

Neuberger Berman Canada ULC

Client Brochure

November 5, 2021

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This Brochure provides information about the qualifications and business practices of Neuberger Berman Canada ULC ("**NB Canada**"). If you have any questions about the contents of this Brochure, please contact us at 212-476-9000 or by email at: NBC.ADVINFO@nb.com.

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

Additional information about NB Canada is also available on the SEC's website at www.adviserinfo.sec.gov.

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

Item 2: Material Changes

This Brochure dated November 5, 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 29, 2021.

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Item 4: Advisory Business

A. Description of the Firm

NB Canada is a company existing under the laws of British Columbia, Canada and has its principal place of business in Toronto, Ontario, Canada. NB Canada was formed in March 2010 and commenced operations as an investment adviser in August 2011.

Previously known as Neuberger Berman Breton Hill ULC, NB Canada adopted its present name on October 27, 2021.

NB Canada is registered with the U.S. Commodity Futures Trading Commission (“**CFTC**”) as a commodity trading advisor (“**CTA**”) and a commodity pool operator (“**CPO**”), and is a member of the U.S. National Futures Association (“**NFA**”). In Canada, NB Canada’s primary regulator is the Ontario Securities Commission, with which NB Canada is registered as a portfolio manager, investment fund manager, exempt market dealer and commodity trading manager. NB Canada is also registered as a portfolio manager and exempt market dealer in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Québec and Saskatchewan, and is also registered as an investment fund manager in Québec.

NB Canada specializes in a systematic, process-driven form of investment management, where investment decisions are generally made by performing quantitative analysis. NB Canada employs mathematical strategies that rely on patterns inferred from historical prices and other data in evaluating prospective investments.

NB Canada provides advisory services on a discretionary basis to its clients, which include: (a) separately managed accounts, (b) private investment funds, (c) a Canadian manager of exchange-traded funds (“**ETFs**”), mutual funds and close-ended funds (together, the “**Canadian Funds**”), (d) affiliated non-U.S. funds registered under the securities laws of offshore jurisdictions (“**Non-U.S. Registered Funds**”) and (e) affiliated and unaffiliated investment advisers.

With respect to the Canadian Funds, NB Canada acts as a sub-adviser to Purpose Investments Inc. (“**Purpose Investments**”), an investment advisory firm located in Toronto, Ontario, Canada. The Canadian Funds are offered primarily to Canadian residents. Certain officers of NB Canada have an indirect economic interest in Purpose Investments.

Indirect Ownership Background – Neuberger Berman Group

Neuberger Berman Group LLC (“**NBG**”) is a holding company the subsidiaries of which (collectively referred to herein as the “**Firm**” or “**Neuberger Berman**”) provide a broad range of global investment solutions – equity, fixed income, multi-asset class and alternatives – to institutions and individuals through products including separately managed accounts, mutual

funds and private investment vehicles. As of December 31, 2020, Neuberger Berman had approximately \$405 billion under management.¹

NBG's voting equity is wholly owned by NBSH Acquisition, LLC ("**NBSH**"). NBSH is owned by current and former employees, directors, consultants and, in certain instances, their permitted transferees. Each employee who owns an equity stake in NBSH 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.

NB Canada's investment management services are further discussed below.

B. Types of Advisory Services

NB Canada currently provides the following types of advisory services:

Separately Managed Accounts

NB Canada provides ongoing discretionary investment management services to institutional clients based on the individual investment goals, objectives, time horizon, and risk tolerance of each client.

NB Canada provides its advisory services through separately managed accounts for institutional clients ("**Separate Accounts**").

NB Canada typically provides investment services that may include, among other things, determination as to: (a) which securities to buy or sell; (b) the total amount of securities to buy or sell; (c) the broker or dealer through which securities are bought or sold; (d) the commission rates at which securities transactions are effected; and (e) the prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

Private Investment Vehicles

NB Canada provides discretionary investment management services to privately offered investment vehicles ("**Private Funds**").

The Private Funds are generally organized or "sponsored" by NB Canada or an affiliate of NB Canada. For certain Private Funds, employees of NB Canada may also serve as officers, directors or other persons authorized to facilitate the operation of the Private Funds.

¹ Firm assets under management figures reflect the collective assets for the various affiliated investment advisers that are subsidiaries of NBG.

The Private Funds are not registered under the Investment Company Act, and their shares or interests, as applicable, are not registered under the Securities Act, and are instead sold to qualified investors who meet certain criteria on a private placement basis. The Private Funds managed by NB Canada require that investors be (1)(a) “accredited investors” as defined under Regulation D under the Securities Act (“**Regulation D**”) and (b) qualified purchasers as defined in Section 2(a)(51)(A) of the Investment Company Act or “knowledgeable employees” under Rule 3c-5 of the Investment Company Act or (2) not “U.S. Persons” as defined under Regulation S of the Securities Act. To the extent the Private Funds are offered into Canada, investors are required to qualify as “permitted clients” as defined in Canadian National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”). Accordingly, the Private Funds are not publicly offered in the United States or Canada. Private Funds may or may not be continuously offered.

Clients should refer to each Private Fund’s offering memorandum, private placement memorandum and/or constitutional documents, as applicable (the “Offering Documents”) for additional information. For a list of certain of the Private Funds, please refer to Section 7.B(1) and (2) of Schedule D of Part 1 of NB Canada’s Form ADV which is publicly available at www.adviserinfo.sec.gov.

Sub-Advisory Services

NB Canada acts as sub-adviser for a variety of products, including the Non-U.S. Registered Funds and the Canadian Funds (collectively, the “**Sub-Advised Funds**”). NB Canada also acts as sub-adviser to certain affiliated and unaffiliated investment advisers providing discretionary investment management services to institutional or high net worth clients through separate accounts (the “**Sub-Advised Separate Accounts**”).

Retail clients that have a TaxM™ tax aware Sub-Advised Separate Account should review NB Canada’s Form CRS, which is available at <https://www.nb.com/en/us/regulatory-disclosures/form-crs-nbc>.

The Separate Accounts, Private Funds, Sub-Advised Funds and Sub-Advised Separate Accounts are collectively referred to herein as the “**Client Accounts**.”

C. Client Tailored Services and Client Tailored Restrictions

NB Canada enters into discretionary investment management agreements with its Separate Account clients. See Item 16. Clients may impose restrictions on investing in certain securities or other assets in accordance with their particular needs. However, NB Canada may decide not to accommodate investment restrictions deemed unduly burdensome or materially incompatible with NB Canada’s investment approach.

NB Canada enters into discretionary investment management agreements with Private Funds or sub-advisory agreements with investment advisers to Private Funds. Services are performed in accordance with the terms of each such agreement. Each Private Fund may impose investment

restrictions as it deems appropriate. Such investment restrictions are typically set forth in the Offering Documents for each Private Fund.

In the case of the Sub-Advised Funds and Sub-Advised Separate Accounts, NB Canada enters into a sub-advisory agreement with the investment adviser to each Sub-Advised Fund or Sub-Advised Separate Account. The terms and conditions of these arrangements may vary, and any contact between NB Canada and the ultimate client will typically take place through the applicable investment adviser. Each Sub-Advised Fund or Sub-Advised Separate Account is managed in accordance with the investment objectives, policies and restrictions set forth in the sub-advisory agreement between NB Canada and the investment adviser or investment management agreement between the investment adviser and the ultimate client, as the case may be.

The investment guidelines of the Separate Accounts, Sub-Advised Funds and Sub-Advised Separate Accounts may restrict the ability of NB Canada to invest in Private Funds for such accounts.

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

D. Wrap and Related Programs

None.

E. Assets under Management

<u>Discretionary Amounts:</u>	<u>Non-Discretionary Amounts:</u>	<u>Date Calculated:</u>
\$4,488,352,233	\$0	12/31/2020

Item 5: Fees and Compensation

A. Fee Schedule

I. Separate Accounts

NB Canada's fee schedules for Separate Accounts generally range up to 1.00% per annum of net assets under management.

Fees depend, in part, on the size of the investment and the investment objective of that particular Separate Account. See Item 7 for minimum account size requirements.

Management fees for Separate Accounts are generally based on a percentage of the market value of the assets held in the Separate Account. NB Canada negotiates the Separate Account management fee for each Separate Account based on a variety of factors including the account size and investment objectives. There may be differences in fees paid by certain clients based on account inception dates.

The nature and scope of the advice provided to each Separate Account is tailored to each specific investor; therefore, the management fee for each Separate Account is negotiable.

NB Canada may, in its sole discretion, reduce or waive fees or apply a different fee schedule for any of its Separate Account clients, including employees and affiliates of the Firm and clients who invest in new strategies at the initial launch.

NB Canada does not receive any performance-based compensation with respect to Separate Accounts.

II. Private Funds

Pursuant to each of NB Canada's investment management agreements with each Private Fund, NB Canada receives a management fee up to 0.90% per annum that generally is based on the net asset value ("**NAV**") of each investor's account in the Private Fund.

In some instances, NB Canada will also receive a performance fee ("**Performance Fee**") (which may be in the form of an incentive fee/allocation). The Performance Fee is generally based on a share of capital gains on, or capital appreciation of, the assets of the relevant Private Fund.

The management fee for Private Funds may be negotiable under certain circumstances. The performance-based compensation is generally not negotiable; however NB Canada or a Private Fund's general partner or managing member customarily retains discretion to waive or reduce the management fees and Performance Fees as to all or any of the investors in a Private Fund, including affiliates and employees (and relatives of such persons) of the Firm.

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

III. Sub-Advised Funds and Sub-Advised Separate Accounts

The adviser to each Sub-Advised Fund and Sub-Advised Separate Account has entered into a sub-advisory agreement with NB Canada. In cases where advisory functions are delegated to an affiliated investment advisor, a portion of the overall fee paid by the client is shared among the relevant affiliates entities as determined between them. In all other cases, pursuant to each sub-advisory agreement, NB Canada receives an advisory fee at a specified rate equal to a percentage of the fund's average daily net assets, with respect to the Sub-Advised Funds or a separate account's net assets under management, with respect to Sub-Advised Separate Accounts. NB Canada's fees with respect to its services as sub-adviser to each Sub-Advised Fund and Sub-Advised Separate Account are generally individually negotiated (and, as such, will vary), and are set forth in its sub-advisory agreement with each fund/investment adviser.

Certain of the tax-managed strategies (marketed as TaxM™) managed by NB Canada on a sub-advised basis are offered through its affiliate, Neuberger Berman Investment Advisers LLC ("NBIA"). These strategies are offered using standard fee schedules. Clients of NBIA who have elected a TaxM™ strategy who have received the ADV materials for both NB Canada and NBIA should refer to the client brochure for NBIA for the applicable fee schedules for their TaxM™ accounts. For a discussion of conflicts of interest relating to fees charged to retail clients, please see NB Canada's Conflict Disclosures, which are available at <https://www.nb.com/en/global/regulatory-disclosures/conflicts-disclosure-nbc> and NBIA's Conflicts Disclosures, which are available at http://www.nb.com/conflicts_disclosure_nbia/.

B. Payment Method

Calculation and Payment of Fees:

Separate Accounts— For Separate Accounts, advisory fees are generally accrued and paid either in arrears or in advance on a monthly or quarterly basis at the beginning of each calendar month or quarter, based on the market value of the client's account on the last business day of the previous calendar month or quarter.

During a month or other fee calculation period, if NB Canada begins managing an account, or an account is terminated, the fee charged for that period will be pro-rated based on the portion of the period that NB Canada actually managed the account. If management fees are charged in advance, the Separate Account client will receive a pro-rated refund of any pre-paid fees if the investment management agreement is terminated before the end of the billing period.

Private Funds— Generally, management fees are charged monthly or semi-monthly and Performance Fees are charged at, or payable as of, the end of a Private Fund's fiscal year or upon withdrawal by an investor from a Private Fund. The management fees and performance fees are

generally deducted directly from each Private Fund investor's account. Investors should refer to the applicable Offering Documents with respect to the calculation and payment of fees.

Unaffiliated Sub-Advised Funds and Sub-Advised Separate Accounts— NB Canada's sub-advisory fees are paid by each investment adviser to NB Canada in accordance with the sub-advisory agreement entered into by NB Canada and such adviser. NB Canada's sub-advisory fees are negotiated with the Sub-Advised Fund's or Sub-Advised Separate Account's investment adviser.

Affiliated Sub-Advised Funds and Sub-Advised Separate Accounts— In cases where advisory functions are delegated to an affiliated investment advisor, a portion of the overall fee paid by the client is shared among the relevant affiliates entities as determined between them.

Valuation for Fee Calculation Purposes:

Separate Accounts— In general, management fees for Separate Accounts, are based on a valuation of assets by the client's custodian. When the client and NB Canada agree to use NB Canada's valuation of the assets for fee purposes, NB Canada may use independent third-party pricing services or broker quotes to value assets. In certain cases where a third-party price is not obtainable, NB Canada may use its fair valuation procedures to determine a value for the investment. As NB Canada's compensation is generally based on the net asset value of an account, a conflict arises when NB Canada, rather than a third party, is valuing the assets held in an account. To mitigate that conflict, NB Canada has adopted methodologies designed to result in securities valuations that in its judgment reflect the market prices of the securities at such time. In those instances, there is no guarantee that the market prices will be obtained. Management fees may be based on the market value of the assets as of the trade date or the settlement date. In certain cases, securities that may only be priced by NB Canada are not included in the value of Client Accounts for billing purposes. In determining the market value of assets, the total market value of securities purchased on margin is included. This may result in higher advisory fees than would otherwise be charged to the client if no margin debit existed in the account. In addition, in determining the market value of assets, cash and cash equivalents are generally included and accrued dividends and interest may be included.

Private Funds— The market values of the assets of the Private Funds are generally obtained from various third-party quotation services, or where such quotation services are not available, are based upon fair-value as determined by the general partner or managing member, or its delegate, which could be NB Canada. Most Private Funds retain a third-party administrator to provide various administrative services to the Private Funds. These services include calculating each Private Fund's NAV, as well as performing other administrative services on behalf of each Private Fund. Investors should refer to the applicable fund's Offering Documents for more information with respect to the valuation of Private Fund assets.

Sub-Advised Funds— Fees are calculated as a percentage of the net assets of each fund. The value of each fund's net assets is determined in accordance with each fund's valuation policies and procedures adopted by the fund's Board of Trustees/Directors. Those policies are generally described in the relevant fund's Offering Documents.

Sub-Advised Separate Accounts – In general, management fees are calculated based on a valuation of account assets by an end-client's custodian. When the client and the investment adviser agree to use the investment adviser's valuation of the assets for fee purposes, such valuation is determined in accordance with the investment adviser's valuation policies.

C. Other Fees and Expenses

In addition to the management fee and Performance Fee, if any, paid to NB Canada, clients pay other fees and expenses associated with their accounts and investments. Such fees and expenses may include the following:

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

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

Additional Fees for Other Services — Certain NB Canada clients may also be clients of NB Canada's affiliates. Those clients may receive investment management services from NB Canada and may receive other services from affiliates. NB Canada and the affiliate will each charge their usual and customary fees to the client. This may result in total costs to the client that are higher than the client would have paid had it obtained all services from either NB Canada or its affiliate alone or from other unrelated brokers and investment advisers.

Other Fees and Expenses for Sub-Advised Funds— In addition to the advisory fees described in this Item 5 above and administration fees described below, investors in the Sub-Advised Funds will incur other fees and expenses associated with their investments in the funds. Those expenses will generally include brokerage and other transaction-related costs and the fees and expenses of other service providers to these funds such as custodians, transfer agents, administrators, valuation agents, directors, auditors and counsel.

Other Fees and Expenses for Private Funds— In addition to the other fees and expenses described in this Item 5.C, Private Funds ordinarily bear all organizational and operating expenses and in some cases, offering expenses. Those expenses may entail administrative fees and expenses; reporting expenses of the Private Fund or NB Canada or its affiliates in connection with its operation of the Fund; insurance expenses; audit and tax preparation and other tax-related fees and expenses; legal and accounting fees; consulting fees; due diligence expenses; expenses associated with mailing and reproducing the Offering Documents, any amendments thereto and other communications with investors; and expenses relating to the organization, and the

operation and winding-up of any special purpose vehicles. Private Funds also will generally pay any extraordinary and non-recurring expenses (including any extraordinary legal or litigation expenses and indemnification costs) and taxes, if any. Investors should refer to the applicable Offering Documents for more information with respect to the specific fees and expenses payable by a Private Fund. In certain instances, NB Canada may reimburse the Private Fund for certain expenses.

Other Fees and Expenses (General) — Clients will bear all other transaction and transfer related fees and expenses. Each of these additional costs may be charged to the client's account or reflected in the price paid or received for a given security or other asset. Those charges include (i) transfer taxes and any other applicable taxes; (ii) auction fees; (iii) exchange or similar fees (such as for American Depositary Receipts (“**ADRs**”)) charged by third parties, including issuers or depositories; (iv) fees charged in connection with short sale transactions; (v) margin interest and fees for any securities that are deemed hard to borrow in connection with long/short strategies; (vi) electronic fund, wire, and other account transfer fees; (vii) commission charges for transactions in ordinary securities; (viii) dealer spreads, mark-ups or other charges by executing broker-dealers (including on fixed-income, non-U.S. securities, ADRs or other over-the-counter transactions) or spreads; (ix) odd-lot differentials fees/expenses; (x) switch fees (i.e., fees to exchange ETF shares for mutual fund shares or mutual fund shares for ETF shares), and (xi) any fees or other charges imposed or mandated by law.

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

D. Prepayment of Fees and Refunds

Separate Accounts— Management fees for Separate Accounts are typically charged monthly or quarterly, in arrears or in advance, as provided in the contract between NB Canada and the client. Separate Account clients who pay fees in advance are entitled to pro-rata reimbursement of that portion of the monthly or quarterly investment management fee paid for any portion of the month or quarter remaining as of the date the investment advisory relationship terminates; provided, however that clients may be responsible for any transaction costs, as applicable, related to the unwinding of transactions in connection with the termination of the Separate Account.

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

Sub-Advised Funds and Sub-Advised Separate Accounts — In the event NB Canada is terminated as sub-adviser, any prepaid fees will be refunded in accordance with the sub-advisory agreement.

E. Sales Compensation

NB Canada'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 NB Canada's affiliates. Certain NB Salespersons are registered representatives of Neuberger Berman BD LLC ("**NBB**D"), an affiliate of NB Canada 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 NB Canada is engaged to provide investment management services for a separate account or sub-advised account client they have introduced to NB Canada. 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 NB Canada and its affiliates with respect to the clients they cover. Certain NB Salespersons receive a fixed draw rather than commissions and are also eligible for special payouts when assets under management reach certain targets.

Given that the NB Salespersons may market a wide range of products offered by NB Canada and its affiliates with differing sales compensation, which can differ by product or strategy, or by the client or financial intermediary to which the salesperson is selling, the NB Salespersons may have an incentive to promote or recommend certain products over others based on the compensation to be received and not on the specific requirements or investment objectives of the client. Specifically, as the compensation for NB Salespersons is generally revenue-based, this creates an incentive for NB Salespersons to increase the amount of assets invested with NB Canada and its affiliates. Where an NB Salesperson receives a fixed draw and is eligible for special payouts upon hitting certain targets, the NB Salesperson has an incentive to take actions to hit those targets. To increase the amount of assets invested with NB Canada and its affiliates (whether to increase revenue (and therefore compensation) or to hit certain targets), NB Salespersons have an incentive to promote or recommend that clients or prospective clients invest more of their money with NB Canada and its affiliates, including by transferring assets from other managers to NB Canada for NB Canada to manage. Similarly, NB Salespersons also have an incentive to promote or recommend trading on margin and investing in overlay strategies. Both of those actions would increase the assets managed by NB Canada and, accordingly, the revenue generated from the client, but meanwhile, increase the amount of money that the client stands to lose. In addition, because NB Salespersons are compensated based on the revenues generated by NB Canada and its affiliates with respect to its clients, this creates an incentive for NB Salespersons to promote or recommend products and strategies that generate more revenue for NB Canada and its affiliates, including strategies and products that have higher fees and proprietary strategies and products over non-proprietary strategies and products.

The Firm and its subsidiaries train their employees, including NB Salespersons, regarding suitability and other regulatory standards of conduct in connection with sales of securities and strategies involving securities to investors, which NB Canada believes mitigates this potential conflict. NB salespersons are also generally required to undergo product specific training for all products that they market.

From time to time, NB Salespersons also market the advisory products and services of NB Canada for which the NB Salesperson does not receive any direct compensation. Certain Firm employees who are not NB Salespersons may be eligible to earn an account referral bonus for referring a client to NB Canada. NB Canada utilizes an affiliated placement agent in offering Private Funds to investors. NB Canada's affiliated placement agent, NBBD, is registered as a broker-dealer with the SEC and is a FINRA member. NBBD may receive a portion of NB Canada's management fee or Performance Fee with respect to shares or interests placed by such placement agent. See Item 10.C.1.

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 incentive fee where the fee is calculated as a percentage of a fund's profits, usually taking into consideration both realized and unrealized profits (sometimes referred to as incentive allocation or carried interest);
- an allocation based on the net cash proceeds attributable to the investments;
- a high water mark where the manager receives a Performance Fee only on increases in net asset value of a fund in excess of the highest net asset value previously achieved; and
- hurdle rates where the manager does not charge a Performance Fee until the fund's annualized performance or distributions made to investors exceeds a benchmark rate, such as T-bill yield, or a fixed percentage

NB Canada charges Performance Fees in connection with certain of its Private Funds. It does not charge Performance Fees with respect to its Separate Accounts, Sub-Advised Funds or Sub-Advised Separate Accounts.

To the extent that NB Canada and its portfolio managers manage accounts that charge only management fees as well as accounts that charge both management fees and Performance Fees, NB Canada or its portfolio managers or salespersons may have a conflict of interest in that an account with a Performance Fee will offer the potential for higher profitability when compared to an account with only a management fee. Performance Fee arrangements may create an incentive for NB Canada or its portfolio managers or salespersons to recommend or make investments that may be riskier or more speculative than those that would be recommended or made under a different fee arrangement. Performance Fee arrangements may also create an incentive to favor higher fee-paying accounts over other accounts in the devotion of time, resources and allocation of investment opportunities. While Performance Fee arrangements can align the interests of NB Canada 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 NB Canada 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, NB Canada or its portfolio managers will have an incentive to realize an investment other than at maximum value.

To manage those potential conflicts, NB Canada has adopted a number of compliance policies and procedures, including (i) the Neuberger Berman Code of Ethics (see Item 11), and (ii) the NB Canada Compliance Manual. NB Canada does not consider fee structures in allocating investment opportunities. See also Item 11.D.6.

Item 7: Types of Clients

NB Canada provides investment advisory and sub-advisory services to institutional clients, including charitable organizations, corporations, other business entities, unregistered investment vehicles and affiliated and unaffiliated investment advisers. NB Canada also serves as a sub-adviser to non-U.S.-domiciled clients, including non-U.S. investment companies not subject to the Investment Company Act.

NB Canada manages customized Separate Accounts that are designed to meet the specific risk and return goals, liquidity restraints, factor sensitivity targets and other requirements of its clients. These Separate Accounts generally have a minimum account size of \$25 million.

NB Canada may lower an account minimum at its discretion.

Private Funds— In general, investors in Private Funds must be (1)(a) “accredited investors” under Regulation D under the Securities Act, and (b) “qualified purchasers” under Section 2(a)(51)(A) of the Investment Company Act or “knowledgeable employees” under Rule 3c-5 of the Investment Company Act or (2) not “U.S. Persons” as defined under Regulation S of the Securities Act. In addition, investors subject to Canadian securities laws must qualify as “permitted clients” as defined in Canadian National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. For those funds that charge a Performance Fee, investors must be eligible to enter into a Performance Fee arrangement under the Advisers Act.

The minimum investment required by an investor varies depending on the Private Fund and in each case is subject to waiver by NB Canada or the Private Fund’s general partner, managing member or similar entity. Investors should review the Offering Documents for each applicable Private Fund for further information with respect to minimum requirements for investment.

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

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

A. Methods of Analyses

Investment Analysis

NB Canada utilizes a variety of methods and strategies to make investment decisions and recommendations. NB Canada is focused on liquid and transparent markets - primarily equities, fixed income (including interest rate futures), currencies and derivatives, including commodities. NB Canada applies both qualitative and quantitative analysis to each market, and may also employ a social and corporate governance (“ESG”) analysis. Qualitative analysis focuses on short-term risk and reward evaluations made by portfolio managers, who can assess current events and how they may interact with trends or return drivers of securities and other financial instruments held by NB Canada’s clients. ESG analysis involves the analysis of ESG factors and their implications on valuation, risk and sustainable growth, with a view towards socially responsive investing.

NB Canada uses quantitative systems in three key areas of its investment process:

1. Screening for securities: NB Canada has created systems to screen for securities that exhibit persistent long-term sources of return.
2. Identifying technical trends: NB Canada searches for medium-term technical trends, and may take positions with favorable momentum. It has created systems that are designed to identify trends.
3. Monitoring risk: NB Canada has risk systems that generate warning alerts as well as recommended risk management actions.

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 NB Canada involve the inherent risk that any valuations, pricing inefficiencies, or other opportunities identified may not materialize or have the anticipated impact on the price of a security. Prices of securities may rise, decline, underperform or outperform regardless of the method of analysis used to identify securities. Each method of analysis relies in varying degrees on information furnished from third-party and publicly available sources. This presents the risk that methods of analysis may be compromised by inaccurate, incomplete, false, biased or misleading information. Security prices may be impacted by various factors independent of the methodology used to select securities. For example, a security price may be influenced by the overall movement of the market, rather than any specific company or economic factors. In addition, certain methods of analysis, such as the use of quantitative/investment models, involve the use of mathematical models that are based upon various assumptions. Assumptions used for modeling purposes may prove incorrect, unreasonable or incomplete.

Sources of Information

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

- annual reports, prospectuses and filings with the SEC or with non-U.S. regulators
- charts, statistical material and analyses
- discussions and meetings with research analysts from NB Canada's affiliates or third parties
- such other material as is appropriate under the particular circumstances
- financial publications, and industry and trade journals
- issuer press releases, presentations and interviews (in person or by telephone)
- newspapers, magazines and websites
- personal assessment of the financial consequences of world events derived from general information
- rating services
- research materials prepared by internal staff of NB Canada's affiliates or third parties

NB Canada may also rely on the research and portfolio management of its affiliated investment advisers. See Item 10.C.3.

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

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

B. Investment Strategies

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

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

Certain material risks associated with these strategies are set forth in Item 8.C. This is a summary only. Clients should not rely solely on the descriptions provided below. The principal investment strategy for each Private Fund is more particularly described in the Private Fund's Offering

Documents and the principal investment strategy for each Sub-Advised Fund is more particularly described in the fund's Offering Documents. Prospective investors should carefully read the applicable Offering Documents and consult with their own counsel and advisers as to all matters concerning an investment in any fund.

Separate Accounts – NB Canada manages portfolios focused on liquid and transparent markets, primarily equities, fixed income (including interest rates futures) and currencies, customized for the client's chosen benchmark, return objectives, risk appetite, tax position, and subject to other client-specific constraints.

Private Funds – For certain of its Private Funds NB Canada seeks to capture exposure to certain alternative risk premia or “factors” associated with different asset classes (each a “**Factor**”). The Portfolio Managers select Factors for each asset class based on expectations that a particular Factor will provide a persistent source of returns with low correlation to traditional long-only equity and fixed income markets. Factors include, but are not limited to, value, momentum, quality, income/carry, curve, low risk and volatility:

Value: The Value Factor seeks to buy assets that are identified as “cheap” and sell those that are identified as “expensive,” in an effort to capture the tendency that “cheap” assets tend to outperform relatively “expensive” assets over time.

Momentum: The Momentum Factor seeks to buy assets that have performed relatively well over those that have underperformed in the recent past, seizing on the tendency that “winners” will continue to outperform “losers” in the near future.

Quality: The Quality Factor seeks assets with strong fundamentals, in an effort to capture the tendency that such assets tend to outperform in volatile markets.

Income/Carry: The Income Factor seeks high quality assets with higher yield than those with lower yield, in an effort to capture the tendency for higher-yielding assets to provide higher total return than lower-yielding assets.

Curve: The Curve Factor measures the slope of the futures term structure in an effort to capitalize on yield differences as positions converge to spot prices. Securities with higher roll yield or “curve” tend to outperform those with lower roll yield.

Low Risk: The Low Risk Factor aims to capture the tendency for low risk assets to outperform higher risk assets over the long-term. The low risk factor is characterized by corroborating idiosyncratic (volatility) and market (beta) measures of risk.

Volatility: The Volatility Factor seeks to use derivatives, such as options and futures, to capture the volatility risk premia across different asset classes.

Sub-Advised Funds and Sub-Advised Separate Accounts – NB Canada implements rules-based investment methodologies appropriate for the investment objective of each individual sub-advised account. For the Sub-Advised Funds and Sub-Advised Separate Accounts, investments

may include equities, currencies, commodities, bonds, futures and options, depending on the specific fund or account.

NB Canada employs tax-efficient trading methodologies in certain strategies offered through Separate Accounts and Sub-Advised Separate Accounts. These tax-managed strategies seek to add tax alpha above the benchmark by deferring taxes and harvesting tax losses by selling a security that has lost value in order to offset capital gains on an investor's tax return. In order to preserve a "harvested" loss in the U.S., NB Canada will temporarily restrict a security from repurchase for over 30 days in order to avoid a violation of the wash-sale rule.

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 NB Canada, as discussed in Item 8.B. This is a summary only and not every strategy may 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. Private Fund investors should review the applicable Offering Documents for further information relating to the strategies and risks associated with the particular fund. Investors in Sub-Advised Funds should also look to the applicable fund's Offering Documents and other fund offering documentation for further information on the risks associated with the particular fund.

General Risks Across All Strategies

The following is a summary of material risks that may apply to NB Canada's various investment strategies. Please note that certain risks, other than *Risk of Loss*, may not apply to all NB Canada 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 may 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 may be 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.** Private Funds may not be registered as investment companies under the Investment Company Act. To the extent they are not registered, investors in such funds will not have the benefit of the protection afforded by the Investment Company Act to investors in registered investment companies (which, among other protections, require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company).
- **Asset Allocation Risk.** The asset classes in which a Client Account seeks investment exposure can perform differently from each other at any given time (as well as over the long term), so a Client Account will be affected by its allocation among equity securities, debt securities and cash equivalent securities. If a Client Account favors exposure to an asset class during a period when that asset class underperforms other asset classes, performance may suffer.
- **Bankruptcy of a Custodian or Broker.** Assets of a Client Account held by a custodian or broker may 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 may 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 may experience delays and expense in receiving a distribution of such assets in the case of a bankruptcy, receivership or other insolvency proceeding of such custodian. Assets held by brokers in a customer account are entitled to certain protections from the claims of creditors of the broker but may not have the same level of protection applicable to segregated accounts held by a non-broker custodian and thus may 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 assets held by a non-U.S. broker or custodian may 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.
- **Commodity Risk.** A Client Account with investments in physical commodity-linked derivative instruments may be subject to greater volatility than an account with investments in traditional securities. The value of physical commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. To the extent that a Client Account may

concentrate assets in a particular sector of the commodities market (such as oil, metal or agricultural products), it may be more susceptible to risks associated with those sectors.

- **Complex Tax Structures of Private Funds.** Private Funds may involve complex tax structures and there may be delays in distributing important tax information to its investors.
- **Concentration Risk.** A strategy that concentrates its investments in a particular sector of the market (such as the utilities or financial services sectors) or a specific geographic area (such as a country or state) may be affected by events that adversely affect that sector or area, and the value of a Client Account using such strategy may fluctuate more than that of a less concentrated Client Account.
- **Counterparty Risk.** To the extent that a Client Account enters into transactions on a principal-to-principal basis, the Client Account is subject to a range of counterparty risks, including the credit risk of its counterparty (i.e., counterparty default), the risk of the counterparty delaying the return of or losing collateral relating to the transaction, or the bankruptcy of the counterparty.
- **Currency Risk.** Currency fluctuations could negatively impact investment gains or add to investment losses. The value of Client Accounts invested in currencies may 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 may be hedged utilizing foreign currency forwards, foreign currency swaps, foreign currency futures, options on foreign currency and other currency related instruments. However, currency hedging transactions, while potentially reducing the currency risks to which a Client Account would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty. Where a Client Account engages in foreign exchange transactions which alter the currency exposure characteristics of its investments, the performance of such Client Account may be strongly influenced by movements in exchange rates as currency positions held by the Client Account may not correspond with the 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 may 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 NB Canada.** The performance of a Client Account depends on the skill of NB Canada and its portfolio manager(s) in making appropriate investment decisions. Any Client Account’s success depends upon NB Canada’s ability to develop and implement investment strategies and to apply investment techniques and risk analyses that achieve the account’s investment objectives. Subjective decisions made by NB Canada may cause the account to incur losses or to miss profit opportunities on which it may otherwise have capitalized. The use of a single advisor applying generally similar trading programs could mean the lack of diversification and consequently, higher risk.

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

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

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

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

If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Client Account could lose any gains that have accrued to it in the transaction and could miss investment opportunities or be required to hold investments it would prefer to sell, resulting in losses for the Client Account. If the counterparty defaults, a Client Account will have contractual remedies, but there can be no assurance that the counterparty will be able to meet its contractual obligations or that the Client Account will be able to enforce its rights. For example, the Client Account may be delayed or limited in enforcing its rights against any margin or collateral posted by the counterparty, which may result in the value of that collateral

becoming insufficient. Also, because OTC derivatives transactions are individually negotiated with a specific counterparty, a Client Account is subject to the risk that a counterparty may interpret contractual terms (*e.g.*, the amount payable to or by the Client Account upon a default or other early termination) in a manner adverse to the Client Account. The cost and unpredictability of the legal proceedings required to enforce a Client Account's contractual rights may lead the Client Account to decide not to pursue its claims against the counterparty.

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

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 may invest those funds in instruments permitted under the applicable regulations. Therefore, a Client Account might not be fully protected in the event of the bankruptcy of a Client Account's clearing member because the Client Account would be limited to recovering only a pro rata share of the funds held in the omnibus account for the relevant account class.

Risk of Failure of a Clearing Broker to Comply with Margin Requirements. The clearing member is required to transfer to the clearing organization the amount of margin required by the clearing organization for the cleared derivatives. Such amounts are generally held in an omnibus account at the clearing organization for all customers of the clearing member. Regulations promulgated by the CFTC require that the clearing member notify the clearing

organization of the portion of the aggregate initial margin provided by the clearing member to the clearing organization that is attributable to each customer. However, if the clearing member does not accurately report a Client Account's initial margin, the Client Account would be subject to the risk that the clearing organization will use Client Account's assets held in an omnibus account at the clearing organization to satisfy payment obligations of a defaulting customer of the clearing member to the clearing organization. In addition, clearing members generally provide the clearing organization the net amount of variation margin required for cleared swaps for all of its customers in the aggregate, rather than individually for each customer. The Client Accounts are therefore subject to the risk that a clearing organization will not make variation margin payments owed to them if another customer of the clearing member has suffered a loss or is in default, and the risk that Client Accounts will be required to provide additional variation margin to the clearing organization before the clearing organization will move the Client Account's cleared derivatives positions to another clearing member. In addition, if a clearing member does not comply with the applicable regulations or its agreement with the Client Accounts, or in the event of fraud or misappropriation of customer assets by a clearing member, Client Accounts could have only an unsecured creditor claim in an insolvency of the clearing member with respect to the margin held by the clearing member. Client Accounts also would have only an unsecured claim for the return of any margin held by the clearing member that is in excess of the amounts owed to the Client Accounts on their derivative contracts cleared through that clearing member.

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

A Client Account's investment performance depends upon how its assets are allocated and reallocated, and a client could lose money on its investment as a result of these allocation decisions and related constraints. The CFTC and the exchanges on which commodity interests (futures, options on futures and swaps) are traded may impose limitations governing the maximum number of positions on the same side of the market and involving the same underlying instrument that may be held by a single investor or group of related investors, whether acting alone or in concert with others (regardless of whether such contracts are held on the same or different exchanges or held or written in one or more accounts or through one or more brokers). NB Canada currently trades for multiple accounts and funds, and therefore the commodity interest positions of all such accounts and funds will generally be required to be aggregated for purposes of determining compliance with position limits, position reporting and position "accountability" rules imposed by the CFTC or the various exchanges. Swaps positions in physical commodity swaps that are "economically equivalent" to futures and options on futures held by a Client

Account and these other funds and accounts may also be included in determining compliance with federal position rules, and the exchanges may impose their own rules covering these and other types of swaps. These trading and position limits, and any aggregation requirement, could materially limit the commodity interest positions NB Canada may take for a Client Account and may cause NB Canada to close out a Client Account's positions earlier than it might otherwise choose to do so.

Additional Risk Factors in Cleared Derivatives Transactions. Transactions in some types of swaps (including certain interest rate swaps and credit default swaps on North American and European indices) are required to be centrally cleared. In a transaction involving those swaps, a Client Account's counterparty is a clearing organization, rather than a bank or broker. Since the Client Accounts are not members of clearing organizations and only members of a clearing organization can participate directly in the clearing organization, the Client Accounts will hold cleared derivatives through accounts at clearing members. In cleared derivatives positions, the Client Accounts will make payments (including margin payments) to and receive payments from a clearing organization through their accounts at clearing members. Clearing members guarantee performance of their clients' obligations to the clearing organization.

In many ways, cleared derivative arrangements are less favorable to Client Accounts than bilateral arrangements. For example, the Client Accounts may 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 may be 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 NB Canada expects to be cleared), and no clearing member is willing or able to submit the transaction for clearing on the Client Account's behalf. While the documentation in place between the Client Accounts and their clearing members generally provides that the clearing members will submit for clearing all cleared derivatives transactions that are within specified credit limits for each Client Account, the Client Accounts are still subject to the risk that no clearing member will be willing or able to submit a transaction for clearing. In those cases, the position would be terminated, and the

Client Account could lose some or all of the benefit of the position, including loss of an increase in the value of the position or loss of hedging protection.

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

- **Diversification Risk.** Client Accounts may not be diversified across a wide range of asset classes or issuers which could increase the risk of loss and volatility than would be the case if the Client Account were diversified across asset classes or issuers because the value of holdings would be more susceptible to adverse events affecting that asset classes or issuers.
- **ESG and Impact Investing Risk.** For Client Accounts with social or environmental impact objectives, as part of NB Canada'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 in the portfolio. Accordingly, 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 NB Canada believes to be their full value. NB Canada'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, NB Canada 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.

- **ETF Risks.** Investing in an ETF exposes a Client Account to all of the risks of that ETF's investments and subjects it to a *pro rata* portion of the ETF's fees and expenses. As a result, the cost of investing in ETF shares may exceed the costs of investing directly in its underlying investments. ETF shares trade on an exchange at a market price which may vary from the ETF's net asset value. ETFs may be purchased at prices that exceed the net asset value of their underlying investments and may be sold at prices below such net asset value. Because the market price of ETF shares depends on the demand in the market for them, the market price of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to track, and a Client Account may not be able to liquidate ETF holdings at the time and price desired, which may impact its performance.
- **Forward Contracts.** If Client Account investment guidelines permit, NB Canada may 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 may 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 may 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 NB Canada 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 may 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.

- **Futures.** NB Canada may engage in regulated futures transactions for active management or risk management or hedging purposes. Trading in futures and options on futures involves significant risks, including the following: (i) futures contracts and options on futures are volatile in price; (ii) futures trading is highly leveraged; (iii) futures trading may be illiquid; (iv) the clearing broker, or “futures commission merchant” may misuse or lose collateral (“margin”) associated with the futures contracts; and (v) the clearing broker may default, file for bankruptcy or become insolvent. As discussed above, such a default may lead to a loss within the Client Account of margin deposits made by the Client Account in the event of bankruptcy of a clearing broker with whom a Client Account has an open position in a futures contract or related option. Client Accounts may sustain a total loss of the futures contracts including the initial margin and any maintenance margin that it deposits with a broker to establish or maintain a position in the commodity futures market. If the market moves against a position in a Client Account, such Client Account may be required to deposit a substantial amount of additional margin, on short notice, in order to maintain its position. If the Client Account does not provide the required margin within the prescribed time, its position may be liquidated at a loss, and the Client will be liable for any resulting deficit in its account. The high degree of leverage that is often obtainable in futures trading because of the small margin requirements can work against a Client Account, as well as for it. The use of leverage can lead to large losses. Non-U.S. futures markets may have greater risk than U.S. futures markets. Unlike trading on U.S. commodity exchanges, trading on non-U.S. commodity exchanges is not regulated by the CFTC and may be subject to greater risks than trading on U.S. exchanges. Futures markets may also be illiquid which could prevent NB Canada from promptly liquidating unfavorable positions and adversely affect trading and profitability.
- **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. NB Canada 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.
- **Geographic Risk.** From time to time, based on market or economic conditions, the Client Account may invest a significant portion of its assets in one country or geographic region. If the Client Account does so, there is a greater risk that economic, political, social and environmental conditions in that particular country or geographic region may have a significant impact on the Client Account's performance and that the Client Account's performance will be more volatile than the performance of more geographically diversified accounts. The economies and financial markets of certain regions can be highly interdependent and may decline all at the same time. In addition, certain areas are prone to natural disasters such as earthquakes, volcanoes, droughts or tsunamis and are economically sensitive to environmental events. Alternatively, the lack of exposure to one or more countries or geographic regions may adversely affect performance.
- **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 NB Canada; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen the Client Account's position; and (v) default or refusal to perform on the part of the counterparty with which the Client Account trades. Furthermore, to the extent that any hedging strategy involves the use of derivative instruments, such a strategy will be subject to the risks applicable to such instruments, as described herein.
- **High Frequency Trading.** Strategies involving frequent trading of securities can adversely affect investment performance, particularly through increased brokerage and other transaction expenses, including unfavorable tax consequences. NB Canada will not generally seek to limit portfolio turnover when making investment decisions. Portfolio turnover can vary from year to year, as well as within a year. Portfolio turnover and brokerage and other transactions expenses may exceed those of investments of comparable size. Brokerage commissions, fees, taxes, and other transaction costs may be substantial, regardless of performance.

- **Investment Company Risk.** To the extent a Client Account invests in ETFs or other investment companies, its performance will be affected by the performance of those other investment companies. Investments in ETFs and other investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses. If a Client Account invests in other investment companies, the Client Account may receive distributions of taxable gains from portfolio transactions by that investment company and may 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, or would not result in losses to an investor, including, potentially, a complete loss of principal. The performance of a strategy depends on the skill of NB Canada and its portfolio manager(s) in making appropriate investment decisions. Subjective decisions made by NB Canada may cause a Client Account to incur losses or to miss profit opportunities on which it may otherwise have capitalized.
- **Leverage Risk.** NB Canada utilizes leverage when implementing its investment strategies. Leverage increases returns to investors if a Client earns a greater return on leveraged investments than the Client's cost of such leverage. However, the use of leverage exposes the Client to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the Client not borrowed to make the investments, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions, (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Client's cost of leverage related to such investments and (iv) fluctuations in interest rates on the Client's borrowings, which may have a negative effect on the Client's profitability. In case of a sudden, precipitous drop in the value of a Client's assets, the Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Client. A Client may at times find it difficult or impossible to obtain leverage. Since leveraging its assets will be part of the investment strategy of the Clients, in such event, NB Canada could find it difficult to fully implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Client being forced to unwind positions quickly and at prices below what NB Canada deems to be fair value for the positions.
- **Limited Reporting for Private Funds.** While Private Funds generally may provide periodic performance reports and annual audited financial statements, unless otherwise agreed to, they are not otherwise required to provide periodic pricing or valuation information to investors.
- **Liquidity Risk.** Illiquid securities are securities that are not readily marketable, and, as a result, may be more difficult to purchase or sell at an advantageous price or time. A Client Account could lose money if it cannot sell a security at the time and price that would be most beneficial to it. Further, the lack of an established secondary market may make it more difficult to value illiquid securities, which could vary from the amount the Client Account could realize upon disposition. Judgment plays a greater role in pricing these investments than it does in pricing investments having more active markets, and there is a

greater risk that the investments may not be sold for the price at which they are carried. The sale of some illiquid securities may be subject to legal restrictions, which could be costly to the Client Account.

A strategy may hold securities that are illiquid and cannot be transferred or redeemed for a substantial period of time, and there may be little or no near-term cash flow available to investors in the interim. Likewise, a portfolio may not receive any distributions representing the return of capital on an illiquid security for an indefinite period of time.

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

In June 2017, the Alternative Reference Rates Committee, a group of large U.S. banks working with the Federal Reserve, announced its selection of a new Secured Overnight Financing Rate (“**SOFR**”), which is intended to be a broad measure of secured overnight U.S. Treasury repo rates, as an appropriate replacement for LIBOR. The Federal Reserve Bank of New York began publishing the SOFR early in 2018, with the expectation that it could be used on a voluntary basis in new instruments and transactions. Bank working groups and regulators in other countries have suggested other alternatives for their markets, including the Sterling Overnight Interbank Average Rate (“**SONIA**”) in England.

In July 2017, the regulatory authority that oversees financial services firms and financial markets in the U.K. announced that, from the end of 2021, it will no longer persuade or compel contributing banks to make submissions for purposes of determining the LIBOR rate. The LIBOR rate is intended to represent the rate at which contributing banks can obtain short-term borrowings from each other in the London interbank market. On March 5, 2021, the same authority announced that publication of all LIBOR settings for the Euro, the Swiss franc and the Japanese yen, as well as the one-week and two-month U.S. dollar LIBOR settings, would cease immediately after December 31, 2021, and that publication of the overnight and twelve-month U.S. dollar LIBOR settings would cease immediately after June 30, 2023. As a result, by 2022 or 2023 (depending on the specific rate involved), LIBOR will no longer be available for the purpose of determining the interest rate on or

impacting certain loans, derivatives and other instruments or investments comprising Client Accounts.

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

While market participants have begun transitioning away from LIBOR, there are obstacles to converting certain longer-term securities, instruments and transactions to a new benchmark or benchmarks. Although the period from the July 2017 announcement until the end of 2021 is generally expected to be enough time for market participants to transition to the use of a different benchmark for new securities and transactions, there remains uncertainty regarding the future utilization of LIBOR and the specific replacement rate or rates. The effectiveness of multiple alternative reference rates as opposed to one primary reference rate cannot yet be determined. The potential effect of a transition away from LIBOR on the financial instruments in which Client Accounts invest also cannot yet be determined. The replacement of LIBOR could require an adjustment to the terms and conditions (including a value payment between the parties) or otherwise result in rates being determined in accordance with fallback provisions. There could be mismatches between the rates applicable to different types of financial contracts that are linked to the same benchmark, and between hedging transactions and the transactions they are designed to hedge. As market participants transition away from LIBOR, LIBOR’s usefulness could deteriorate, potentially prior to the end of 2021. There is no assurance that the composition or characteristics of any alternative reference rate will be similar to or produce the same value or economic equivalence as LIBOR or that it will have the same volume or liquidity as did LIBOR prior to its discontinuance or unavailability, which could affect the value or liquidity or return on certain investments in Client Accounts and result in costs incurred in connection with closing out positions and entering into new trades. The effect of any changes to, or discontinuation of, LIBOR Client Accounts will vary depending, among other things, on (1) existing fallback or termination provisions in individual contracts and (2) whether, how, and when industry participants develop and adopt new reference rates and fallbacks for both legacy and new products and instruments.

Accordingly, it is difficult to predict the full impact of the transition away from LIBOR on Client Accounts until new reference rates and fallbacks for both legacy and new products, instruments and contracts are commercially accepted.

- **Market Volatility.** Markets may at times be volatile and values of individual securities and other investments may decline significantly, and sometimes rapidly, in response to adverse issuer, political, regulatory, market, economic or other developments that may cause broad changes in market value, public perceptions concerning these developments, and adverse investor sentiment. 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 may impact a market as a whole. If a Client Account sells a portfolio position before it reaches its market peak, it may miss out on opportunities for better performance.
- **MiFID II Risks.** There is a risk that certain Client Accounts will be subject to non-U.S. regulations that are inconsistent with NB Canada'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 NB Canada is not directly subject to these regulations, NB Canada 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. NB Canada 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.

- **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 exchange risk; nationalization or expropriation of assets; settlement, custodial or other operational risks; less stringent auditing, accounting, financial reporting and legal standards; excessive taxation; and exchange control regulations. Adverse conditions in a particular region could negatively affect securities of countries whose economies appear to be unrelated or not interdependent. Compared to the United States, non-U.S. governments and markets often have less stringent accounting, disclosure and financial reporting requirements. As a result, non-U.S. securities can fluctuate more widely in price, and may also be 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. Many non-U.S. securities may be less liquid than U.S. securities, which could affect the investments under a strategy that utilizes these types of securities

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

Companies in emerging markets are generally subject to less stringent and less uniform accounting, auditing and financial reporting standards, practices and disclosure requirements than those applicable to companies in developed countries. Securities markets in emerging market countries may have substantially less volume of trading and are generally more volatile than securities markets of developed countries. In certain periods, there may be 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 may not be 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 may 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 may affect the level and volatility of securities' prices and the liquidity of the Client Account's investments. Volatility or illiquidity could impair a Client Account's profitability or result in losses.

Specifically, investments in the People's Republic of China ("**PRC**") involve certain risks and special considerations not typically associated with Anglo sphere markets (i.e., Australia, Canada, New Zealand, the United Kingdom and the U.S.), such as greater government control over the economy, political and legal uncertainty, controls imposed by the PRC authorities on foreign exchange and movements in exchange rates (which may impact on 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 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, potential difficulties in enforcing contractual obligations and limitations on the ability to distribute dividends due to currency exchange issues, which may 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.

- **Model Valuations Risk.** NB Canada's investment strategies are based substantially upon a number of quantitative approaches, systematic analysis, algorithms or other models. As with any model-driven or other quantitative strategy, the investment strategies and their resulting performance are subject generally to model risk (i.e., the consequences of any inaccuracy, flaw or limitation of the quantitative model). Models are generally based upon historical data, which is not indicative of the future performance of any investments in any Client Accounts. NB Canada is continually engaged in the evaluation and refinement of investment models reflected in its strategies. It may also modify existing models, discontinue use of certain models or add other models or other investment methodologies in the future. Models to be employed by NB Canada are intended to identify and capture favorable investment opportunities or to limit certain types of risks, or possibly both. However, there is no assurance that the use of any such models will necessarily fulfill their intended objectives or assure investment success in future markets and environments.
- **New Fund Risk.** The Private Funds may be newly formed and have limited or no operating histories. As such, there is no guarantee that the funds will achieve their investment objectives. A new fund may not be successful in implementing its investment strategy, and its investment strategy may not be successful under all future market conditions, either of which could result in the fund being liquidated at some future time without shareholder approval, where applicable, and/or at a time that may not be favorable for certain shareholders. New funds may not attract sufficient assets to achieve investment, trading or other efficiencies.
- **Operational Risk.** NB Canada uses service providers from time to time in connection with its products. A Client Account's ability to transact with NB Canada may be negatively impacted due to operational risks arising from, among other problems, systems and technology disruptions or failures, or cybersecurity incidents. The occurrence of any of these problems could result in a loss of information, regulatory scrutiny, reputational damage and other consequences, any of which could have a material adverse effect on NB Canada or its clients. NB Canada, 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 NB Canada or its service providers to identify all of the operational risks that may affect NB Canada 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, NB Canada and the Client Accounts it manages may be more susceptible to operational risks through breaches in cybersecurity. A cybersecurity incident may refer to either intentional or unintentional events that allow an unauthorized

party to gain access to client assets, customer data, or proprietary information, or cause NB Canada to suffer data corruption or lose operational functionality. A cybersecurity incident could, among other things, result in the loss or theft of Client Account data or funds, clients or employees being unable to access electronic systems (“**denial of services**”), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or remediation costs associated with system repairs. Any of these results could have a substantial impact on Client Accounts. For example, if a cybersecurity incident results in a denial of service, service providers for a particular Client Account could be unable to access electronic systems to perform critical duties for such Client Account, such as trading, net asset value calculation or other accounting functions. Further, Client Accounts could also be exposed to losses resulting from unauthorized use of their personal information. Cybersecurity incidents could cause NB Canada or one of its service providers to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, or financial loss of a significant magnitude. Cybersecurity incidents may also cause NB Canada to violate applicable privacy and other laws. NB Canada 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 NB Canada does not directly control the cybersecurity systems of the issuers of securities in which Client Accounts invest or NB Canada’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.** NB Canada may invest in options on behalf of a Client Account. 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 may 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 may fall below the exercise price. The ability to trade in or exercise options may 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 may 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 may 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 may 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 may impose exercise restrictions that may prevent the holder of an option from realizing value.

- **Performance-Based Fees and Allocations.** NB Canada and its affiliates may receive performance-based fees or allocations, including certain special allocations based on the returns to its investors. Such performance-based fees and allocations may create incentives for NB Canada and its affiliates to make more risky or speculative investments than they would otherwise make.
- **Private Funds - Lack of Liquidity.** There is no public market for interests in the Private Funds. Substantial transfer restrictions typically exist with respect to such interests. Investors can only redeem all or any permissible part of their investments in accordance with the governing documents of the Private Fund, and may be subject to suspensions and other restrictions.
- **Projections.** NB Canada 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 NB Canada. The inaccuracy of certain assumptions, the failure of an issuer to satisfy certain financial requirements and the occurrence of unforeseen events could cause any such projection to be materially inaccurate. Investors should therefore carefully examine the assumptions behind a particular projection or targeted return.
- **Proxy Contests and Unfriendly Transactions.** From time to time, a Client Account could purchase securities of a company that is the subject of a proxy contest in the expectation that new governance will be able to improve the company's performance or effect a sale or liquidation of its assets so that the price of the company's securities will increase. If an

incumbent board of a targeted company is not defeated or if new board members are unable to improve the company's performance or sell or liquidate the company, the market price of the company's securities (or those that use the company as a reference) will likely fall, which would cause the Client Account to suffer losses. In addition, where an acquisition or restructuring transaction or proxy fight is opposed by the subject company's management, the transaction could become the subject of litigation. Such litigation involves substantial uncertainties and could impose substantial cost and expense on the company participating in the transaction.

- **Quantitative Trading/Tools Risk.** Quantitative investment strategies rely heavily on proprietary quantitative models in seeking to exploit short-term and long-term relationships among securities prices and volatility. The models employed may not be well-suited to prevailing market conditions or may be unreliable, where unusual events specific to particular corporations or major events external to the operation of markets may cause extreme market moves that are inconsistent with the historic correlation and volatility structure of the market. The models may be formulated based on past market data which may not be indicative of future price movements. Models also may have hidden biases or exposure to broad structural or sentiment shifts. In the event actual events fail to conform to the assumptions underlying the models, losses could be incurred.
- **Recent Market Conditions.** Events in certain sectors historically have resulted, and may in the future result, in an unusually high degree of volatility in the financial markets, both domestic and foreign. These events have included, but are not limited to: bankruptcies, corporate restructurings, and other events related to the sub-prime mortgage crisis in 2008; governmental efforts to limit short selling and high frequency trading; measures to address U.S. federal and state budget deficits; social, political, and economic instability in Europe; economic stimulus by the Japanese central bank; sudden shifts in oil prices; dramatic changes in currency exchange rates; and China's economic slowdown. Relatively high volatility and reduced liquidity in fixed income and credit markets may negatively affect many issuers worldwide, which may have an adverse effect on Client Accounts.

In addition, global economies and financial markets are 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, 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 may also be affected by policy changes made by governments or quasi-governmental organizations, including changes in tax laws. The impact of new financial regulation legislation on the markets and the practical implications for market participants may not be fully known for some time. Regulatory changes are causing some financial services companies to exit long-standing lines of business, resulting in dislocations for other market participants. In addition, political events within the U.S. and abroad may affect investor and consumer confidence and may adversely impact financial markets and the broader economy, perhaps suddenly and to a significant degree. High public debt in a number of countries creates ongoing systemic and market risks and policymaking uncertainty. The numerous countries struggling under such public debt has brought to the forefront tension within the European economic structure that, if not handled skillfully, could result in economic disruption in the Eurozone, which could occur abruptly. The precise details and the resulting impact of the United Kingdom’s vote to leave the European Union (the “EU”), commonly referred to as “Brexit,” are impossible to know for sure at this point. On March 29, 2017, Prime Minister Theresa May provided formal notification of the United Kingdom’s intention to withdraw from the EU pursuant to Article 50 of the Treaty of Lisbon to the European Council. This formal notification began a two-year period of negotiations about the terms of the United Kingdom’s exit from the EU. The effect on the United Kingdom’s economy will likely depend on the nature of trade relations with the EU and other major economies following its exit, which are matters to be negotiated. The decision may cause increased volatility and have a significant adverse impact on world financial markets, other international trade agreements, and the United Kingdom and European economies, as well as the broader global economy for some time. 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 may cause market disruptions. The precise details and the resulting impact of the United Kingdom’s departure from the EU are discussed in “*Recent Market Conditions – Brexit*” in this Item 8.C.

Those and other events, and the potential for continuing market turbulence, may have an adverse effect on Client Accounts. Because the impact on the markets has been widespread, it may be difficult to identify both risks and opportunities using past models of the interplay

of market forces, or to predict the duration of these market conditions. Changes in market conditions will not have the same impact on all types of securities. Interest rates have been unusually low in recent years in the U.S. and abroad. However, the Federal Reserve has recently raised the target range for the federal funds rate several times and then recently lowered it again. Those rate changes, and the possibility that the Federal Reserve may continue with such rate increases, among other factors, could cause markets to experience continuing high volatility. The U.S. is also considering significant new investments in infrastructure and national defense 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 may cause a decline in the market for equity securities. Also, regulators have expressed concern that rate increases may contribute to price volatility. In addition, there is a risk that the prices of goods and services in the U.S. and many non-U.S. economies may decline over time, known as deflation (the opposite of inflation). Deflation may have an adverse effect on stock prices and creditworthiness and may make defaults on debt more likely. If a country's economy slips into a deflationary pattern, it could last for a prolonged period and may be difficult to reverse.

- **Recent 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 NB Canada, including the ability of a Client Account to achieve its investment objective.

- **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 may also acquire distressed assets from financial institutions and acquire ownership interests in such institutions. The implications of government ownership and disposition of these assets are unclear and such a program may have positive or negative effects on liquidity, valuations and performance of Client Accounts. Instruments in which Client Accounts may invest, or the issuers of such instruments, may be affected in ways that are unforeseeable. Accordingly, the 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 may be subject to the laws and regulations of other jurisdictions.

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

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

intervene in response to such disturbances and the effect of any such intervention is unpredictable.

- **Redemption Risk.** A Client Account may 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 in the case of Private Funds and Sub-Advised Funds, could hurt a Client Account's performance. Since the financial crisis that started in 2008, the U.S. 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 U.S. Federal Reserve purchased on the open market large quantities of securities issued or guaranteed by the U.S. government, its agencies or instrumentalities. The U.S. 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 may result in decreased liquidity and increased volatility in the fixed income markets.
- **Reliance on Corporate Management and Financial Reporting.** NB Canada 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 NB Canada by such issuers or third parties. Although NB Canada will evaluate this information and data and seek independent corroboration when it considers it appropriate and reasonably available, NB Canada will not always be in a position to confirm the completeness, genuineness or accuracy of such information and data. NB Canada 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 may incur material losses as a result of corporate mismanagement, fraud and accounting irregularities relating to issuers of securities or other assets they hold.
- **Sector Risk.** To the extent a Client Account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political or regulatory events. A Client Account's performance could be affected if the sectors, industries, or sub-sectors do not

perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.

- **Short Sale Risk.** Short sales are subject to special risks. A short sale involves the sale by a Client Account of a security that it does not own with the hope of purchasing the same security at a later date at a lower price. An account may also enter into a short position through a forward commitment or a short derivative position through a futures contract or swap agreement. If the price of the security or derivative has increased during this time, then the account will incur a loss equal to the increase in price from the time that the short sale was entered into plus any premiums and interest paid to the third party. Therefore, short sales involve the risk that losses may be exaggerated, potentially causing a loss of more money than the actual cost of the investment. Also, there is the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the account.
- **Swaps.** NB Canada may utilize swaps 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 may be adjusted for an interest factor. There are various types of swaps, including total return swaps, credit default swaps and interest rate swaps; all of these and other swaps are derivatives and as such, each is subject to the general risks relating to derivatives described herein.

The Dodd-Frank Act has created an evolving regulatory framework for trading swaps in the United States. Under the Dodd-Frank Act, standardized swaps are required to be executed on or subject to the rules of designated contract markets or swap execution facilities and cleared by a central counterparty, a derivatives clearing organization. Central clearing is intended to reduce the risk of default by the counterparty. However, central clearing exposes Client Accounts to the clearing organization and clearing broker risks referenced above. Central clearing also may 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 may be greater. There may also be risks introduced of a possible default by the clearing organization or by a clearing member or futures commission merchant through which a swap is submitted for clearing. The regulations to implement the Dodd-Frank Act are still being developed so there may be further changes to the rules governing swap transactions.

Interest Rate Swaps, Mortgage Swaps, and Interest Rate "Caps," "Floors," and "Collars." In a typical interest rate swap agreement, one party agrees to make regular payments equal to a floating rate on a specified amount in exchange for payments equal to a fixed rate, or a different floating rate, on the same amount for a specified period. Mortgage swap agreements are similar to interest rate swap agreements, except the notional principal amount is tied to a reference pool of mortgages. In an interest rate cap or floor, one party

agrees, usually in return for a fee, to make payments under particular circumstances. For example, the purchaser of an interest rate cap has the right to receive payments to the extent a specified interest rate exceeds an agreed level; the purchaser of an interest rate floor has the right to receive payments to the extent a specified interest rate falls below an agreed level. An interest rate collar entitles the purchaser to receive payments to the extent a specified interest rate falls outside an agreed range.

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

Total Return Swaps. NB Canada may enter into total return swaps ("**TRS**") 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., the London Interbank Offered Rate, known as LIBOR) and spread, plus the amount of any price depreciation on the reference security or asset. The total return payer does not need to own the underlying 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 may effectively add leverage to a Client Account because, in addition to the net assets of the Client Account, the Client Account would be subject to investment exposure on the notional amount of the swap. If a Client Account is the total return receiver in a TRS, then the credit risk for an underlying asset is transferred to the Client Account in exchange for its receipt of the return (appreciation) on that asset. If a Client Account is the total return payer, it is hedging the downside risk of an underlying asset but it is obligated to pay the amount of any appreciation on that asset.

Credit Default Swaps. In a credit default swap, the credit default protection buyer makes periodic payments, known as premiums, to the credit default protection seller. In return, the credit default protection seller will make a payment to the credit default protection buyer upon the occurrence of a specified credit event. A credit default swap can refer to a single issuer or asset, a basket of issuers or assets or index of assets, each known as the reference entity or underlying asset. A Client Account may act as either the buyer or the seller of a credit default swap. A Client Account may buy or sell credit default protection on a basket of issuers or assets, even if a number of the underlying assets referenced in the basket are lower-quality debt securities. In an unhedged credit default swap, a Client Account buys credit default protection on a single issuer or asset, a basket of issuers or assets or index of assets without owning the underlying asset or debt issued by the reference entity. Credit default swaps involve greater and different risks than investing directly in the referenced asset, because, in addition to market risk, credit default swaps include liquidity, counterparty and operational risk.

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

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

- **Systemic Risk General.** Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and may adversely affect financial

intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which NB Canada interacts on a daily basis.

- **Systemic Risk – European Sovereign Debt Crisis.** The European sovereign debt crisis and the ongoing recession in part of Europe have raised questions concerning the financial stability of certain EU and Eurozone members, including the continued viability of the Eurozone’s single currency and increased the risk of a possible failure of the euro or the exit of one or more countries from the Eurozone (see “*Recent Market Conditions*” in this Item 8.C). Many institutions remain saddled with high default rates on loans, still hold assets of indeterminate value, and have been forced to maintain higher capital reserves under new regulations. This has led to decreased returns from finance and banking directly, and has constricted the sector’s ability to lend, thus potentially reducing future returns and constricting economic growth. Europe is experiencing continuing challenges as a result of certain member-countries’ financial difficulties and the uncertainty around their fiscal and monetary policy direction. These developments may exacerbate the risks resulting from a Client Account’s exposure to euro-related currency fluctuations. Investments that are denominated in a foreign currency, such as euros, will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Volatility in the currency markets may result in a Client Account’s investment portfolio incurring higher costs and may adversely impact the profitability and cash flows from operations of its portfolio companies. As a result, a decline in the value of the euro may reduce a Client Account’s returns from exits of euro-dominated investments. The potential adverse fluctuations in foreign currency exchange rates and the costs associated with conversion of investment principal and income from one currency into another may adversely impact a Client Account’s returns. Although it is difficult to forecast all of the consequences of a failure of the euro or the exit of one or more countries from the Eurozone, one possible outcome is a rise in interest rates on the sovereign debt of one or more troubled European nations, which could lead to a failure or series of failures in performance of sovereign debt. Given the high degree of exposure to European sovereign debt by European financial institutions, this may increase the risk of a failure by one or more European financial institutions. Any such failure could have a material adverse effect on one or more of a Client Account’s portfolio investments or the Client Account itself. A Client Account may have exposure, directly or indirectly (including through portfolio investments) to counterparties that have significant exposure to, or themselves are, European financial institutions.
- **Tax Managed Investing Risk:** Investment strategies that seek to enhance after-tax performance may be unable to fully realize strategic gains or harvest losses due to various factors. Market conditions may limit the ability to generate tax losses. A tax managed strategy may cause a client portfolio to hold a security in order to achieve more favorable tax treatment or to sell a security in order to create tax losses. A tax loss realized by a U.S. investor after selling a security will be negated if the investor purchases the security within thirty days. Although NB Canada avoids “wash sales” whenever possible and temporarily restricts securities it has sold at a loss to prevent them, a wash sale can occur inadvertently because of trading by a client in an account not managed as a tax-managed account by NB Canada. A wash sale may also be triggered by NB Canada when it has sold a security for loss

harvesting and shortly thereafter the firm is directed by the client to invest a substantial amount of cash resulting in a repurchase of the security.

- **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, are uncertain.
- **Tax Risk.** Tax laws and regulations applicable to a Client Account are subject to change, and unanticipated tax liabilities could be incurred by investors as a result of such changes. A strategy's U.S. federal income tax liability with respect to income and gains on an investment may exceed its overall return for such a year. Further, a strategy may face limitations with respect to its ability to use its allocable share of deductions and losses from its investments in certain securities. The tax treatment of some strategies is uncertain. Investors should consult their own tax advisors to determine the potential tax-related consequences of investing in a Client Account.
- **Terrorism Risk.** Terrorist attacks may lead to increased short-term market volatility and may have long-term effects on United States and world economies and markets. Terrorist attacks also may adversely impact interest rates, auctions, secondary trading, ratings, credit risk, inflation and other factors relating to a Client Account's securities and adversely affect such account's service providers and operations.
- **Tracking Error Risk.** Tracking error risk refers to the risk that the performance of a Client Account does not match or correlate to that of the index it attempts to track, either on a daily or aggregate basis. Factors such as fees and trading expenses, imperfect correlation between the Client Account's investments and the index, changes to the composition of the index, regulatory policies, high portfolio turnover rate and the use of leverage all contribute to tracking error. Tracking error risk can cause the performance of a Client Account to be less or more than expected.

Valuation Risk. The price at which a Client Account could sell any particular investment may differ from the Client Account's valuation of the investment. Such differences could be significant, particularly for illiquid securities and securities that trade in relatively thin markets or markets that experience extreme volatility. If market or other conditions make it difficult to value some investments, the Client Account may value these investments using more subjective methods, such as fair value methodologies. For Client Accounts that generate a daily net asset value, such as Sub-Advised Funds, investors who purchase or redeem shares on days when the Sub-Advised Fund is holding fair-valued securities may receive fewer or more shares, or lower or higher redemption proceeds, than they would have received if the Sub-Advised Fund had not fair-valued the securities or had used a different valuation methodology. The value of non-U.S. securities, certain futures and fixed

income securities, and currencies, as applicable, may be materially affected by events after the close of the markets on which they are traded but before the Client Account determines its net asset value. A Client Account's ability to value its investments in an accurate and timely manner may be impacted by technological issues or errors by third party service providers, such as pricing services or accounting agents.

Additional Risks for Equity Strategies

The following is a summary of material risks specific to NB Canada equity strategies that should be considered along with the general risks listed above. Please note that certain risks do not apply to all NB Canada equity strategies or apply to a material degree.

- **Equity Market Risk.** Investments in equity securities (*e.g.*, common stocks, preferred stocks, convertible securities, rights, warrants and Depositary Receipts (“DRs”)) are subject to market risks that will cause their prices to fluctuate over time. Historically, the equity markets have moved in cycles and the value of a strategy's securities could fluctuate substantially from day to day. Investments in income-producing equity securities are also subject to the risk that the issuer will reduce or discontinue paying dividends.
- **Growth Stock Risk.** Because the prices of most growth stocks are based on future expectations, these stocks tend to be more sensitive than value stocks to bad economic news and negative earnings surprises. Bad economic news or changing investor perceptions can negatively affect growth stocks across several industries and sectors simultaneously.
- **Issuer-Specific Risk.** The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.
- **REITs and Real Estate Risk.** A strategy's investments in the securities of Real Estate Investment Trusts (“REITs”) and companies principally engaged in the real estate industry are subject to risks associated with the direct ownership of real estate. These risks include fluctuations in the value of underlying properties, the impact of economic conditions on real estate values, the strength of specific industries renting properties and defaults by borrowers or tenants. In addition to these risks, REITs are dependent on specialized management skills and some REITs have investments in relatively few properties, or in a small geographic area or a single type of property. The properties held by REITs could fall in value for a variety of reasons, such as declines in rental income, poor property management, environmental liabilities, uninsured or uninsurable damage, increased competition (as a result, for instance, of over-building), or changes in real estate tax laws. There is also a risk that REIT stock prices overall will decline over short or even long periods because of rising interest rates. REITs tend to be small- and medium-size companies. Like small-capitalization stocks in general, REIT stocks can be more volatile than, and at times will perform differently from, large capitalization stocks. These factors can increase the volatility of the strategies investments in REITs. Investments in REITs will cause the investors to bear their pro rata portion of the REITs management fees and other

expenses, which could result in duplicative expenses. In addition, there are special risks associated with investing in preferred securities such as preferred REITs. The risks include the following: (i) such preferred securities could include provisions that permit the issuer, in its discretion, to defer or omit distributions for a certain period of time or indefinitely and, as such, preferred securities could lose substantial value due to the omission or deferment of distribution payments, (ii) preferred securities are often subordinated to the issuer's senior debt in terms of liquidation and payment, and therefore will be subject to greater credit risk than the senior debt, and (iii) preferred securities could trade less frequently and in a more limited volume and be subject to more abrupt or erratic price movements than many other securities.

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. NB Canada has no items to disclose.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer or Registered Representative

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

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

NB Canada is registered as a CTA and CPO with the CFTC. NB Canada is not registered as a Futures Commission Merchant. Certain of NB Canada's management persons are registered with the NFA as principals or associated persons of NB Canada or one or more affiliates of NB Canada (including NBBD, which is registered as a CTA and introducing broker with the CFTC. Notwithstanding such registrations, NB Canada has and may in the future seek to rely on exemptions from registration as a CPO and CTA with respect to certain accounts and pools that qualify for such exemptions.

C. Material Relationships

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

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

NB Canada is affiliated with NBBD, a U.S. registered broker-dealer. NB Canada uses NBBD to offer certain affiliated Private Funds to certain investors outside Canada. Subject to applicable law, NBBD may receive sales commissions in connection with the sale of interests in the Private Funds, which sales commissions may be a portion of NB Canada's management fee or Performance Fee with respect to such shares or interests. See Item 11.B.3.

In providing investment management services to its clients, NB Canada may draw upon the research, operational and administrative resources of its affiliated entities. NB Canada may use security analyses and research reports prepared by its affiliated entities.

Subject to applicable law, employees of affiliates of NB Canada may also solicit Separate Account clients for NB Canada. See Item 5.E. and Item 14.B.

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

2. Investment Company or other pooled investment vehicles

NB Canada acts as an adviser or sub-adviser to the Private Funds where a related party may be a general partner, managing member or the adviser. NB Canada also acts as sub-adviser to the Sub-Advised Funds.

Neither NB Canada nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Private Fund or Sub-Advised Fund. Because NB Canada may receive a Performance Fee in connection with its management of certain Client Accounts, NB Canada may be incentivized to devote a disproportionate amount of time and resources to those Client Accounts at the expense of other accounts that are charged only a management fee. NB Canada and its related persons intend to devote as much time as they deem necessary for the management of each account, and will allocate investment opportunities between Private Funds, Sub-Advised Funds and other Client Accounts managed in a similar strategy on an account-by-account basis.

3. Other investment adviser or financial planner

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

SEC Registered Advisers:

Neuberger Berman Investment Advisers LLC (“**NBIA**”)
Neuberger Berman Asia Limited
Neuberger Berman Europe Limited
Neuberger Berman BD LLC*

Non-SEC-Registered Advisers:

Neuberger Berman Australia Limited

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

In providing services to its Client Accounts, NB Canada may draw upon the portfolio management, trading, research, operational and administrative resources of the Advisory Affiliates subject, in certain instances, to the written consent of the client. Advisory Affiliates may engage NB Canada as a subadvisor or, in the case of NBIA, may treat NB Canada as a “participating affiliate,” in accordance with applicable SEC No-Action Letters. As a subadvisor, investment professionals from NB Canada may be delegated decision-making roles for some or all aspects of the strategy.

As a participating affiliate, NB Canada may provide designated investment personnel to associate with NBIA and perform specific advisory services to NBIA consistent with the powers, authority and mandates of NBIA’s clients. The designated investment personnel from NB Canada are subject to certain NBIA policies and procedures as well as supervision and periodic monitoring by NBIA. As a participating affiliate, NB Canada agrees, in addition to making available certain of its

employees to provide investment advisory services to NBIA's clients through NBIA, to keep certain books and records in accordance with the Advisers Act and to submit the designated personnel to requests for information or testimony before the SEC. NB Canada may also be delegated the duty to place orders for certain securities and commodity interest transactions pursuant to an agreement between NBIA and NB Canada as participating affiliate.

Neither NB Canada nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Client Account. NB Canada and its related persons intend to devote as much time as they deem necessary for the management of each Client Account and will allocate investment opportunities on an account-by-account basis. See also Item 6 and Item 11.D.6 with respect to side-by-side management issues.

NB Canada may act as sub-adviser to certain Separate Account clients of Advisory Affiliates. In addition, NB Canada may serve as sub-adviser to Non-U.S. Registered Funds and Private Funds advised by Advisory Affiliates.

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

The views and opinions of NB Canada, and those of the Advisory Affiliates and their research departments, may differ from one another. As a result, Client Accounts managed by NB Canada or its Advisory Affiliates may hold securities or pursue strategies that reflect differing investment opinions or outlooks at the time of their acquisition or subsequent thereto. See Item 11.D.6.

From time to time, NB Canada may send orders to its advisory affiliate, NBIA, and NBIA sends the orders out to broker-dealers for execution. NBIA does not charge any commissions or fees for sending out such orders.

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

NBBD is registered with the CFTC as a CTA and introducing broker ("**Introducing Broker**") and is a member of the NFA. Employees of NB Canada in their capacity as associated persons of NBBD may solicit prospective investors to invest in Private Funds or Separate Accounts that trade commodity interests and are sponsored or managed by NB Canada. See Item 10.C.1 and Item 10.C.3 for a description of NB Canada's relationship with NBBD.

5. Banking or thrift institution

NB Canada is affiliated with Neuberger Berman Trust Company N.A. and Neuberger Berman Trust Company of Delaware N.A. (together, "**NB Trust Companies**"). NB Trust Companies provide comprehensive fiduciary and wealth management services to high net worth individuals, families and their related entities, including investment management, custody, tax planning and trustee and executor services. In addition, Neuberger Berman Trust Company N.A. provides outsourced Chief Investment Officer (CIO), investment management, custody, and other fiduciary services to institutional clients. For such accounts, NB Trust Companies utilize the investment platform of equity, fixed income and alternative products and strategies of its affiliates (including NB Canada)

as its primary investment option. Non-affiliated products and strategies are also available on a limited basis and generally as a complement to affiliated offerings. NB Trust Companies' preference for affiliated products and strategies may result in incremental benefits to NB Trust Companies, its affiliates (including NB Canada) and their respective employees. NB Trust Companies may appoint NB Canada to manage certain assets of clients of NB Trust Companies.

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

None.

12. Administrator

None.

D. Selection of Other Investment Advisers
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None.

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

A. Code of Ethics

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

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

Clients and prospective clients may obtain a copy of the Code of Ethics by contacting a Client Service Representative. For a detailed discussion of conflicts of interest with respect to the advisory services provided by NB Canada and its advisory personnel to retail clients, please see NB Canada’s Conflict Disclosures, which is available at <https://www.nb.com/en/us/regulatory-disclosures/conflicts-disclosure-nbc>.

B. Participation or Interest in Client Transactions

From time to time, NB Canada will participate in or have an interest in client transactions as described below. NB Canada 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 NB Canada bought securities for its

own inventory from a NB Canada advisory client or sold securities from its inventory to a NB Canada advisory client.

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

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

NB Canada and its related persons do not engage in principal transactions with NB Canada's clients.

An "agency cross transaction" is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. NB Canada does not engage in agency cross transactions.

2. *Cross Transactions*

Cross trades involve the transfer, sale or purchase of assets from one Client Account to another Client Account without the use of a broker-dealer. NB Canada may engage in cross trading where permissible, if it determines that the cross trade and the conditions for the transaction would be favorable to both Client Accounts and the terms of the transaction are fair to both Client Accounts. For such trades, NB Canada will not receive transaction-based compensation from the trade. In certain situations, specific consent for each such transaction may be required from both parties to the transaction.

3. *Affiliated Brokers*

NB Canada is affiliated with NBBD, a U.S. registered broker-dealer, but does not effect any transactions in securities or other instruments for Client Accounts through NBBD. See Item 12.A.

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

4. *Financial Interests in Securities or Investment Products*

From time to time, employees of NB Canada's related persons who are registered representatives or associated persons of NBBD, a registered investment adviser and broker-dealer, CTA and Introducing Broker, may recommend to NB Canada's clients that they buy or sell securities in which NB Canada or a related person has a financial interest. Such financial interest could include having a business relationship (whether client, broker, vendor or investment consultant) or

serving as investment adviser, general partner, managing member or director for a particular investment product. Furthermore, NB Canada may invest Client Accounts in securities or other assets of companies with which NB Canada or its affiliates has a business relationship, whether client, broker, vendor or investment consultant. In such instances the purchase or sale of a security either recommended or directed by NB Canada may have an impact on the price of such security, which may indirectly benefit (or act to the detriment of) its affiliates. NB Canada is a minority owner of Purpose Investments and certain officers of NB Canada have an indirect economic interest in Purpose Investments.

NB Canada's policies and procedures together with its investment process seek to ensure that all accounts are managed in accordance with their investment objectives and guidelines and in accordance with NB Canada's fiduciary obligations.

5. *Employee Investment in NB Canada Products*

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

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

NB Canada may recommend to clients investments in which NB Canada, its affiliates or their respective employees are also invested. See Item 11.B.5.

NB Canada may also recommend securities to clients in which a related person has established an interest independent of NB Canada. NB Canada may purchase and sell securities for Client Accounts that the Firm, its affiliates or their respective employees have seeded.

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

All such investments are made in conformity with the Conflicts Procedures.

7. *Securities Trades during an Underwriting Syndicate*

NB Canada and its advisory affiliates do not participate as members of underwriting syndicates.

C. Personal Trading

NB Canada, or one or more of its affiliates, including employees, from time to time, may invest for their own account in equity, fixed income, derivatives or other investments in which NB Canada may also invest on behalf of Client Accounts. Moreover, NB Canada and its affiliates and their respective employees may buy, sell or hold securities while entering into different investment decisions for one or more Client Accounts. Many of the conflicts that exist with respect to the investment by NB Canada and its affiliates and their respective employees in investments in which NB Canada also invests on behalf of certain Client Accounts are similar to those that exist with respect to side-by-side management of Client Accounts. See also Item 10.C.3 and Item 11.D.6. All investments by NB Canada and its affiliates and their respective employees are made in accordance with the Firm's policies. All such investments are made in accordance with the Conflicts Procedures.

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

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

- (a) a requirement for securities accounts to be maintained at NBBD or other approved entities;
- (b) an employee price restitution policy;
- (c) prohibitions against employee participation in certain IPOs;
- (d) prohibitions against trading on the basis of material non-public information;
- (e) pre-approval requirements for certain security transactions such as private placement offerings;
- (f) a minimum holding period of 30 days for most personal securities transactions; and
- (g) annually affirming in writing that (i) all reportable transactions occurring during the year were reported to the Firm; (ii) all reportable positions were disclosed; (iii) all newly opened securities accounts or private placements were disclosed; and (iv) the employee has read, understood and complied with the Code of Ethics.

The price restitution policy attempts to address the potential conflict that could arise from employees owning the same securities as clients, or where the accounts of both enter the market at the same time. Subject to certain exclusions, employee trades that are executed on the same day and in the same security as a Client Account are reviewed to ensure that the employee does not receive a better price than the client. In the event that the employee does receive a better price, the employee's price is "switched" to that of the client's and the cash difference in the execution price is disgorged from the employee account. Disgorged proceeds are often allocated

to client accounts in the form of revised execution prices. In some instances, however, a revised execution price may, for operational reasons beyond NB Canada's control, not be feasible and the proceeds will either be remitted to Client Accounts or donated to charity.

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

D. Other Conflicts of Interest

1. *Material Non Public Information/Insider Trading*

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

In the ordinary course of operations, certain businesses within the Firm may seek access to material non-public information.

The MNPI Procedures address the process by which material non-public information may be acquired intentionally by the Firm and shared 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 the extent of the prohibition on trading that may 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 may give rise to a potential conflict of interest since NB Canada may be prohibited from rendering investment advice to clients regarding the public securities of such issuer and thereby potentially limiting the universe of public securities that NB Canada may purchase or potentially limiting the ability of NB Canada 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, NB Canada may base its investment decisions with respect to assets of such issuer solely on public information, thereby limiting the amount of information available to NB Canada in connection with such investment decisions. In determining whether or not to elect to receive material non-public information, the Firm will endeavor to act fairly to its clients as a whole. The Firm reserves the right to decline access to

material non-public information, including declining to join a creditors or similar committee even if that committee relates to a position held in Client Accounts.

2. *Gifts/Gratuities/Entertainment*

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

Subject to applicable law and the G&E Policy, the Firm allows personnel to provide limited business gifts and entertainment to personnel/representatives of clients or prospective clients as detailed in the Firm's policies and procedures. However, the Firm prohibits providing business gifts or entertainment that are excessive or inappropriate or intended to cause such personnel/representatives to act against the best interests of their employer, the client they represent or those to whom they owe a fiduciary duty.

In addition to the above prohibitions, the Firm imposes restrictions on providing gifts and entertainment to particular types of clients or client representatives, such as public officials at all levels and representatives of U.S. Labor Organizations. The Firm's Global Anti-Corruption Policy and Procedures also sets forth rules governing certain gifts and entertainment and imposes pre-approval or reporting requirements. Furthermore, other public, as well as private, institutions may have their own internal rules regarding the acceptance of gifts or entertainment by their personnel and other representatives. Neuberger Berman personnel are reminded to be aware that institutions with whom they deal may have certain additional restrictions.

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

Accepting gifts or entertainment from clients, prospective clients, employees or agents of clients, outside vendors, suppliers, consultants, and other persons or entities with whom the Firm does business may also create actual or apparent conflicts of interest. Subject to applicable law and the G&E Policy, the Firm does not prohibit personnel from accepting all business-related gifts or entertainment. However, neither Firm personnel, immediate family members, nor other household members may accept any gift or entertainment that is significant in value or impairs, or appears to impair, employee ethics, loyalty to the Firm, or ability to exercise sound judgment. Furthermore, Firm personnel may not accept gifts or entertainment that are, or may be perceived as being, compensation from someone other than the Firm. Firm personnel may not solicit gifts or entertainment, and may not give any gifts or entertainment to anyone who solicits them.

3. *Political Contributions*

Due to the potential for conflicts of interest, the Firm has established policies and procedures relating to political activities which are designed to comply with applicable U.S. federal, state and

local law. Each employee is required to seek preapproval before the employee, the employee's spouse or domestic partner, the employee's dependent children or any other person that the employee materially supports (where any such person is either a U.S. citizen or a green card holder) makes any political contribution or engages in other political activities, including volunteering or fundraising for a campaign.

4. *Outside Business Activities*

Certain types of outside affiliations or other activities may pose a conflict of interest or regulatory concern to the Firm. Therefore, the Firm prohibits certain activities, and requires employees to disclose outside activities and affiliations to the Firm in writing so that responsible personnel may assess the compatibility of the outside affiliation or activity with their role at the Firm. "Outside affiliations" include relationships in which Neuberger Berman personnel serve as an employee, director, officer, partner or trustee of a public or private organization or company other than the Firm (paid or unpaid), including joint ventures, portfolio investment companies, non-profit, charitable, civic or educational organizations. Those relationships may or may not be related to employment with the Firm. Employees registered in the U.S. may also have to update their regulatory filings to reflect outside affiliations. Generally, Firm employees do not have to disclose affiliations that involve little or no personal responsibility or exposure on their part and have minimal potential for adversely affecting the Firm's image or creating conflicts of interest. Firm personnel are not required to disclose affiliations of family members unless they are aware that an immediate family member's affiliation with a company or organization may result in a conflict of interest between the employee and the Firm or the employee and a client of the Firm.

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

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

5. *Outsourcing/Service Providers*

The Firm conducts appropriate due diligence on outsourced service providers and vendors ("**Third-Party Vendors**") that provide products or services to the Firm and enters into an appropriate contract. When hiring Third-Party Vendors, NB Canada has an incentive to choose

vendors at the lowest possible cost to NB Canada or Third-Party Vendors that provide other financial incentives (e.g. potentially referring clients to NB Canada or its affiliates). The Firm's relationships with outside vendors are managed so that appropriate controls and oversight are in place to protect the Firm's interests, including safeguarding of private and confidential information regarding the Firm's clients and employees.

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

NB Canada and its employees may have differing investment or pecuniary interests in different Client Accounts managed by NB Canada, and NB Canada employees may have differing compensatory interests with respect to different Client Accounts.

NB Canada and its employees face a potential conflict of interest when (i) the actions taken on behalf of one Client Account may impact other similar or different Client Accounts (e.g., where Client Accounts have the same or similar investment strategies or otherwise compete for investment opportunities, have potentially conflicting investment strategies or investments (including where the negotiation of a purchase of securities from an issuer for some Client Accounts negatively impact other securities issued by the same issuer held in other Client Accounts, or the holdings of some Client Accounts cause NB Canada to refrain from recommending or making certain investments or to be limited by law, courts or otherwise in the actions it can recommend or take on behalf of other Client Accounts), or have differing ability to engage in short sales and economically similar transactions) or (ii) NB Canada and its employees (and the affiliated advisers and their employees) have differing interests in certain Client Accounts (e.g., where NB Canada or its related persons are exposed to different potential for gain or loss through differential ownership interests or compensation structures or where NB Canada or its employees have determined where to dedicate their time and resources) because NB Canada and its related persons have an incentive to favor certain accounts over others (e.g. NB Canada and its related persons could favor more profitable accounts, accounts of larger clients, or accounts of clients from whom they are seeking additional business). Such conflicts may present particular concern when, for example, NB Canada places securities transactions that NB Canada believes could more likely result in favorable performance, engages in cross trades or executes potentially conflicting or competing investments.

NB Canada, on behalf of different Client Accounts, may make investments in different parts of an issuer's capital structure (e.g., equity or debt, or different positions in the debt structure, which may include situations where a single portfolio manager invests in different parts of an issuer's capital structure for its Client Accounts. As a result, or as part of the negotiations of certain terms prior to the purchase of a security, NB Canada could pursue rights or privileges with respect to an issuer that has, or could have, an adverse effect on some of its Clients Accounts. Conflicts may arise over items such as whether to make an investment, exercise certain rights, or take an action, proxy voting, corporate reorganization, how to exit an investment, or bankruptcy or similar matters (including, for example, whether to trigger an event of default or the terms of any workout). Similarly, if an issuer in which one or more Client Accounts (or Affiliate Accounts) hold different classes of securities (or other assets, instruments or obligations issued by the same issuer) encounters financial problems, decisions over the terms of any workout may raise conflicts

of interest (e.g., conflicts over proposed waivers and amendments to debt covenants or strategies to be pursued in bankruptcy proceedings).

For example, a debt holder may be better served by a liquidation of the issuer in which it may be paid in full, whereas an equity or junior bond holder might prefer a reorganization that holds the potential to create value for them. NB Canada may (i) refrain from taking certain actions or making certain investments, or may sell investments on behalf of clients in order to avoid or mitigate certain conflicts of interest, or (ii) be limited (by applicable law, courts or otherwise) in positions or actions it will be permitted to take, which, in each case, could have the potential to disadvantage the clients on whose behalf the actions are not taken, investments not made, or investments sold. In other cases, NB Canada may not refrain from taking actions or making investments on behalf of certain Clients that have the potential to disadvantage other Clients. Moreover, if Client Accounts are invested in different levels of an issuer's capital structure, NB Canada may acquire material nonpublic information, including where it has representatives on the issuer's board of directors or the creditors' committee - see Item 11.D.1). To mitigate these conflicts, NB Canada's policies and procedures seek to ensure that investment decisions are made in accordance with the fiduciary duties owed to Client Accounts and that NB Canada and its advisory personnel do not place their own interests ahead of the interests of its client. NB Canada has policies and procedures designed to allocate investment opportunities fairly among Client Accounts.

In addition, certain side-by-side managed accounts or portfolios could create additional conflicts. For example, from time to time, NB Canada, on behalf of different Client Accounts, could acquire both long and short positions in securities of an issuer (i.e., "long/short" strategies). A short sale involves the sale of a security that the acquirer does not own in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. To make delivery to the buyer, the acquirer must borrow the security, and the acquirer is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the acquirer. In contrast to taking a long position in a security, when a manager sells a security short, he/she is typically doing so with the expectation that the security will decline in value. Depending on a number of conditions, including the security's liquidity and general economic conditions, shorting a security may also have the added consequence of adversely impacting its market price. As a result, managers who manage long/short products may have potential conflicts of interest were they short a security in which they were also long for another client or in another product. NB Canada has adopted policies and procedures that would permit such transactions, under certain limited circumstances. For example, where sufficient liquidity exists in the market and where certain client's positions in a particular security have yet to achieve long-term tax treatment, but the manager is otherwise pre-disposed to shorting that security, the manager may be permitted to engage in such transaction.

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

Item 12: Brokerage Practices

A. Criteria for Selection of Broker-Dealers

In General—Brokerage Selection

With respect to those Client Accounts for which NB Canada has discretion to purchase and sell securities and to select the broker-dealer, NB Canada looks to the overall quality of service provided by the broker and will consider many factors when making a selection for execution. It is NB Canada's policy to seek the best execution of client trades considering all the relevant circumstances. When selecting third party executing brokers, traders will consider the price, size of the transaction, liquidity of both the security and the market, the broker's ability to provide or find liquidity, time limitations, and confidentiality of the transaction. In addition, NB Canada may consider research and other services in making brokerage decisions (See "*Research and Other Soft Dollar Benefits*" in this Item 12.A). Payment of additional commissions for research is generally limited to trades involving equities and ETFs. Accordingly, Client Accounts could be able to obtain more favorable brokerage commission rates elsewhere. NB Canada will also utilize electronic trading networks when they can provide liquidity and price improvement over and above what is available through traditional methods for execution.

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

Research and Other Soft Dollar Benefits

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

Use of Soft Dollars: NB Canada may consider research and other services in making brokerage decisions and, as it deems appropriate, may use a portion of the commissions generated when executing client transactions (commonly referred to as "soft dollars") to acquire research and brokerage services ("**soft dollar benefits**") in a manner consistent with the "safe harbor"

provided by Section 28(e) of the Securities Exchange Act of 1934, as amended. Under the safe harbor, as it has been interpreted by the SEC, NB Canada may use soft dollars to pay for soft dollar benefits, even where such benefits may also be available for cash, to the extent appropriate and permitted by law and other global jurisdictional requirements, when such benefits assist NB Canada in meeting clients' investment objectives or in managing Client Accounts.

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

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

In some instances, NB Canada may obtain a product or service that is used, in part, by NB Canada for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, NB Canada will make a good faith effort to determine the relative proportion of the product or service used to assist it in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). Such determination will be made based on the actual use of the product or service by NB Canada's personnel. The proportion of the product or service attributable to assisting NB Canada in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by Client Account transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by NB Canada from its own resources. The determination by NB Canada of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between the NB Canada and the Client Accounts.

In commission sharing arrangements, NB Canada may effect transactions, subject to best execution, through a broker and request that the broker allocate a portion of the commission or

commission credits to a segregated “research pool” maintained by the broker. NB Canada may then direct such broker to pay for eligible products and services. Participating in commission sharing arrangements enable NB Canada to (1) strengthen its key brokerage relationships; (2) consolidate payments for eligible products and services; and (3) continue to receive a variety of high quality eligible products and services while facilitating best execution in the trading process.

NB Canada also may, but is not obligated to, pay cash for soft dollar items.

Allocation of Soft Dollar Research: Research obtained with soft dollars will not always be utilized by NB Canada for the specific Client Account or Client Accounts that generated the soft dollars. It should be noted that the value of many soft dollar benefits cannot be measured precisely, and commissions paid for such services cannot always be allocated to Client Accounts in direct proportion to the value of the services to each Client Account.

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

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

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

Types of Soft-Dollar Products and Services: Research services provided by a broker-dealer can be either proprietary (created and provided by the broker-dealer, including tangible research

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

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

Brokerage for Client Referrals

From time to time, NB Canada may participate in capital introduction programs arranged by broker dealers, including firms that serve as prime brokers to a pooled investment vehicle managed by NB Canada or recommend these pooled investment vehicles as an investment to investors. NB Canada may place Client Account portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities if NB Canada determines that it is otherwise consistent with seeking best execution. In no event will NB Canada select a broker-dealer as a means of remuneration for recommending NB Canada or any other product managed by NB Canada (or an affiliate) or affording NB Canada with the opportunity to participate in capital introduction programs.

Directed Brokerage; Selection of Brokers

Certain clients of NB Canada may elect to use a specific broker-dealer for securities transactions in their account. To the extent NB Canada is required to direct some or all of the trades for such account to a specific broker-dealer, NB Canada does not have any role in, and does not have any responsibility for, client's selection of this broker-dealer. NB Canada does not have any control over the broker's services, including commissions charged by such broker, and the nature and quality of executions provided by such broker. As such, NB Canada cannot ensure in any given transaction for an account where the client has directed the use of a specific broker that it will be able to obtain the best price. For example, NB Canada may elect to purchase a security on behalf of certain of its Separate Accounts at a broker that NB Canada believes can execute the trade faster than the broker selected by the client for its account. The purchase of the security for the undirected Separate Accounts could raise the price of the security before the broker for the directed account could execute its purchase of the security. This price impact could result in the directed brokerage account paying more than it otherwise would have had the account's order been purchased by the same broker as the other Separate Accounts.

To the extent a client elects to use a specific broker-dealer for securities transactions in its account, but NB Canada retains discretion in selecting the broker-dealer, NB Canada will endeavor to use

the selected broker but generally has no obligation to use the broker-dealer if, in NB Canada's judgment, the use of the broker-dealer would not be consistent with NB Canada's fiduciary obligations to obtain best execution or where NB Canada is not confident of the selected broker-dealer's execution capability for a particular transaction. NB Canada does not accept any responsibility for not using the broker selected by a client on any such transactions in which NB Canada does not allocate the brokerage to that broker. NB Canada may use step outs for client recapture purposes in order to mitigate dispersion and achieve best execution.

Other Fees in Connection with Trading

In an effort to achieve best execution of portfolio transactions, NB Canada may trade securities for client accounts by utilizing alternative trading systems. Some alternative trading systems may impose additional service fees or commissions. Those fees will be (i) paid by NB Canada 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. NB Canada's intention is that it will only use alternative trading systems and incur their fees if it believes that doing so helps it to achieve best execution for the applicable transaction, taking into account all relevant factors under the circumstances. For example, NB Canada may consider the speed of the transaction, the price of the security, the research it receives and its ability to effect a block transaction.

Trade Errors

Trade errors can result from a variety of situations involving portfolio management (e.g., inadvertent violation of investment restrictions) and trading (e.g., miscommunication of information, such as wrong number of shares, wrong price, wrong account, calling the transaction a buy rather than a sell and vice versa, etc.) (collectively, "**Error Trades**"). In situations where correcting an Error Trade would result in NB Canada bearing financial losses, NB Canada has an incentive to ignore or understate the Error Trade. However, NB Canada has adopted policies and procedures for correcting Error Trades. The policies and procedures require that all Error Trades affecting a Client Account be resolved promptly and fairly. Under certain circumstances, the policy provides that trades may, where appropriate, be cancelled or modified prior to settlement. The intent of the policy is to reasonably assure that, if an Error Trade results in a Client Account being in a worse financial position, the Client Account is restored to the appropriate financial position considering all relevant circumstances surrounding the error.

B. Aggregation of Orders/Allocation of Investment Opportunities

NB Canada generally does not purchase or sell the same security for many Client Accounts contemporaneously and using the same executing broker. NB Canada does not aggregate orders for the purchase or sale of the same security. Rather, NB Canada applies different quantitative models for different Client Accounts based on that Client Account's investment objective. The quantitative models and parameters associated with those quantitative models generally determine whether NB Canada will buy or sell a particular financial instrument. Additionally, NB

Canada generally seeks to execute orders at the close of any particular market, and therefore, orders across multiple Client Accounts tend to be executed at the same time and receive identical or substantially similar prices (e.g., in many equity markets, market participants can place an order for and receive the closing price of an equity on a particular exchange).

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

Item 13: Review of Accounts

A. Periodic Reviews

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

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

While NB Canada looks to the portfolio managers as the first step in the compliance process, NB Canada recognizes the need for additional, independent oversight. The Firm's Asset Management Guideline Oversight group ("AMGO") serves as an independent supervisory group responsible for ensuring that portfolios are managed in accordance with client investment guidelines, and, among other things, reviews daily option trading.

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

B. Non-Periodic Reviews

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

Except as specifically provided above or otherwise agreed with a customer, NB Canada does not provide any on-going or periodic review, follow-up or monitoring of Client Accounts.

C. Client Reports

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

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

Sub-Advised Funds— NB Canada coordinates with the investment adviser to the Sub-Advised Funds to provide periodic reviews and reporting as required. Clients and investors in a Sub-Advised Fund receive such reports as required by the investment adviser as provided in the applicable sub-advisory agreement and as required by applicable law or regulation.

Sub-Advised Separate Accounts - NB Canada coordinates with the investment adviser to the Sub-Advised Separate Accounts to provide periodic reviews and reporting as required. Sub-Advised Separate Account clients receive such reports as required by the investment adviser as provided in the applicable sub-advisory agreement and as required by applicable law or regulation.

Item 14: Client Referrals and Other Compensation

A. Compensation by Non-Clients

Not Applicable.

B. Compensation for Client Referrals

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

From time to time, in accordance with applicable law, NB Canada may enter into referral arrangements with third parties and other financial intermediaries for the purpose of introducing new investment advisory clients to NB Canada. Under these referral arrangements all referral parties are independent contractors and the compensation paid to such parties generally represents a percentage of the management and Performance Fees (if any) paid by the client to NB Canada. Clients may pay a higher fee than they would otherwise pay due to the referring party's involvement in the introduction. . Referral arrangements may give rise to potential conflicts of interests given that the referring party has a financial incentive to introduce new investment advisory clients to NB Canada. NB Canada's participation in these referral arrangements does not diminish its fiduciary obligations to its clients. Consistent with its obligations under the Advisers Act and NI 31-103, NB Canada provides disclosures for the referral parties to distribute to potential clients relating to the applicable referral arrangement.

Additionally, from time to time, NB Canada may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a Private Fund managed by NB Canada. See Item 12 above.

Item 15: Custody

Separate Accounts and Sub-Advised Separate Accounts

Generally, none of NB Canada nor its affiliates will maintain physical possession of the funds, securities or assets that a client maintains in a Separate Account. The assets in a Separate Account typically are deposited with a custodian selected by the client. Under the investment management agreement, NB Canada generally invoices the Separate Account client and the client directs its qualified custodian to pay NB Canada. The custodian will send monthly account statements directly to the client. Clients should carefully review those statements. NB Canada provides monthly account statements to its clients. Clients should carefully read and compare any account statements received from NB Canada against account statements received from their custodian.

Private Funds

Neither NB Canada nor its affiliates will maintain physical possession of the funds, securities or other assets of any Private Fund. Physical custody of the assets of a Private Fund will be maintained with a custodian selected by NB Canada, an affiliate or the third-party adviser to such Private Funds (as applicable), in its exclusive discretion, which selection may change from time to time generally without the consent of investors in the Private Fund.

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

As the Private Funds are non-U.S. private funds managed by a non-U.S. adviser, Rule 206(4)-2 under the Advisers Act is not applicable.

Sub-Advised Funds

As the Sub-Advised Funds are non-U.S. funds managed by a non-U.S. adviser, Rule 206(4)-2 under the Advisers Act is not applicable.

Sub-Advised Separate Accounts

Generally, neither NB Canada nor a registered investment adviser for whom NB Canada provides discretionary investment management services will maintain physical possession of the funds or securities that a client maintains in a Sub-Advised Separate Account. The assets in a Sub-Advised Separate Account typically are deposited with a custodian selected by the client in accordance with the terms of the applicable sub-advisory agreement.

Item 16: Investment Discretion

Discretionary

Subject to any investment guidelines or instructions as a client may from time to time communicate to NB Canada, NB Canada enters into investment management agreements, sub-advisory agreements or other agreements with its clients that give NB Canada authority, without obtaining specific client consent, to buy, sell, hold, exchange, convert or otherwise trade in any securities (including equity and fixed income) and other financial instruments, including derivatives. Generally, NB Canada also has discretion to choose the broker-dealer(s) to be used and the commission rates paid unless the client instructs otherwise. NB Canada's discretionary authority is derived from an express grant of authority under each client's investment advisory agreement, sub-advisory agreement or other agreement with NB Canada. With respect to a number of such agreements, NB Canada is also given the authority to execute agreements or other documents on behalf of the client to effectuate NB Canada's duties under the agreement. In addition, NB Canada's discretionary authority generally allows NB Canada to exercise any right incident to any securities or other assets (e.g., the right to vote) held in the Client Account and to issue instructions to the client's custodian for the Client Account for such purposes, as NB Canada deems necessary and appropriate in the management of the Client Account. See Item 4.C.

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

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

For example, pursuant to the Firm's policies and procedures on the handling of material non-public information, when the Firm is in possession of material non-public information related to a publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, in general, neither the Firm nor its personnel are permitted to render investment advice as to, or otherwise trade or recommend a trade in, the securities of such issuer until such

time as the information is no longer deemed to be material or non-public information. As such, there may be circumstances which could prevent the purchase or sale of securities for certain Client Accounts for a period of time. See Item 11.D.1.

Item 17: Voting Client Securities

NB Canada generally has voting power with respect to securities in all of its Client Accounts although certain clients may not delegate voting power to NB Canada. NB Canada has implemented written Proxy Voting Policies and Procedures (the **"Proxy Voting Policy"**) that are designed to reasonably ensure that NB Canada votes proxies in the best interest of its advisory clients for whom NB Canada has voting authority. The Proxy Voting Policy also provides for the process by which proxy voting decisions are made, the handling of material conflicts, the disclosure of the Proxy Voting Policy to clients, the maintenance of appropriate books and records relating to proxies, . In instances where NB Canada 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.

NB Canada generally votes proxies with a view to enhancing the value of the shares of stock held in the Client Accounts. As a general rule, NB Canada will vote all proxies relating to a particular proposal the same way for all Client Accounts holding the security in accordance with the proxy voting guidelines set forth in the Proxy Voting Policy, unless a client specifically instructs NB Canada in writing to vote such securities otherwise.

The Neuberger Berman Governance and Proxy Voting Committee (**"Proxy Committee"**) is responsible for developing, authorizing, implementing and updating the Proxy Voting Policy and the Governance and Proxy Voting Guidelines (**"Voting Guidelines"**), administering and overseeing the proxy voting process, and engaging and overseeing any independent third party vendors as voting delegates to review, monitor and vote proxies. In order to apply the Proxy Voting Policy in a timely and consistent manner, NB Canada utilizes Glass, Lewis & Co. LLC (**"Glass Lewis"**) to vote eligible proxies in accordance with NB Canada's Voting Guidelines or, in instances where a material conflict has been determined to exist, in accordance with the voting recommendations of Glass Lewis. The Voting Guidelines generally represent the voting positions most likely to support our clients' best economic interests across a range of sectors and contexts. The Voting Guidelines are not intended to constrain NB Canada's consideration of the specific issues facing a particular company on a particular vote, and so there will be times when NB Canada's vote decisions will deviate from the Voting Guidelines.

In the event that a NB Canada investment professional believes that it is in the best interest of a client or clients to vote proxies in a manner inconsistent with the Voting Guidelines, the NB Canada investment professional will contact a member of the Proxy Committee, or a designee of the Proxy Committee, and complete and sign a questionnaire in the form adopted from time to time. The questionnaire will require specific information, including the reasons the NB Canada investment professional believes a proxy vote in that manner is in the best interest of a client or clients and disclosure of specific ownership, business or personal relationship, or other matters that raise a potential material conflict of interest with respect to the voting of the proxy. The Proxy Committee will meet with the NB Canada investment professional to review the completed questionnaire and consider such other matters as it deems appropriate to determine that there is no material conflict of interest with respect to the voting of the proxy in the requested manner. The Proxy Committee documents its consideration of those other matters. In the event that the Proxy Committee

determines that the vote will not present a material conflict, the Proxy Committee will make a determination whether to vote the proxy as recommended by the NB Canada investment professional. In the event of a determination to vote the proxy as recommended by a NB Canada investment professional, an authorized member of the Legal and Compliance Department advising the Proxy Committee will instruct Glass Lewis to vote in that manner with respect to the client or clients. In the event that the Proxy Committee determines that the voting of a proxy as recommended by the NB Canada investment professional would not be appropriate, the Proxy Committee will: (i) take no further action, in which case Glass Lewis will vote the proxy in accordance with the proxy voting guidelines; (ii) disclose the conflict to the client or clients and obtain written direction from the client with respect to voting the proxy; (iii) suggest that the client or clients engage another party to determine how to vote the proxy; or (iv) engage another independent third party to determine how to vote the proxy. A record of the Proxy Committee's determinations is prepared and maintained in accordance with applicable policies.

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

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

Conflicts:

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

NB Canada will vote proxies in accordance with the proxy voting guidelines or, in instances where a material conflict has been determined to exist, as Glass Lewis recommends. NB Canada believes that this process is reasonably designed to address material conflicts of interest that arise in conjunction with proxy voting decisions.

Class Action Lawsuits:

From time to time a security held in a Client Account may become the subject of a class action lawsuit. Generally, the custodian for the Separate Account handles any decision to file a claim to participate in a class action settlement. Unless otherwise agreed with the client, NB Canada has no responsibilities with regard to the class action process.

With respect to Private Funds, typically the Private Fund's custodian or other third-party agent engaged by the Private Fund, at the direction of NB Canada, will handle the class action process and file claims.

With respect to Sub-Advised Funds and Sub-Advised Separate Accounts, typically the Sub-Advised Fund's or Sub-Advised Separate Account's custodian or other third party agent engaged by the fund or client, respectively, will handle the class action process and file claims.

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

Item 18: Financial Information

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

With respect to Separate Accounts, NB Canada may require the prepayment of more than \$500 in fees per client. However, this prepayment will generally be for 3 months or less in advance.

B. Impairment of Contractual Commitments

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

C. Bankruptcy Petitions

NB Canada has not been the subject of a bankruptcy proceeding.