent auditing, accounting, financial reporting and legal standards. 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 and Shenzhen-Hong Kong Stock Connect programs (“**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. Under the Connect Program, investors are not the registered owners of shares. Rather shares are held by Hong Kong Exchanges and Clearing Limited in an omnibus account, with investors as beneficial owners. There may be ambiguity in the ownership status as a result. A Client Account may suffer delay in recovering or may not be able to fully recover its entitlements to shares in default circumstances. 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, but are not limited to: (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 exchanges 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.

Additionally, the liquidity and availability of certain securities of Chinese issuers may be adversely affected by international sanctions, including those imposed by the United States. In late 2020, the U.S. government announced a new sanctions program imposing restrictions on transactions in publicly traded securities of certain designated Chinese issuers by U.S. persons, as well as restrictions on transactions in derivatives and securities designed to provide investment exposure to those securities. Continued ownership of such securities by U.S. persons would be prohibited after a one-year divestment period from the time of designation of the issuer. A number of Chinese issuers have been designated under this program and more could be added. Although the full effect of these prohibitions is unclear, they may significantly reduce the liquidity of such securities, force a Client Account to sell certain positions at inopportune times or for unfavorable prices, and restrict future investments by a Client Account.

**New Fund Risk.** It is possible that a new fund will not be successful in implementing its investment strategy (including where the fund uses a new 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

**Forward Contracts.** If Client Account's investment guidelines permit, NBAL could enter into forward contracts 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 NBAL 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.

**Geographic Risk.** From time to time, based on market or economic conditions, 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 funds. 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, including Covid-19.** 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, or other similarly infectious diseases can have material adverse impacts on Client Accounts. Most recently, in December 2019, a novel strain of coronavirus, SARS-CoV-2, was reported to have surfaced. Since then, the SARS-CoV-2 virus has been determined to cause the disease COVID-19. COVID-19 has spread worldwide, including in the United States, Canada, Europe and Asia. The World Health Organization declared the COVID-19 outbreak a global pandemic on March 11, 2020, and the United States government declared it a national emergency on March 13, 2020. The COVID-19 pandemic is an ongoing event that could have material adverse effects on Client Accounts. The full extent of those effects will depend on future developments, which are highly uncertain and cannot be predicted or reasonably estimated with confidence at this time, such as the duration of the pandemic, travel restrictions and social distancing policies and requirements in various countries, business closures or business disruptions and the effectiveness of actions taken in various countries to mitigate and treat the disease. NBAL 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 NBAL; (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.

**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 other 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 other 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.

**Investment Strategy and Portfolio Management Risk.** There can be no assurance that an investment strategy will produce an intended result, which would result in losses to an investor, including, potentially, a complete loss of principal. The performance of a strategy depends on the skill of NBAL and its portfolio manager(s) in making appropriate investment decisions. Subjective decisions made by NBAL or a portfolio manager could cause a Client Account to incur losses or to miss profit opportunities on which it would otherwise have capitalized.

**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 may 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.

**Liquidity Risk.** Certain Client Accounts are invested in illiquid 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, may 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 subject to legal restrictions, which could be costly to the Client Account.

Certain Client Accounts may 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 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, NBAL 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, NBAL could continue to receive advisory fees (and NBAL 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 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 NBAL often retains a material reserve from the winding-up proceeds distributed to investors.

**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.

**MiFID II Risks.** There is a risk that certain Client Accounts will be subject to non-U.S. regulations that are inconsistent with NBAL'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 NBAL is not directly subject to these regulations, NBAL 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. NBAL 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.

The complexity, operational costs and reduction in flexibility occasioned by MiFID II compliance may be further compounded as a result of Brexit, because the UK is both: (i) no longer generally required to transpose EU law into UK law; and (ii) electing to transpose certain EU legislation into UK law subject to various amendments and subject to the Financial Conduct Authority's oversight rather than that of EU regulators. Taken together, (i) and (ii) could result in divergence between the UK and EU regulatory frameworks.

A new EU Regulation on the prudential requirements of investment firms (Regulation (EU) 2019/2033) and its accompanying Directive (Directive (EU) 2019/2034) (together, "**IFR/IFD**") have now been finalized and are expected to take effect on June 26, 2021. IFR/IFD will introduce a bespoke prudential regime for most MiFID investment firms to replace the one that currently applies under the fourth Capital Requirements Directive and the Capital Requirements Regulation. IFR/IFD represents a complete overhaul of "prudential" regulation in the EU. As the application dates for IFR/IFD fall outside the end of the Brexit transition period, the UK is not required to implement the legislation and will instead establish a new Investment Firms Prudential Regime, which is intended to achieve similar outcomes to IFD/IFR. There is a risk that the new regime will result in higher regulatory capital requirements for affected firms and new, more onerous remuneration rules, as well as re-cut and extended internal governance, disclosure, reporting, liquidity, and group "prudential" consolidation requirements (among other things), each of which could have a material impact on European financial firms and those doing business with them,

although there are transitional provisions allowing firms to increase their capital to the necessary level over three to five years.

***Characteristics of Greater China Region Securities Markets.*** NBAL generally will buy and sell securities on the principal stock exchange or OTC market of the country in which the principal offices of the issuer of the security are located. Many Greater China Region and other non-developed stock markets are not as developed or efficient as those in developed markets and may be more volatile. There is generally less government supervision and regulation of Greater China Region exchanges, brokers, and listed companies than in developed markets. Furthermore, trading volumes in Greater China Region markets are usually lower than in developed markets, resulting in reduced liquidity and potentially rapid and erratic price fluctuations. Commissions for trades on Greater China Region stock exchanges are generally higher than negotiated commissions on developed market exchanges and custody expenses are generally higher as well. Settlement practices for transactions in Greater China Region markets may involve delays beyond periods customary in developed markets.

***Less Company Information and Regulation.*** Generally, there is less publicly available information about Greater China Region companies than about companies operating in developed markets. This may make it more difficult for NBAL to stay informed of corporate action that may affect the price of a particular security. Further, many countries lack uniform accounting, auditing, and financial reporting standards, practices, and requirements. These factors can make it difficult to analyze and compare the performance of certain Greater China Region companies.

***Restrictions on Investment and Repatriation.*** Some countries impose restrictions and controls regarding investment by foreigners. Among other things, they may require prior governmental approvals, impose limits on the amount or types of securities that may be held by foreigners or impose limits on the types of companies in which foreigners may invest. These restrictions may at times limit or preclude NBAL's investment in certain countries and may increase the Client's costs and expenses. Because of the limited number of authorizations granted in such countries, however, units or shares in most of the investment funds authorized in those countries may at times trade at a substantial premium over the value of their underlying assets. In addition, certain countries may impose restrictions and controls on repatriation of investment income and capital. As a result the Client's assets may be restricted from being repatriated indefinitely. Dividend and interest payments on some securities the Client may own may be subject to withholding taxes, which would reduce net proceeds.

***Political and Economic Instability.*** The economies of many countries are less stable than developed market economies, due to, among other things, volatile internal political environments, less stable monetary systems and/or external political risks. The governments of such countries may participate in their economies through ownership or regulation in ways that can have a significant effect on securities prices. The economies of certain countries depend heavily on international trade and can be adversely affected by the enactment of trade barriers or changes in the economic conditions of their trading partners. In some countries, especially developing or emerging countries, political or diplomatic developments could lead to programs that would adversely affect investments, such as confiscatory taxation or expropriation.

***Additional Risks in Investing in China.*** Investments in Chinese companies involve certain risks and special considerations not typically associated with developed markets, such as greater government control over the economy, political and legal uncertainty, currency fluctuations or blockage, confiscatory taxation, armed conflict, the risk that the Chinese government may 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, less hedging instruments available, potential difficulties in enforcing contractual obligations, potential fewer opportunities for capital appreciation than other emerging market and limitations on the ability to distribute dividends due to currency exchange issues, which may result in risk of loss of favorable tax treatment.

The Shanghai Stock Exchange and Shenzhen Stock Exchange may have lower trading volumes when compared to exchanges in developed markets and the market capitalizations of many listed companies are small compared to those on exchanges in developed markets. Government supervision and regulation of China's securities markets and of quoted companies is also less developed than in many member countries of the Organization for Economic Co-operation and Development. The above factors could negatively affect a Client Account's NAV, the ability to redeem shares in a Fund and the price at which such shares may be redeemed.

These risks may be more pronounced for the China A-share market than for Chinese securities markets, generally, because the China A-share market is subject to greater governmental restrictions and control.

China A-shares are traded in renminbi on the Shenzhen and Shanghai Stock Exchanges. China A-shares are issued by companies incorporated in mainland China and can be purchased by Chinese domestic investors and qualified foreign institutional investors ("QFII") and certain China A-Shares are also available via the Connect Program.

An investment in the China A-shares for a Client Account may be made and held through a QFII quota. However, neither NBAL nor any of the Funds has exclusive use of a QFII quota through which to invest. China's QFII Investment Regulations apply to each QFII quota as a whole, and not simply to investments made on behalf of a Client Account. Thus investors should be aware that violations of China's QFII Investment Regulations arising out of activities related to portions of the relevant QFII quota other than those which are utilized by a Client Account could result in the revocation of or other regulatory action in respect of the QFII quota as a whole, including any portion utilized by the Client Account.

Likewise, limits on investment in China A-shares, and the regulations relating to the repatriation of capital and profits are applied in relation to the QFII quota as a whole. Hence the ability of a Client Account to make investments and/or repatriate monies from the relevant QFII quota may be affected adversely by the investments, performance and/or repatriation of monies invested by other investors utilizing the relevant QFII quota. NBAL may invest through additional QFIIs with which it or a Client Account may enter into an arrangement.

China A-shares dealt on the Shanghai and Shenzhen stock exchanges are dealt and held in dematerialized form through the CSDCC. The securities trading account, to which securities purchased by a Client Account are recorded by the CSDCC as credited, may be a securities



trading account maintained in the name of an intermediary and not directly in the name of the Client Account. The Client Account's interest in such investments will not be recognized by the CDSCC, the relevant licensed custodian bank or any China legal or regulatory body. Accordingly the Client Account's assets may not be as well protected as they would be if it were possible for them to be registered and held directly in the name of the Client Account or by a custodian or nominee of the Client Account.

The evidence of title of exchange-traded securities in China consists only of electronic book entries in the depository and/or registry associated with the exchange. These arrangements of the depositories and registries are new and not fully tested in regard to their efficiency, accuracy and security.

***Taxation in China.*** The taxation regulations in China are subject to change, possibly with retroactive effect. Changes in Chinese tax regulations could have a significant adverse effect on a Client Account and its investments, including reducing returns, reducing the value of the Client Account's investments and possibly impairing capital invested by the Client Account.

In addition, a Client Account's investment in China A-shares through the Connect Program or any QFII quota will be affected by taxation levied against the investment held using the Connect Program, the relevant QFII or in respect of investments held in the relevant QFII quotas. China's taxation regime that will apply to investments made through the Connect Program, QFIIs and investments made in or through QFII quotas is evolving and remains to be unclear in certain aspects. Under circular of Caishui [2014] no. 81, Caishui [2014] no. 79 and Caishui [2016] No. 127 jointly issued by the Ministry of Finance, State Administration of Tax and China Securities Regulatory Commission, effective from 17 November 2014, generally investments made through the Connect Program and QFIIs shall be temporary exempted from the PRC enterprise income tax on the capital gains derived from the trading of China A-shares and other PRC equity interest investments. It is uncertain how long the temporary exemption will last, and whether it will be replaced and re-imposed retrospectively, which could have significant adverse effect on investment held using the Connect Program, QFIIs and investments made in or through QFII quotas.

**Operational Risk:** NBAL uses service providers from time to time in connection with its products. A Client Account's ability to transact with NBAL 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 NBAL or its clients. NBAL, 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 NBAL or its service providers to identify all of the operational risks that will affect NBAL 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, NBAL 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 NBAL 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 NBAL 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 NBAL to violate applicable privacy and other laws. NBAL 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 NBAL does not directly control the cybersecurity systems of the issuers of securities in which Client Accounts invest or NBAL’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.** NBAL may invest 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.

**Projections.** NBAL 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 NBAL. 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.

**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 may 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 may not ever 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 new 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 vote to leave departure from the European Union (the "EU"), commonly referred to as "Brexit," 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.

Despite the United Kingdom’s withdrawal from the European Union on January 31, 2020, the United Kingdom remained in the European Union’s customs union and single market for a transition period that expired on December 31, 2020. On December 24, 2020, the United Kingdom and the European Union entered into a trade and cooperation agreement (the “**Trade and Cooperation Agreement**”), which was applied on a provisional basis from January 1, 2021. While the economic integration does not reach the level that existed during the time the United Kingdom was a member state of the European Union, the Trade and Cooperation Agreement sets out preferential arrangements in areas such as trade in goods and in services, digital trade and intellectual property. Negotiations between the United Kingdom and the European Union are expected to continue in relation to the relationship between the United Kingdom and the European Union in certain other areas that are not covered by the Trade and Cooperation Agreement. The long term effects of Brexit will depend on the effects of the implementation and application of the Trade and Cooperation Agreement and any other relevant agreements between the United Kingdom and the European Union.

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 NBAL 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 NBAL 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 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 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.

**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 investments in REITs. Investments in REITs will cause 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.

**Reliance on Corporate Management and Financial Reporting.** NBAL 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 NBAL by such issuers or third parties. Although NBAL will evaluate that information and data and seek independent corroboration when it considers it appropriate and reasonably available, NBAL will not always be in a position to confirm the completeness, genuineness or accuracy of such information and data. NBAL 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.

**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.

**Swaps.** NBAL may utilize 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 but not limited to, 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.

*Total Return Swaps.* NBAL may 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 may be either a total return receiver or a total return payer. Generally, the total return payer sells to the total return receiver an amount equal to all cash flows and price appreciation on a defined 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 may be 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 may 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.

**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 NBAL interacts on a daily basis.

**Tax Reform Risks.** On December 22, 2017, the President of the United States signed into law tax legislation, commonly referred to as the Tax Cuts and Jobs Act. Many provisions of the Tax Cuts and Jobs Act are complex and, although guidance necessary to interpret many of the provisions has been issued, areas of uncertainty still remain. Further due to the change of administration and the Senate majority in 2021, provisions of the Tax Cuts and Jobs Act may be reversed and other changes in the tax laws and regulations may be introduced. The effects that those changes could 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.

**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 private investments, 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, NBAL 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 NBAL will value the investment differently than other managers. 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.

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

NBAL'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.*, Sustainable Equity). The following is a summary of material risks specific to NBAL 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 may not apply to all NBAL 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 the 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 may be less responsive to changes and opportunities. At times, the stocks of larger companies may 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 may be 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 may have a shorter history of operations, and may have limited product lines, markets or financial resources.

**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 NBAL 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 may also apply to alternative strategies that invest in fixed income or equity investments, respectively. Please note that certain risks may not apply to all NBAL 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.

**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 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 fees and other expenses.

**Clients should look to their investment advisory agreements with NBAL and other client materials provided. Fund investors should look to the Offering Document for a more complete description of the risks involved with the strategies offered by NBAL. Clients should not rely solely on the descriptions provided above.**

**Acquiring interests in the Funds is intended for sophisticated investors who can accept a high degree of risk in their portfolio, do not need regular current income from their investment with NBAL and can accept a potential loss of their entire investment.**

### **Item 9: Disciplinary Information**

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

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

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

NBAL is not a registered broker or dealer. Most of NBAL's management persons are not nor have an application pending to register as a registered representative of a broker-dealer, except for one who is a registered representative with FINRA through the affiliation with NBAL's registered broker-dealer affiliate, NBBD.

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

NBAL is exempt from registration as a futures commission merchant, commodity pool operator ("CPO") and commodity trading advisor. With respect to the operation of certain Funds, NBAL operates as if it were exempt from registration as a CPO pursuant to the exemptions under CFTC rule 4.13(a)(3).

Several of NBAL's management personnel may be associated persons with the NFA through their affiliation with affiliates of NBAL.

### **C. Material Relationships**

NBAL currently has certain relationships or arrangements 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**

NBAL is affiliated with NBBD, a U.S. registered broker-dealer.

In providing services to its Clients, NBAL may draw upon the trading, research, operational and administrative resources of its affiliated entities. NBAL may use security analyses and research reports prepared by its affiliated entities.

Registered representatives of NBBD may solicit Clients for NBAL or investors for the Funds for NBAL. See Item 14.

In addition, NBAL management persons may also be registered representatives of NBBD. In such capacity, they may sell or provide similar services as the services offered by NBAL. The existence of these relationships may create a conflict of interest. See Item 6 and Item 11.B.7.

NBAL may utilize placement agents in offering the Funds to investors. These placement agents may include NBBD or unaffiliated registered broker-dealers. See Item 5.E and Item 14.B.

The Firm has established policies and procedures ("**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 (“**material non-public information**”). See Item 11.D.1.

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

NBAL serves as a sub-adviser to Non-U.S. Registered Funds advised by affiliates of NBAL.

Neither NBAL nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Fund. NBAL and its related persons intend to devote as much time as they deem necessary for the management of each Fund.

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

NBAL has relationships that are material to its advisory business with the following affiliates:

### ***SEC-Registered Advisers***

- Neuberger Berman Investment Advisers LLC (“**NBIA**”)
- Neuberger Berman Europe Limited (“**NB Europe**”)
- Neuberger Berman Singapore Pte. Limited
- Neuberger Berman BD LLC\* (“**NBBD**”)

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

### ***Non-SEC-Registered Advisers***

- Neuberger Berman Australia Ltd
- Neuberger Berman East Asia Limited
- Neuberger Berman Taiwan (SITE) Limited
- Neuberger Berman Investment Management (Shanghai) Limited
- Neuberger Berman Overseas Investment Fund Management (Shanghai) Limited
- Neuberger Berman Asset Management Ireland Limited

In providing services to its Client Accounts, NBAL draws upon the portfolio management, trading, research, operational and administrative resources of certain of the affiliates.

Certain affiliates engage NBAL as subadvisor or treat NBAL as a “participating affiliate,” in accordance with applicable SEC No-Action Letters. As a subadvisor, investment professionals from NBAL 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 a participating affiliate, NBAL provides designated investment personnel to associate with the affiliates and perform specific advisory services to the affiliates consistent with the powers, authority and mandates of such affiliate's clients. The designated investment personnel from NBAL are subject to certain Procedures of the affiliate as well as supervision and periodic monitoring by the relevant affiliate. As a participating affiliate, NBAL agrees, in addition to making available certain of its employees to provide investment advisory services to its affiliate's clients through the affiliate, to keep certain books and records in accordance with the Investment Advisers Act and to submit the designated personnel to requests for information or testimony before the SEC. NBAL could also be delegated the duty to place orders for certain securities and commodity interest transactions pursuant to an agreement between the affiliate and NBAL as participating affiliate.

Depending on the strategy, investment professionals from the affiliates would have decision-making roles for certain Clients of NBAL.

NBAL could engage any of these affiliates as a sub-adviser to manage its Client Accounts (see Item 10.D).

The views and opinions of NBAL, and those of the affiliates and their research departments, may differ from one another. See Item 11.B.7.

The Firm has established Procedures reasonably designed to prevent the misuse by the Firm and its personnel of material non-public information. See Item 11.D.1.

Certain employees of our affiliates may provide marketing or other client-related services in connection with NBAL's investment strategies.

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

NBBD is registered with the CFTC as a CTA and Introducing Broker and is a member of the NFA. NBIA is registered as a CTA and CPO with the CFTC.

**5. Banking or thrift institution**

None.

**6. Accountant or accounting firm**

None.

**7. Lawyer or law firm**

None.

**8. Insurance company or agency**

None.



**9. Pension consultant**

None.

**10. Real estate broker or dealer**

None.

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

Affiliates of NBAL could serve as the general partner or investment manager to one or more of the Funds. Further information about the partnerships where affiliates of NBAL serve as the general partners or investment manager is available in Section 7.B(1) and (2) of Schedule D of Part 1A of NBAL's affiliated SEC-registered investment advisers' Form ADVs.

<b>D. Selection of Other Investment Advisers</b>
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NBAL could engage other advisers, including its affiliates, to act as sub-advisers or managers for its Client Accounts. As discussed further below, NBAL does not employ the same selection criteria with respect to its affiliates, given that it already knows a great deal about each of their advisory businesses, by virtue of their affiliation. Where NBAL has delegated the discretionary day-to-day management of certain strategies to its affiliates, the due diligence conducted does not include all components of the standard due diligence program. NBAL selects affiliates based on the investment strategy of the Client Account, and the expertise of the particular affiliate.

NBAL's decision to invest with an adviser or sub-adviser depends upon various factors that include, but not be limited to, the sub-adviser's performance record, management style, number and continuity of investment professionals, and client servicing capabilities.

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

### **A. Code of Ethics**

NBAL has adopted Procedures, which governs the activities of all NBAL employees. Employees are required not only to comply with the Policies but with all applicable laws and regulations.

The Procedures include (1) personal investment (2) gifts and entertainment, (3) outside business activity (4) prohibition regarding the use of material non-public information and (5) whistleblowing, which support NBAL's fiduciary duty to place the interests of the Firm's Clients before the interests of the Firm and its employees. Each employee must avoid any activity or relationship that reflects unfavorably on the Firm as a result of a possible conflict of interest, the appearance of such a conflict, the improper use of confidential information or the appearance of any impropriety.

In managing assets for Clients, NBAL has a fiduciary responsibility to treat all Clients fairly. This duty requires a course of conduct, consistent with other statutory obligations, that seeks to be prudent and in the Client's best interest. The nature of NBAL's fiduciary obligations necessarily requires some restrictions on the investment activities of its employees and their domestic dependents.

#### **Amendments to the Procedures**

If amendments are made to the Procedures other than on an annual basis and determined to be material, employees will be required to submit a written acknowledgement that they have received, read and understood the amendments.

#### **Administration of the Procedures**

Compliance department ("Compliance") will receive and review all reports submitted pursuant to the Policies and determine whether the investment or business activities of employees are consistent with requirements and restrictions set forth in the Policies and do not otherwise indicate any improper activities. Compliance will also ensure that all books and records relating to the Policies are properly maintained. NBAL will maintain the following records in a readily accessible place:

- A copy of each Code that has been in effect at any time during the past five years;
- A record of all written acknowledgements of receipt, review and understanding of the Policies and amendments for each person who is currently, or within the past five years was, an employee;
- A record of each report made by an employee, including any brokerage confirmations and brokerage account statements obtained from employees;

- A list of the names of persons who are currently, or within the past five years were, employees; and
- A record of any decision for approving the acquisition of securities by employees in private placements and hedge funds for at least five years after the end of the fiscal year in which approval was granted.

### **Reporting Violations**

Employees must immediately report any violation of the Policies to Compliance. All reports will be treated confidentially and investigated promptly and appropriately. Compliance will keep records of any violation of the Policies, and of any action taken as a result of the violation. Violations of the Policies could lead to disgorgement of profits, suspension of trading privileges for the particular employee, or disciplinary action up to and including termination.

A copy of the Code is available upon request.

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

From time to time, NBAL could participate or have an interest in Client transactions as described below. NBAL 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 NBAL bought securities for its own inventory from an NBAL advisory client or sold securities from its inventory to an NBAL advisory client.

If NBAL, its affiliates or their respective principals own a substantial equity interest in an account managed by NBAL, a transaction involving that account and another client could be characterized as a principal transaction. For example, if NBAL, its affiliates or their respective principals have a substantial equity interest in an affiliated fund, the transfer of securities from such affiliated funds account to an NBAL-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.

NBAL does not engage in principal transactions with Client Accounts.

### **2. Cross Transactions**

NBAL does not intend to engage in buying or selling of securities from one Client Account to another (typically referred to as a "cross trade" or "cross transaction").

### **3. Affiliated Brokers**

NBAL is affiliated with NBBD, but does not effect any transactions in securities or other instruments for Client Accounts through NBBD. See Item 12.

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

NBAL may invest Client Accounts in securities or other assets of companies with which NBAL or its affiliates have a business relationship, whether Client, broker, vendor or investment consultant.

NBAL's 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 NBAL's fiduciary obligations.

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

Employees of NBAL or its affiliates may be investors in Non-US. Registered Funds managed by NBAL or an affiliate. Any such investments are made in conformity with the Conflicts Procedures, which include procedures governing the use of confidential information and personal investing.

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

NBAL may recommend to Clients, investments in which NBAL, its affiliates or advisory personnel of either are also invested. Personnel of NBAL may also be invested directly in the Funds, subject to applicable law, and the performance fee distributions and management fee payable by such Funds may be separately negotiated by NBAL. Certain Funds may elect to waive management or performance fees/allocation for employees of the Firm who invest in the Fund pursuant to the Firm's employee investment program.

NBAL may recommend to Clients, securities or financial instruments, in which a related person has established an interest independent of NBAL.

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

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

NBAL advisory personnel may also be officers, employees and/or registered representatives of certain affiliates. In such capacity, they may sell or provide similar services as the services offered by NBAL. From time to time, the views and opinions of NBAL or any of the affiliates and their research staff, may differ from one another. As a result, Client Accounts may hold securities or other investment products for which each of these entities may have a different investment opinion or outlook at the time of their acquisition or subsequent thereto.

## **C. Personal Trading**

The Policies contain NBAL's Personal Investment Policy & Procedures ("PIP"). Key aspects of the PIP include:

### **Disclosure of Personal Investment Accounts and Pre-Approval of Transactions**

Employees and their Immediate Family<sup>2</sup>, or other parties named in an employee-related account must obtain prior approval from Compliance before opening an outside brokerage account and subsequently, before placing an order for a covered transaction. Transaction approvals are valid for 24 hours.

### **Holding Periods**

Employee and employee-related accounts must hold investments for a minimum of thirty (30) calendar days after purchase and must hold investments in Affiliated Investment Companies<sup>3</sup> for a minimum of sixty (60) calendar days after purchase.

### **Specific Investment Restrictions**

Short sales are permitted in certain circumstances, but are strongly discouraged.

Employees and employee related accounts are prohibited from receiving allocations of initial public offerings.

Any employee who wishes to invest in a hedge fund, limited partnership, closely held corporation or other outside private investment must obtain pre-approval from Compliance.

### **Reporting and Certification Requirements**

#### ***Initial***

On commencing employment at NBAL, employees are required to disclose their outside broker accounts.

#### ***Approval to open new outside brokerage accounts***

When an existing employee wishes to open a new outside brokerage account, it is compulsory for the employee to obtain pre-approval from Compliance. Employee will be requested to provide copies of monthly statements and confirmations to Compliance.

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<sup>2</sup> Any of the following relatives **sharing the same household and/or (who) are financially dependent on an Access Person**: child, stepchild, grandchild, parent, stepparent, grandparent, spouse, domestic partner, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, including adoptive relationships and/or any other person deemed to be an Immediate Family member by the Compliance Department.

<sup>3</sup> Each U.S. Registered Investment Company and series thereof for which the Firm is the investment manager, investment adviser, sub-adviser, administrator or distributor, or for which an affiliate of the Firm is the investment adviser or sub-adviser.

## ***Annual***

Employees are required to declare annually that: they have read, understand, and complied with the Policies; they have reported all employee and employee-related accounts to Compliance; the transactions executed in these accounts have been approved as necessary; and, they have obtained the required approval and submitted the required reporting for any Outside Business Activities.

### **D. Other Conflicts of Interests**

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

The Firm has established policies and procedures (“**Procedures**”), including certain information barriers within the Firm, 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 Procedures are designed to be in accordance with the requirements of the Advisers Act and other federal securities laws. In general, under the 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. The Procedures address the process by which material non-public information may be acquired intentionally by the Firm and the sharing of information between different businesses within the Firm or with certain clients of the Firm. When considering whether to acquire or share material non-public information, the Firm will attempt to balance the interests of all Clients, taking into consideration relevant factors, including, but not limited to, the extent of the prohibition on trading that 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 NBAL 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 NBAL's purchase or potentially limiting the ability of NBAL to sell such securities. Relatedly, in those cases when the Firm declines access to (or otherwise does not receive or share within the firm) material non-public information regarding an issuer, NBAL could potentially base its investment decisions with respect to assets of that issuer solely on public information, thereby limiting the amount of information available to NBAL in connection with such investment decisions. Additionally, when the Firm declines to receive or share material non-public information, clients could miss the opportunity to make certain investments, such as SPAC PIPEs, that require potential investors to be “brought over the wall” and accept material non-public information prior to making the investment. In determining whether or not to elect to receive 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 and Entertainment**

Gifts and entertainment provided or received by NBAL's employees to/from Clients, prospective clients, vendors, suppliers, consultants and others with whom NBAL conducts business can strengthen business relationships yet may also create actual or apparent conflicts of interest. Therefore, in accordance with its Gifts and Entertainment policy, all NBAL employees are required to follow the following guiding principles:

- No gifts or entertainment may be solicited
- No cash or cash equivalents should be offered or accepted
- All gifts and entertainment received or offered should be for a clear business purpose
- All gifts and entertainment should not be excessive, inappropriate or intended to influence recipients inappropriately

In addition to the above, NBAL imposes certain specific restrictions on providing and receiving gifts and entertainment, including the imposition of monetary limits and requiring employees to report to, and, in certain circumstances, to obtain prior approval from Compliance.

Compliance is responsible for carrying out ongoing monitoring of NBAL's practices on giving and receiving of gifts and entertainment.

## **3. Political Contributions**

Due to the potential for conflicts of interest, the Firm has established Procedures relating to political contributions that are designed to comply with applicable federal, state and local law. All employees who are either US citizens or green cardholders, their spouses or domestic partner, dependent children or others that the employee materially supports are required to seek preapproval before making any political contribution or engages in other political activities, including volunteering or fundraising for a campaign.

## **4. Outside Business Activities**

Given the nature of NBAL's business, employees who engage in outside activities may face numerous and significant conflicts of interest. Each new employee is required to complete an Outside Business Activities Disclosure and Approval Form to disclose any outside activities, including service as an employee, consultant, board member, partner, officer, director, owner or trustee of an organization that is not an affiliate of NBAL. Prior to pursuing any outside business activity, an employee must:

- complete the Outside Business Activities Disclosure and Approval form;
- receives written approval from his/her manager; and
- receives written approval from Compliance.

## ***General Guidelines***

When engaged in an approved outside business activity, an employee must always:

- act in the best interest of NBAL in the event a potential conflict of interest arises;
- remain aware of how personal activities can lead to conflicts, such as taking a second job with, or making an investment in, a customer, vendor or competitor;
- discuss with his/her manager any situation that could be perceived as a potential conflict of interest; and
- pro-actively address situations that may put his/her interests or those of a family member or friend in potential conflict with NBAL's.

## ***Service on Outside Boards***

Compliance determines Procedures to prevent the misuse of material non-public information which may be acquired through outside board service, as well as other Procedures or investment restrictions which may be required to prevent actual or potential conflicts of interest.

In addition to complying with Procedure, employees must be vigilant in identifying and managing the potential conflicts of interest that may arise by virtue of their service on outside boards. Depending on the circumstances, these conflicts may require the employee to recuse him or herself from deliberations of the board. In some cases, it may be necessary to resign from the Board entirely. Employees are encouraged to seek guidance from Compliance as to how these potential conflicts may be best addressed.

## **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 enter into an appropriate contract. When hiring Third-Party Vendors, NBAL has an incentive to choose vendors at the lowest possible cost to NBAL or Third-Party Vendors that provide other financial incentives (e.g., potentially referring clients to NBAL 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.

## **6. Potential Conflicts of Interest Relating to Employee Compensation Arrangements**

Employees of NBAL may receive a portion of the fees or other compensation received by NBAL or the Firm. Compensation methodology may vary and may be based upon a variety of factors, including but not limited to, gross or net revenue, asset or sub-asset class, and the specific investment product or investment vehicle. Given that compensation may vary, an employee has an incentive to promote, recommend or allocate assets based on the compensation to be received.



To mitigate those potential conflicts, NBAL has 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 NBAL ahead of the interests of its client.

## Item 12: Brokerage Practices

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

Except where NBAL has delegated investment discretion to a Sub-Adviser, NBAL has discretion to select the broker-dealer for securities transactions for each Client Account. NBAL looks to the overall quality of service provided by the broker-dealer and will consider many factors when making a selection for execution. The broker-dealer's ability to provide best execution is of paramount importance in NBAL's selection of the broker-dealer. Best execution is not determined solely based on obtaining the lowest commission costs, but is an evaluation of a number of quantitative and qualitative factors.

The factors that NBAL will take into account when executing orders on behalf of a Client Account will include price, costs, speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of the order in question (including market impact). The best possible result for a particular transaction will be determined by the relative importance given by NBAL to those factors, which will in turn determine the choice of broker. NBAL will also take into account the following criteria:

Client's characteristics, including Client's categorisation as a professional client;

- the characteristics of the relevant order;
- the characteristics of the instruments or products that are the subject of the relevant order; and
- the characteristics of the broker and the place of execution.

#### **Prime Brokers**

NBAL may select one or more firms to serve as prime-broker ("**Prime Broker**") to hold the funds and securities of certain Funds. The Prime Broker may also execute transactions on behalf of such Funds, consistent with best execution. Specific transactions may be "traded away", where such trades are executed through broker-dealers other than the Prime Broker in order to gain access to greater inventory or better price or execution. NBAL may select Prime Brokers it believes will provide specific services to the Funds, allowing the Funds to operate effectively and efficiently by, for example, providing NBAL with electronic access to account information and trade confirmations, bulk mailing of statements to investors.

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

NBAL does not operate a soft dollar program. Its affiliates may acquire soft dollar benefits when sub-advising NBAL's Client Accounts. Please refer to Part 2A of the SEC registered affiliates' Form ADVs for details.

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

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

## **Directed Brokerage**

NBAL does not have any directed brokerage clients.

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

In an effort to achieve best execution of portfolio transactions, NBAL may place securities or future transactions for Client Accounts by utilizing alternative trading platforms. Some alternative trading systems may impose additional service fees or commissions. Those fees will be (i) paid by NBAL 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. NBAL's intention is that it will only use alternative trading systems and incur such fees if it believes that doing so helps it to achieve the best execution of the applicable transaction, taking into account all relevant factors under the circumstances. For example, NBAL will 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**

On occasion, an error may be made in a Client Account. For example, a security may be erroneously purchased for a Client Account instead of sold. In these situations, NBAL generally seeks to rectify the error by placing the Client Account in a similar position as it would have been had no error occurred. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, and/or reimbursing the account. While NBAL will generally compensate Client Accounts for actual losses suffered as a result of a trade error caused through the fault of NBAL, NBAL does not compensate its Clients for lost investment opportunities (e.g., the failure to take advantage of investment or market improvements).

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

### **Aggregation**

Transactions for each Client Account generally will be effected on a block trade basis, where NBAL decides to purchase or sell the same security or financial instrument for several Client Accounts at approximately the same time. NBAL may (but is not obligated to) combine or block trade such orders in order to secure certain efficiencies and results with respect to execution, clearance and settlement of orders.

This aggregation of orders across Client Accounts could lead to a conflict of interest in the event an order cannot be entirely fulfilled and NBAL is required to determine which accounts should receive executed shares and in what order. To mitigate such conflicts, NBAL has adopted allocation procedures, reasonably designed to treat all participating accounts fairly (see below).

NBAL is not obligated to include every Client Account in an aggregated trade. A variety of factors is used to determine whether a particular Client Account may or may not participate

in a particular aggregated transaction. These include investment objectives and strategies, position weightings, cash availability, and risk tolerance.

NBAL will aggregate and allocate orders only in a manner designed to ensure that no Client Account is favored or disfavored and that participating Client Accounts are treated in a fair and equitable manner over time. NBAL may not intentionally allocate profitable trades at each day's end so as to favor disproportionately certain Clients without appropriate disclosure.

When a block trade order is filled in its entirety, each participating Client Account will participate at the average price paid or received, per share or unit, on that day for the order, and share in any associated transaction costs, based upon the initial amount requested for the account (subject to certain size- or cost-related exceptions). When price averaging is used, some Client Accounts will get a better price and some Client Accounts will get a worse price than they would have received if price averaging was not used.

When a block trade order is partially filled, the order will be allocated in accordance with NBAL's written aggregation and allocation procedures. These procedures are described generally below.

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

### **Allocation of Investment Opportunities**

NBAL provides investment management services to a number of Client Accounts and may deal with conflicts of interest when allocating investment opportunities among such Client Accounts. For example: (i) NBAL receives different investment management fees in respect of different Client Accounts; (ii) the performance records of some Client Accounts are more public than the performance records of other Clients; and (iii) NBAL and its affiliates, owners, officers and employees have invested substantial amounts of their own capital in some Client Accounts, but do not invest their own capital in every Client Account. The majority of NBAL's Clients pursue specific investment strategies, many of which are similar. NBAL expects that, over long periods of time, most Client Accounts employing similar investment strategies should experience similar, but not identical, investment performance. Many factors affect investment performance, including but not limited to: (i) the timing of cash deposits and withdrawals to and from an account; (ii) the fact that NBAL may not purchase or sell a given security on behalf of all Client Accounts employing similar strategies; (iii) price and timing differences when buying or selling securities; (iv) the size of the Client Account and (v) each Client Account's own different investment restrictions. The NB Asia Best Execution Policy, NB Asia Trade Aggregation and Allocation Policy, NB Asia Trading and Regulatory Investment Guidelines and Restriction Policy are designed to minimize possible conflicts of interest in trading for Client Accounts.

NBAL considers many factors when allocating securities and financial instruments among Client Accounts, including but not limited to the Client's investment objectives, applicable restrictions, the type of investment or financial instrument, the number of shares or contracts purchased or sold, the size of the account, the amount of available cash or the size of an existing position or weighting in an account. The nature of a Client Account's investment style may exclude it from participating in many investment opportunities, even if the Client is not

strictly precluded from participation based on written investment restrictions. Clients are not assured of participating equally or at all in particular investment allocations. For example, certain Clients may not be eligible to receive shares of IPOs.

NBAL attempts to allocate limited investment opportunities, including new issues among Clients in a manner that is fair and equitable when viewed over a considerable period of time and involving many allocations. NBAL maintains Procedures to allocate securities in fixed income new issues and secondary offerings. The factors taken into account in allocating new issues include whether the account's investment objectives fall primarily within the market capitalization of the issuer of securities to be allocated, cash available and legal restrictions on the account. Once those requirements are met, the securities are generally allocated on a pro rata basis based on the assets under management of each account.

Compliance is responsible for monitoring and interpreting these Procedures.

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

### **A. Periodic Reviews**

NBAL's portfolio managers and research analysts conduct regular meetings to review the strategy and market conditions.

Compliance reviews transactions for compliance with investment guidelines, possible conflicts and adherence to the Policies and regulatory obligations, on a regular basis. Reviews may be in the form of trade data and exception reports. Topics covered in the review include, but are not limited to, trading on the basis of material, non-public information and trading in affiliated securities.

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

Other than the periodic review of accounts described above, a review of individual Client Accounts will also be triggered by anomalies in the investment strategy (e.g., performance numbers do not look right for the portfolio). Account reviews may also take place as a result of major changes in macro- or micro-economic conditions, and material market, economic or political events. Further, changes in regulation may cause NBAL to review Client Accounts.

### **C. Client Reports**

#### **Separate Accounts**

In addition to statements and confirms that a client may receive from its custodian and broker and/or futures commission merchant, NBAL provides periodic reporting, the frequency and content of which may differ as agreed upon between NBAL and the client, as documented in the investment management agreement. Reporting may include, but is not limited to, performance estimates, holdings, attribution and exposure.

#### **Funds**

Investors in the Funds receive such reports as are provided for in the Fund's Offering Document (or as otherwise negotiated with NBAL).

Depending on the Fund may also receive some of the following regular written reports:

- Monthly /Quarterly commentary;
- Monthly/ Quarterly statement from the fund administrator;
- Monthly Fact Sheet; and
- Annual Financial Report.

Clients should carefully review any statements or other reports that they receive from a custodian and compare them to the client reports provided by NBAL.

## **Item 14: Client Referrals and Other Compensation**

### **A. Compensation by Non-Clients**

Not applicable.

### **B. Compensation for Client Referrals**

Subject to applicable law, certain Firm employees are eligible to earn an account referral bonus for referring a potential client to NBAL. Firm senior management determines whether an employee's involvement was significant enough to warrant this bonus.

From time to time, in accordance with applicable law, NBAL may retain and compensate third parties for introducing new Clients to NBAL. The compensation to such parties generally represents a percentage of the management fee paid by the Client to NBAL.

Clients may pay a higher fee than they would otherwise pay due to the solicitor's or placement agent's involvement in the introduction.

From time to time, NBAL may refer a Client to unaffiliated financial institutions or other professional service providers for purposes of rendering certain services to the Client. These services are generally not directly provided by NBAL. The referral may result in the Client allocating additional assets to NBAL for management.

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

## **Item 15: Custody**

### **Separate Accounts**

Generally, neither NBAL nor its affiliates will maintain possession or custody of any assets constituting a Separate Account. Such assets are generally deposited with a qualified custodian selected and appointed by the client. Under the investment management agreement, NBAL may be entitled to management fees to be paid out of the account by the qualified custodian. When it does so, NBAL will send the client and custodian an invoice stating the fee and the calculation it was based on. The fees charged will be included in the statement sent to the client by the respective custodian. The client must instruct the Custodian to pay NBAL. In addition, as described in Item 13.C above, the qualified custodian will provide clients with account statements. Separate Account clients should carefully review the account statements received from NBAL against reports received from the qualified custodian.

### **Funds**

NBAL or its affiliates will not maintain physical possession of the funds or securities of any Fund. However, for those Funds where an affiliate serves as managing member or general partner, the affiliate will have “legal custody” to access the Fund’s account, and as a result, will be deemed to have custody over that account for purposes of the Custody Rule under the Advisers Act. To comply with the Custody Rule, with respect to such Fund, NBAL or the third-party administrator to the Fund will provide each investor, annually, with audited financial statements, prepared in accordance with GAAP or IFRS, within 120 days following the end of the Fund’s fiscal year.

Certain Funds have prime brokerage arrangements with certain Prime Brokers. As discussed in Item 12 above, a substantial amount of the brokerage of such Funds may be effected through the Prime Brokers. Under these arrangements, the Prime Brokers perform 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 Funds’ bank accounts. The Prime Broker will generally maintain physical possession or custody of a certain portion of the fund’s asset.



## **Item 16: Investment Discretion**

Except to the extent that NBAL has delegated investment discretion to a sub-adviser, NBAL has the authority to determine, without obtaining specific Client consent, the securities or financial instruments to be bought or sold and the amount of securities or financial instruments to be bought or sold for a Client Account. NBAL's discretionary authority is derived from an express grant of authority under each Client Account's investment management agreement with NBAL.

Purchases and sales must be suitable for the particular Client Account and limitations may be imposed as a result of instructions from the Client. Clients may limit NBAL's authority by prohibiting or by limiting the purchasing of certain securities or financial instruments. See Item 4.

Pursuant to the Firm's Procedures on 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, neither the Firm nor its personnel are permitted to render investment advice as to, or otherwise trade or recommend a trade in, the securities of such issuer until such time as the information that the Firm has is no longer deemed to be material non-public information. As such, there may be circumstances which will prevent the purchase or sale of securities for Client Accounts for a period of time. See Item 11.D.1.

## Item 17: Voting Client Securities

NBAL generally has voting power with respect to securities in its Client Accounts. NBAL has adopted written Proxy Voting Policies and Procedures (the “**Proxy Voting Policy**”) which are designed to reasonably ensure that it votes in the best interest of clients, in accordance with applicable laws and regulations.

The Proxy Voting Policy provides for the process by which voting decisions are made, handling of material conflicts of interest, disclosing the Proxy Voting Policy to clients, the maintenance of appropriate books and records relating to proxies. . In instances where NBAL does not have authority to vote client proxies, it is the responsibility of the client to instruct the relevant custody bank or banks to mail proxy material directly to such client.

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

## **Item 18: Financial Information**

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

Not applicable.

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

NBAL has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients.

### **C. Bankruptcy Petitions**

NBAL has not been the subject of a bankruptcy proceeding.