

# Neuberger Berman Asia Limited

## Client Brochure

30 March, 2023

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

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

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

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

## **Item 2: Material Changes**

This Brochure dated March 30, 2023 has been prepared in accordance with rules adopted by the U.S. Securities and Exchange Commission. This Brochure will be updated at least annually and we may further provide other ongoing disclosure information about material changes as necessary. This Brochure was last updated on March 30, 2022. There have been no material changes since the last update.

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## **Item 4: Advisory Business**

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

#### **NBAL**

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

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

#### **The Firm**

NBG is a holding company, the subsidiaries of which (collectively referred to herein as the “Firm” or “Neuberger Berman”) provide a broad range of global investment solutions – equity, fixed income, multi-asset class and alternatives – to institutions and individuals through products including separately managed accounts, registered funds and private investment vehicles. As of December 31, 2022, Neuberger Berman had approximately \$427 billion under management.<sup>1</sup>

NBG’s voting equity is wholly owned by NBSH Acquisition, LLC (“NBSH”). NBSH is owned by current and former employees, directors, consultants and, in certain instances, their permitted transferees.

Neuberger Berman is headquartered in New York City. As of December 31, 2022, Neuberger Berman had approximately 2,690 employees in 39 cities around the world.

NBAL’s investment management services are further discussed below.

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

NBAL currently provides the following types of investment management services:

#### **Funds**

NBAL does not currently serve as the investment manager for any pooled investment vehicles; however, it could do so in the future.

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

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

NBAL has been engaged by certain affiliates to act as sub-adviser and/or sub-investment manager in respect of certain pooled investment vehicles (the “**Funds**”) and/or accounts managed by such affiliates (“**Sub-Advised Accounts**”), whereby such affiliates have delegated discretionary authority to NBAL.

### **Separately Managed Accounts**

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

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

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

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

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

NBAL generally provides its investment management services pursuant to a discretionary investment management agreement.

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

**D. Wrap Programs**

NBAL does not sponsor or participate in wrap fee programs.

**E. Assets Under Management**

<b><u>Discretionary Amounts:</u></b>	<b><u>Non-Discretionary Amounts:</u></b>	<b><u>Date Calculated:</u></b>
<b>\$6,088,425,770</b>	<b>\$0</b>	<b>12/31/2022</b>

## Item 5: Fees and Compensation

### A. Fee Schedule

#### **Funds and Separate Accounts**

Client Accounts are charged a management fee. In very limited circumstances, some Client Accounts are charged a fee based on the performance of the account (a “**performance fee**”) in addition to the management fee. Fees are negotiable and are set forth in the investment management agreement with the Client. There are differences in fees paid by certain Clients or Client Accounts. In addition, some Client Accounts pay more or less than others for the same or similar services depending on, for example, account inception dates, number or value of related accounts, total assets under management, fee negotiation, fee waiver or the manner in which NBAL services are obtained.

Detailed descriptions of the management and performance fees can be found in the respective Offering Documents of the Funds, or the applicable investment management agreement for the Separate Accounts.

NBAL’s standard fee schedules for Separate Accounts are set forth below:

<u>Strategy</u>	<u>Management Fee</u>
China A Share	<ul style="list-style-type: none"><li>• 0.90% of the market value of all assets</li></ul>
Global REIT	<ul style="list-style-type: none"><li>• 0.80% of the first \$25 million of market value;</li><li>• 0.70% of the next \$25 million;</li><li>• 0.60% of the next \$100 million; and</li><li>• 0.50% of the balance</li></ul>
Emerging Markets Equity Select	<ul style="list-style-type: none"><li>• 0.85% of the first \$50 million of market value;</li><li>• 0.75% of the next \$150 million; and</li><li>• 0.65% of the balance</li></ul>

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

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



## **B. Payment Method**

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

Management fees generally accrue on a daily or monthly basis, depending on the particular requirements of each Client Account, and generally are charged monthly in arrears as documented in the relevant investment management agreement. Where a performance fee is charged for a Client Account, such fees accrue on a daily, monthly or other basis, depending on the particular requirements of each Client Account, and can be payable semi-annually or annually in arrears, as set forth in the investment management agreement of each particular Client Account.

Certain Client Accounts are invoiced for any management fees or performance fees (where applicable), or such fees are deducted directly from the Client Account, in accordance with the investment management agreement governing the particular Client Account.

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

Termination of an agreement will not affect or preclude the consummation of any transaction initiated prior to termination and the Client Account are subject to transaction-related costs associated with the unwinding of such transactions.

### **Valuation of Assets**

The market value of securities and other financial instruments is determined by unaffiliated third-party service providers which also serve as administrator or custodian for NBAL's Client Accounts. NBAL uses market values of securities generally obtained from various quotation services for its own internal purposes. Each Client generally retains a third-party administrator or custodian to provide various administrative services to the Client. For certain Client, this include keeping the official books and records, calculating the Client Account's NAV, as well as other administrative services on behalf of the Client.

Where significant issues regarding valuation arise that cannot be addressed by the methods described above, NBAL will convene the NB Asia Valuation Committee to evaluate the issues and seek prompt resolution thereof.

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

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

### **Custodial Fees**

Each Client has generally engaged either a prime broker or custodian, depending on the specific requirements of the Client, to hold the Client's assets and will bear any fees charged by such prime broker or custodian. To the extent that cash is held in such accounts and fees are charged by the provider of such service, the fees so incurred by the Client will be in addition to the fee payable to NBAL on the overall value of the account. See Item 15.

### **Transaction-Related Fees**

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

### **Other Fees and Expenses**

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

Certain Client Accounts invest in other funds as described in each Fund's Offering Document or investment management agreement. To the extent a Client Account invests in another unaffiliated fund it will bear the costs and expenses associated with an investment in that underlying fund. If, however, a Client Account invests in another affiliated fund, the fees associated with that underlying fund will typically be waived.

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

As described above, management fees can be paid monthly or quarterly, in arrears depending on the particular requirements of each Client Account. Certain Clients are charged performance fees at the end of their fiscal year, or upon withdrawal by an investor in the case of a Fund. Investors should refer to the applicable Offering Document if investing in a Fund for more information related to fees.

## **E. Sales Compensation**

NBAL's products and strategies can be marketed by the Firm's central sales force which also markets the products and strategies of NBAL's affiliates. Certain members of the sales force are registered representatives of NBAL's affiliate, Neuberger Berman BD LLC ("NBBD"), a registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") and as such, with respect to the Funds offered by NBAL and other pooled investment vehicles offered by its affiliates, could be entitled to sales compensation in connection with the introduction of investors to such funds. Given that the salespersons could market a wide range of products offered by NBAL and its affiliates, with differing sales compensation, the salespersons could have an incentive to promote or recommend certain products over others based on the compensation to be received and not on the specific requirements or investment objectives of the investor.

The Firm trains its employees, including members of this sales force, regarding suitability and sales of securities products to investors, which NBAL believes mitigates this conflict. Salespersons are also required to undergo product specific training for all products that they market.

The Firm's central sales force also markets the investment management products and services of NBAL for which certain members do not receive any direct compensation. Certain Firm employees who are not members of the central sales force are eligible to earn an account referral bonus for referring a Client to NBAL.

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

“Performance-Based Fees” (“**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 Fees structures include, but are not necessarily limited to:

- an allocation structure (typically used in certain open-end NB Private Funds), where the Performance Fee is structured as an allocation or fee based on the NAV of the NB Private Fund, which can be subject to “hurdles” and “high water mark”, where the manager receives performance fees only on increases in the NAV of a fund in excess of the highest net asset value it has previously achieved; and
- a fulcrum fee structure (typically used for certain Separate Accounts), where the Performance Fee is structured as a management fee adjustment (i.e., the Performance Fee is earned at the end of a designated period if the Separate Account outperforms a benchmark rate, such as a benchmark index or a fixed percentage, and a Performance Fee rebate is refunded at the end of the designated period if the Separate Account underperforms a benchmark rate).

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

To the extent that NBAL and its portfolio managers manage accounts that charge only management fees as well as accounts that charge both management fees and Performance Fees, NBAL or its portfolio managers or salesperson may have a potential conflict of interest in an account with a Performance Fee arrangement as it offers the potential for higher profitability when compared to an account with only a management fee arrangement. Performance fee arrangements generally create an incentive for NBAL and/or its portfolio managers to recommend or make investments that are riskier or more speculative than those which would be recommended or made under a different fee arrangement. Performance Fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the devotion of time, resources and allocation of investment opportunities.

While Performance Fee arrangements can align the interests of NBAL and its portfolio managers with those of the clients, in situations where Performance Fees are paid when an investment is realized, a conflict exists because NBAL and its portfolio managers can effectively determine when they are paid. It is possible that, in order to receive the Performance Fee at a certain time, NBAL or its portfolio managers will have an incentive to realize an investment other than at maximum value.

To manage these conflicts, NBAL has adopted a number of compliance policies and procedures, including (i) the NB Asia Code of Ethics (the “**Code**”) (see Item 11), (ii) the NB Asia Compliance Manual, (iii) NB Asia Trade Aggregation and Allocation Policy and (iv) NB Asia Trading and Regulatory Investment Guidelines and Restriction Policy, which seek to ensure that (a) investment opportunities are allocated fairly among Clients and that all

accounts are managed in accordance with their investment mandate, and (b) best execution and order allocation monitoring procedures are reasonably designed to identify unfair or unequal treatment of accounts. NBAL does not consider fee structures in allocating investment opportunities.

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

The minimum investment required by an investor in a Fund varies depending on the particular Fund. A detailed description of the minimum investments for each Fund is contained in the relevant Fund's Offering Documents.

Generally, there is a minimum account size of \$25 million for all Equity Institutional Accounts, except for the following:

- Global REIT mandate: \$10 million
- China Equity mandate: \$100 million

NBAL can manage 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 \$100 million.

NBAL can lower an account minimum in its discretion.

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

### A. Methods of Analyses

#### Investment Analysis

NBAL, either directly, or indirectly through its sub-advisers, utilizes a variety of investment analysis methodologies which include:

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

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

Portfolio managers of NBAL bear primary responsibility for implementing the day-to-day investment activities and decisions on behalf of each Client Account and could consider these and other factors when implementing a Client Account's investment program.

#### Sources of Information

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

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

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



## **B. Investment Strategies**

Below is a summary of NBAL's investment strategies.

Certain material risks associated with NBAL's investment strategies are set forth in Item 8.C. The strategy descriptions stated below is a summary only. The principal investment strategy for each Non-U.S. Registered Fund is more particularly described in the fund's Offering Documents. Prospective investors should carefully read the applicable Offering Document and consult with their own counsel and advisers as to all matters concerning an investment in any fund.

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

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

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

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

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

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

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

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

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

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

### **C. Material Risks**

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

The following is a summary of the principal risks associated with the investment strategies employed by NBAL, as discussed in Item 8.B. This is a summary only and not every strategy will invest in each type of security or other asset discussed below nor will all accounts be subject to all the risks below. Each Client should review the investment strategy associated with its particular account and should contact its client representative for more information about the strategies and risks present in the account. NB Private Fund investors should review the applicable Offering Documents for further information relating to the strategies and risks associated with the particular fund.

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

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

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

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

**Absence of Regulatory Oversight for Private Funds.** The NB Private Funds are not registered as investment companies under the Investment Company Act, and, accordingly, the significant investor protection provisions of the Investment Company Act. To the extent they are not registered, investors in such funds will not have the benefit of the protection afforded by the Investment Company Act to investors in registered investment companies (which, among other protections, require investment companies to have a majority of disinterested

directors, require securities held in custody at all times to be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company).

**Asset Allocation Risk.** The asset classes in which a Client Account seeks investment exposure can perform differently from each other at any given time (as well as over the long term), so a Client Account will be affected by its allocation among equity securities, debt securities and cash equivalent securities. If a Client Account favors exposure to an asset class during a period when that asset class underperforms other asset classes, performance will likely suffer.

**Bankruptcy of a Custodian or Broker.** Assets of a Client Account held by a custodian or broker can be held in the name of the custodian or broker in a securities depository, clearing agency or omnibus customer account of such custodian or broker. To the extent that assets are held in the United States by a custodian in a segregated account or by a broker in a customer account, such assets could be entitled to certain protections from the claims of creditors of the custodian or broker. However, a Client Account with assets held in a segregated account by a custodian could experience delays and expense in receiving a distribution of such assets in the case of a bankruptcy, receivership or other insolvency proceeding of such custodian. Assets held by brokers in a customer account are entitled to certain protections from the claims of creditors of the broker but many do not have the same level of protection applicable to segregated accounts held by a non-broker custodian and thus it is possible that they would not be sufficient to satisfy the full amount of customer claims. Assets held by non-U.S. brokers or custodians may not be subject to the same regulations regarding the segregation of customer assets from the assets of the broker or custodian, or from assets held on behalf of other customers of the broker or custodian, and accordingly it is possible that assets held by a non-U.S. broker or custodian will not be protected from the claims of creditors of the broker or custodian to the same extent as assets held by a U.S. broker or custodian.

**Concentration Risk.** A strategy that concentrates its investments in a particular sector of the market (such as the utilities or financial services sectors) or a specific geographic area (such as a country or state) could be affected by events that adversely affect that sector or area, and the value of a Client Account using such a strategy would likely fluctuate more than that of a less concentrated Client Account.

**Counterparty Risk.** To the extent that a Client Account enters into transactions on a principal-to-principal basis, the Client Account is subject to a range of counterparty risks, including the credit risk of its counterparty (*i.e.*, counterparty default), the risk of the counterparty delaying the return of or losing collateral relating to the transaction, or the bankruptcy of the counterparty.

**Currency Risk.** Currency fluctuations could negatively impact investment gains or add to investment losses. The value of Client Accounts invested in currencies will rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. The investments could be hedged utilizing foreign currency forwards, foreign currency futures, options on foreign currency and other currency related instruments. However, currency hedging transactions, while potentially reducing the currency risks to which a Client Account

would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty. Where a Client Account engages in foreign exchange transactions that alter the currency exposure characteristics of its investments, the performance of such Client Account will likely be strongly influenced by movements in exchange rates as it is possible that currency positions held by the Client Account will not correspond with the securities positions held. Where a Client Account enters into “cross hedging” transactions (e.g., utilizing currency different than the currency in which the security being hedged is denominated), the Client Account will be exposed to the risk that changes in the value of the currency used to hedge do not correlate with changes in the value of the currency in which the securities are denominated, which could result in losses in both the hedging transaction and the Client Account securities.

**Dependence on NBAL.** The performance of a Client Account depends on the skill of NBAL and its portfolio manager(s) in making appropriate investment decisions. Any Client Account’s success depends upon NBAL’s ability to develop and implement investment strategies and to apply investment techniques and risk analyses that achieve the client’s investment objectives. Subjective decisions made by NBAL could cause the account to incur losses or to miss profit opportunities on which it would otherwise have capitalized. The use of a single adviser applying generally similar trading programs could mean a lack of diversification and consequently, higher risk.

**Derivatives Risk.** Derivatives are financial contracts whose value depend on, or are derived from, the value of an underlying asset, reference or index. In implementing certain of its investment strategies, NBAL could use derivatives, such as options, forward contracts and swaps, as part of a strategy designed to reduce exposure to other risks or to take a position in an underlying asset. Derivatives involve risks different from, or greater than, those associated with more traditional investments. Derivatives can be highly complex, can create investment leverage and are often highly volatile, which could result in the strategy losing more than the amount it invests. Derivatives are also often difficult to value and highly illiquid, and it is possible that NBAL will not be able to close out or sell a derivative position at a particular time or at an anticipated price. NBAL is not required to engage in derivative transactions, even when doing so would be beneficial to the Client Account

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

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

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

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

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

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

A clearing member is obligated by contract and by applicable regulation to segregate all funds received from customers with respect to cleared derivatives positions from the clearing member’s proprietary assets. However, all funds and other property received by a

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

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

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

*A Client Account's investment performance depends upon how its assets are allocated and reallocated, and a client could lose money on its investment as a result of these allocation decisions and related constraints.* The CFTC and the exchanges on which commodity interests (futures, options on futures and swaps) are traded impose limitations governing the maximum number of positions on the same side of the market and involving the same underlying instrument that are held by a single investor or group of related investors, whether acting alone

*or in concert with others (regardless of whether such contracts are held on the same or different exchanges or held or written in one or more accounts or through one or more brokers). NBAL currently trades for multiple accounts and funds, and therefore the commodity interest positions of all such accounts and funds will generally be required to be aggregated for purposes of determining compliance with position limits, position reporting and position “accountability” rules imposed by the CFTC or the various exchanges. Swaps positions in physical commodity swaps that are “economically equivalent” to futures and options on futures held by a Client Account and these other funds and accounts could also be included in determining compliance with federal position rules, and the exchanges could impose their own rules covering these and other types of swaps. These trading and position limits, and any aggregation requirement, could materially limit the commodity interest positions NBAL takes for a Client Account and could cause NBAL 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 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.

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

A Client Account is subject to risk if it enters into a derivatives transaction that is required to be cleared (or that NBAL expects to be cleared), and no clearing member is willing or able to submit the transaction on the Client Account’s behalf. While the documentation in place between the Client Accounts and their clearing members generally provides that the clearing members will accept for clearing all cleared derivatives transactions that are within specified credit limits for each Client Account, the Client Accounts are still subject to the risk that no

clearing member will be willing or able to clear a transaction. In those cases, the proposed transaction 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 may be 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 may be more pronounced for cleared swaps due to their more limited liquidity and market history under certain market conditions.

**Diversification Risk.** It is possible that Client Accounts will not be diversified across a wide range of asset classes or issuers, which could increase the risk of loss and volatility than would be the case if the Client Account were diversified across asset classes because the value of holdings would be more susceptible to adverse events affecting that asset class or issuers.

**Epidemics, Pandemics, Outbreaks of Disease, and Public Health Issues.** An epidemic or pandemic outbreak and governments' reactions to such an outbreak could cause uncertainty in the markets and could adversely affect the performance of the global economy. Outbreaks such as the severe acute respiratory syndrome, avian influenza, H1N1/09, or other similarly infectious diseases can have material adverse impacts on Client Accounts. 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 has negatively affected (and may continue to negatively affect or materially impact) the global economy, global equity markets and supply chains (including as a result of quarantines and other government-directed or mandated measures or actions to stop the spread of outbreaks). Although the long-term effects of COVID-19 (and the actions and measures taken by governments around the world to halt the spread of such virus), cannot currently be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease, such as H5N1, H1N1 and the Spanish flu, had material adverse effects on the economies, equity markets and operations of those countries and jurisdictions in which they were most prevalent. A recurrence of an outbreak of any kind of epidemic, communicable disease, virus or major public health issue could cause a slowdown in the levels of economic activity generally (or push the world or local economies into recession), which would be reasonably likely to adversely affect the business, financial condition and operations of NBAL and its affiliates and the Client Accounts. While the development of vaccines has slowed the spread of COVID-19 and allowed for the resumption of reasonably normal business activity in the United States, many countries continue to impose lockdown measures in an attempt to slow the spread. Further, there is no guarantee that the vaccines will be effective against emerging variants of COVID-19. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to worsen), NBIA and its affiliates and Client Accounts could be adversely affected by more



stringent travel restrictions (such as mandatory quarantines and social distancing), additional limitations on their operations and business activities, and governmental actions limiting the movement of people and goods between regions and other activities or operations.

The United States has responded to the COVID-19 pandemic and resulting economic distress with fiscal and monetary stimulus packages. In late March 2020, the government passed the Coronavirus Aid, Relief, and Economic Security Act, a stimulus package providing for over \$2.2 trillion in resources to small businesses, state and local governments, and individuals that have been adversely impacted by the COVID-19 pandemic. In late December 2020, the government also passed a spending bill that included \$900 billion in stimulus relief for the COVID-19 pandemic. Further, in March 2021, the government passed the American Rescue Plan Act of 2021, a \$1.9 trillion stimulus bill to accelerate the United States' recovery from the economic and health effects of the COVID-19 pandemic.

In addition, in mid-March 2020 the Federal Reserve cut interest rates to historically low levels and announced a new round of quantitative easing, including purchases of corporate and municipal government bonds. The Federal Reserve also enacted various programs to support liquidity operations and funding in the financial markets, including expanding its reverse repurchase agreement operations, adding \$1.5 trillion of liquidity to the banking system, establishing swap lines with other major central banks to provide dollar funding, establishing a program to support money market funds, easing various bank capital buffers, providing funding backstops for businesses to provide bridging loans for up to four years, and providing funding to help credit flow in asset-backed securities markets. The Federal Reserve also extended credit to small- and medium-sized businesses through its Main Street Lending Program.

However, as the U.S. economy continues to recover from the shocks it experienced at the beginning of the COVID-19 pandemic, the Federal Reserve has started to ease its emergency relief measures. It terminated the Main Street Lending Program on January 8, 2021 and ceased to provide liquidity support to money market funds on March 31, 2021. The Federal Reserve increased interest rates seven times in 2022 for a total of four and one-quarter percentage points and raised rates an additional one-quarter percentage point in February 2023, when it signaled its intention to effect further rate increases in the future. Additionally, in June 2022, it began a quantitative tightening program to reduce its U.S. treasury and mortgage-backed securities holdings in an effort to reduce the liquidity in the banking system. The continued withdrawal of this emergency support could negatively affect financial markets generally as well as reduce the value and liquidity of certain securities. Reduced liquidity may result in emerging market issuers having more difficulty obtaining financing, which may cause a decline in the prices of their securities. Additionally, with continued economic recovery and the cessation of certain market support activities, Client Accounts may face a heightened level of interest rate risk as a result of a rise or increased volatility in interest rates. Over the longer term, rising interest rates may present greater risks than has historically been the case due to the recent extended period of low rates, the effect of government fiscal initiatives, and the potential market reaction to those initiatives. To the extent that these developments affect the financial markets and issuers in which Client Accounts invest, they may adversely affect the investment performance of the Client Accounts.

**ESG Investing Risk.** For Client Accounts where ESG factors are considered as part of NBAL's investment process, NBAL focuses on its ESG lens on businesses that demonstrate the potential to create enhanced economic value or which are likely to be lower risk.

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, the use of ESG factors, like other economic factors, may cause a Client Account to underperform other strategies that do not follow ESG and impact criteria or that follow different ESG and impact criteria. Use of ESG and impact criteria could also affect exposure to certain sectors or industries and may impact investment performance depending on whether such sectors or industries are in or out of favor in the market. There is no guarantee that the ESG and impact criteria used for any Client Account will ultimately result in the identification of companies that will be successful or realize what NBAL believes to be their full value. NBAL's judgment as to the economic impact of applied social or environmental factors is based partially on information from external sources; availability of such information, as well as errors in or omissions from such information could result in incorrect evaluation of a potential investment, which could negatively impact the relevant Client Accounts or create additional risk in those Client Accounts. The ESG factors utilized by NBAL may change over time, and one or more factors may not be relevant with respect to all issuers that are considered for investment. In addition, NBAL and its affiliates have an incentive to take actions (*e.g.*, make investments, etc.) based on ESG factors in order to maintain the Firm's ESG scores or improve the Firm's ESG standing so that the Firm can continue to reference those scores in marketing materials in an effort to attract new clients or additional assets from existing clients, and to maintain or to retain the interest rate under one of the Firm's credit agreements.

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

In addition, ESG matters have been the subject of increased focus by certain regulators in the EU and the U.S. For example, in May 2018, the European Commission proposed a package of measures as a follow-up to its action plan on financing sustainable growth. The proposed legislative reforms related in part to formalizing the duties and disclosure obligations of companies and asset managers in relation to ESG. These and other proposals have resulted in the Sustainable Finance Disclosure Regulation (the "SFDR"), Non-Financial Disclosure Regulation and EU Taxonomy, among other initiatives. The SFDR Level 1 was introduced on March 10, 2021. The EU Taxonomy Level 1 was introduced on January 1, 2022. The SFDR and EU Taxonomy Regulatory Technical Standards (the "SFDR Level 2"), which will set out

the content, methodology and detailed disclosure requirements, were is expected to be implemented on January 1, 2023

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

In the U.S., the SEC has indicated a greater focus on developing disclosure frameworks for climate and other ESG factors. Specifically, the SEC proposed amendments to existing rules and reporting forms on May 25, 2022 that are designed to promote consistent, comparable, and reliable information for investors concerning the incorporation of ESG factors in investment funds and strategies. The SEC has indicated that it plans to vote on whether to adopt these amendments in October 2023. If adopted, these proposed rules would apply to registered funds as well as investment advisers registered under the Advisers Act. The adoption of the proposed rules or of any future rules or regulations could require NBAL to change its investment process with respect to ESG investing.

**Forward Contracts.** If Client Account's investment guidelines permit, NBAL could enter into forward contracts which are not traded on exchanges and are generally not regulated on behalf of such account. There are no limitations on daily price moves of forward contracts. Banks and other dealers with which a Client Account often maintain accounts normally require the Client Account to deposit margin with respect to such trading. The counterparties are not required to continue to make markets in such contracts and these contracts can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts can be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which NBAL would otherwise recommend, to the possible detriment of a Client Account. Market illiquidity or disruption could result in major losses to a Client Account. In addition, a Client Account could be exposed to credit risks with regard to counterparties with which it trades as well as risks relating to settlement default. Such risks could result in substantial losses to a Client Account.

**Geographic Risk.** From time to time, based on market or economic conditions, a Client Account could invest a significant portion of its assets in one country or geographic region. If the Client Account does so, there is a greater risk that economic, political, social and environmental conditions in that particular country or geographic region will have a significant impact on the Client Account's performance and that the Client Account's performance will be more volatile than the performance of more geographically diversified funds. The economies and financial markets of certain regions can be highly interdependent and could decline all at the same time. In addition, certain areas are prone to natural disasters such as earthquakes, volcanoes, droughts or tsunamis and are economically

sensitive to environmental events. Alternatively, the lack of exposure to one or more countries or geographic regions could adversely affect performance.

**Global Trade.** The U.S. is renegotiating many of its global trade relationships and has imposed or threatened to impose significant import tariffs. Additionally, trade sanctions have become an increasingly important element in response to global conflict. These actions could lead to price volatility and overall declines in U.S. and global investment markets.

**Hedging.** Hedging techniques involve one or more of the following risks: (i) imperfect correlation between the performance and value of the hedging instrument and the Client Account's position being hedged; (ii) possible lack of a secondary market for closing out a position in such instruments; (iii) losses resulting from interest rate, spread or other market movements not anticipated by NBAL; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen the Client Account's position; and (v) default or refusal to perform on the part of the counterparty with which the Client Account trades. Furthermore, to the extent that any hedging strategy involves the use of derivative instruments, such a strategy will be subject to the risks applicable to such instruments, as described herein.

**Investment Analyses.** NBAL provides non-discretionary investment advisory services in the form of non-binding investment advice or analyses. There can be no assurance that its advice or analyses will result in profitable investing or avoidance of loss. The advice is highly reliant on the accuracy of the information provided by the client and by third parties. Any inaccurate information could compromise the quality of the advice provided. Further, the advice and analyses provided are often time sensitive, especially during times of significant market volatility. With respect to the provision of such non-discretionary services, clients have sole discretion and final responsibility for deciding whether to buy, sell, hold or otherwise transact in any security (or, with respect to the Non-Discretionary PWM Program, for deciding which strategies available through the Non-Discretionary PWM Program in which to invest and the allocation to each strategy). The client could be unable to execute the related transaction (or strategy), or there could be a delay in the amount of time the client takes to execute the related transaction (or strategy) that renders the advice provided moot, potentially reducing any profit or causing a material loss. Analyses (including with respect to the proposal of strategies in Non-Discretionary PWM Program) are often based on assumptions that are based upon a limited number of variables that include those extracted from complex financial markets or instruments they intend to replicate. Any one or all of these assumptions could over time prove to be inaccurate, which could result in major losses.

**Investment Company Risk.** To the extent a Client Account invests in ETFs, mutual funds or other investment companies, its performance will be affected by the performance of those investment companies. Investments in ETFs, mutual funds and other investment companies are subject to the risks of the investment companies' investments, and, generally, to the investment companies' expenses. If a Client Account invests in investment companies, the Client Account could receive distributions of taxable gains from portfolio transactions by that investment company and could recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.

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

**Leverage Risk.** Certain Client Accounts, in accordance with their investment guidelines, seek to enhance returns through the use of leverage, which can be described as exposure to changes in price at a ratio greater than 1:1 in reference to the amount invested. Additionally, leverage can involve borrowing by a Client Account to buy securities on margin or make other investments. Leverage magnifies both the favorable and unfavorable effects of price movements in the investments made by a Client Account, which could subject it to substantial risk of loss. In the event of a sudden, precipitous drop in value of a Client Account's assets occasioned by a sudden market decline, it might not be able to liquidate assets quickly enough to meet its margin or borrowing obligations. Also, because acquiring and maintaining positions on margin allows a Client Account to control positions worth significantly more than its investment in those positions, the amount that it stands to lose in the event of adverse price movements is higher in relation to the amount of its investment. In addition, since margin interest will be one of the Client Account's expenses and margin interest rates tend to fluctuate with interest rates generally, it is at risk that interest rates generally, and hence margin interest rates, will increase, thereby increasing its expenses. It is also important to note that, similar to the utilization of margin, strategies that are implemented on an "overlay" basis allow a Client Account to control positions worth significantly more than its investment in those positions and therefore, the amount that it stands to lose in the event of adverse price movements is higher in relation to the amount of its investment.

Similarly, investments could be made in companies whose capital structures may have significant leverage. To the extent a company in which a Client Account invests is leveraged, its leveraged capital structure will increase the exposure of the company to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the company or its industry sector, which could result in the account experiencing a loss in its investment in that company.

**Liquidity Risk.** Certain Client Accounts are invested in illiquid securities (including Private Equity Securities and private placement debt securities) and securities that become illiquid. Illiquid securities are securities that are not readily marketable, and, as a result, are generally more difficult to purchase or sell at an advantageous price or time. A Client Account could lose money if it cannot sell a security at the time and price that would be most beneficial to it. Further, the lack of an established secondary market often makes it more difficult to value illiquid securities, which could vary from the amount the Client Account could realize upon disposition. From time to time, the trading market for a particular investment in which a Client Account invests, or a particular instrument in which a Client Account is invested, may become less liquid or even illiquid. During periods of substantial market volatility, an investment or even an entire market segment could become illiquid, sometimes abruptly, which can adversely affect the Client Account's ability to limit losses. Judgment plays a greater role in pricing these investments than it does in pricing investments having more active markets, and there is a greater risk that the

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

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

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

**Litigation.** Foreclosures and reorganizations are contentious and adversarial. It is by no means unusual for market participants to use the threat of, as well as actual, litigation as a negotiating technique. It is possible for the Firm or Client Accounts that invest in distressed debt or the residential mortgage loan strategies to be named as defendants in civil proceedings relating to certain of such accounts' investments. The expense of defending against such claims and paying any resulting settlements or judgments will generally be borne by the relevant Client Account. Any indemnification obligations would adversely affect such Client Account's returns. With respect to NB Private Funds, indemnification obligations will generally survive the dissolution of the NB Private Fund, and accordingly, NBAL often retains a material reserve from the winding-up proceeds distributed to investors.

**Market Volatility.** Markets are at times volatile and values of individual securities and other investments can decline significantly, and sometimes rapidly, in response to adverse issuer, political, regulatory, market, economic or other developments that could cause broad changes in market value, public perceptions concerning these developments, and adverse investor sentiment. Geopolitical and other risks, including environmental and public health risks could add to instability in world economies and markets generally. Changes in the financial condition of a single issuer could impact a market as a whole. If a Client Account sells a portfolio position before it reaches its market peak, it would miss out on opportunities for better performance.

**MiFID II Risks.** There is a risk that certain Client Accounts will be subject to non-U.S. regulations that are inconsistent with NBAL's standard trading practices. For example, recent revisions to the EU Markets in Financial Instruments Directive ("**MiFID II**") and related regulations limit a manager's ability to receive Products and Services from executing brokers (as such terms are defined therein). While NBAL is not directly subject to these regulations, NBAL could adjust its standard trading practices on a case-by-case basis to accommodate compliance with MiFID II and other non-U.S. regulations by certain Client Accounts and affiliates. These accommodations include, but are not limited to: expanded use of client commission arrangements, commission sharing arrangements and similar arrangements;

enhanced reporting on client commissions and the Services and Products obtained; and non-participation in the generation of soft dollar credits. NBAL expects the effective commission rates in these circumstances to be substantially similar to those paid by similarly situated Client Accounts. However, as a result of these accommodations, Clients or investors in Client Accounts from certain jurisdictions will likely account for a lower percentage of soft dollar credits than otherwise similar investors (in such Client Accounts or otherwise) from other jurisdictions.

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

A new EU Regulation on the prudential requirements of investment firms (Regulation (EU) 2019/2033) and its accompanying Directive (Directive (EU) 2019/2034) (together, "IFR/IFD") took effect in June 2021. IFR/IFD introduced a bespoke prudential regime for most MiFID investment firms to replace the one that previously applied 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 fell outside the end of the Brexit transition period, the UK was not required to implement the legislation and instead established a new Investment Firms Prudential Regime, which went into effect in January 2022 and 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.

**New Fund Risk.** It is possible that a new fund will not be successful in implementing its investment strategy (including where the fund uses a new strategy), or that its investment strategy will not be successful under all future market conditions, either of which could result in the fund being liquidated at some future time without shareholder approval, where applicable, or at a time that is not favorable for certain shareholders. New funds often do not attract sufficient assets to achieve investment, trading or other efficiencies.

**Non-U.S. and Emerging Markets Risk.** Non-U.S. securities involve risks in addition to those associated with comparable U.S. securities and can be more volatile and experience more rapid and extreme changes in price than U.S. securities. Additional risks include exposure to less developed or less efficient trading markets; social, political or economic instability; fluctuations in non-U.S. currencies and concurrent foreign exchange risk; nationalization or expropriation of assets; settlement, custodial or other operational risks; and less stringent auditing, accounting, financial reporting and legal standards. As a result, non-U.S. securities can fluctuate more widely in price, and are often less liquid, than comparable U.S. securities. Securities markets of countries other than the U.S. are generally smaller than U.S. securities markets with a limited number of issuers representing fewer industries. In many countries, there is less publicly available and lower quality information about issuers than is available in the reports and ratings published about issuers in the U.S. The investment in less liquid non-

U.S. securities could affect the investments under a strategy that utilizes these types of securities. For example, with respect to Client Accounts that invest in China A-shares through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect programs ("Connect Program"), the Connect Program is subject to quota limitations and an investor cannot purchase and sell the same security on the same trading day, which restricts a Client Account's ability to invest in China A-shares through the Connect Program and to enter into or exit trades on a timely basis. Under the Connect Program, investors are not the registered owners of shares. Rather shares are held by Hong Kong Exchanges and Clearing Limited in an omnibus account, with investors as beneficial owners. There may be ambiguity in the ownership status as a result. A Client Account may suffer delay in recovering or may not be able to fully recover its entitlements to shares in default circumstances. Further, trades on the Connect Program are subject to certain requirements prior to trading. If those requirements are not completed prior to the market opening, a Client Account cannot sell the shares on that trading day. There is no assurance that the necessary systems required to operate the Connect Program will function properly and trading through the Connect Program could be disrupted.

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

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

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



existing regulations. Furthermore, it can be difficult to obtain and enforce a judgment in certain emerging markets.

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

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

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

**Investing in the PRC and the Greater China Region.** A Portfolio may make investments that are tied economically to issuers from the People's Republic of China ("PRC"), or other issuers associated with the greater China region, such as Hong Kong, Macau or Taiwan. Such Portfolios may also invest in issuers which may be listed or traded on recognised or over-the-counter markets located both inside and outside of the greater China region, such as the United Kingdom, Singapore, Japan or the United States. Investments in PRC-related securities involve certain risks and special considerations not typically associated with Anglosphere markets (i.e., Australia, Canada, New Zealand, the United Kingdom and the US), such as greater government control over the economy, political and legal uncertainty, controls imposed by the PRC authorities on foreign exchange and movements in exchanges rates (which may impact on the operations and financial results of PRC companies), confiscatory taxation, the risk that the PRC government may decide not to continue to support economic reform programs, the risk of nationalisation 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 favourable tax treatment. Accordingly, a Portfolio's investment in PRC-related securities may be subject to greater price volatility than Anglo-sphere markets, as a result of greater interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. Furthermore, these risk factors, particularly regarding the PRC government's decision making processes and ability to nationalise or expropriate assets, reduce the Sub-Investment Manager's ability to anticipate interest rate movements, which may affect the value of the relevant Portfolio. The SSE and the SZSE may have lower trading volumes when compared to exchanges in developed markets and the market capitalizations of many listed companies are small compared to those on exchanges in developed markets. The listed equity securities of many companies in the PRC, such as China A Shares and China B Shares, are accordingly less liquid and may experience greater volatility than in more developed, OECD countries. China A Shares are shares of companies incorporated in the PRC and listed on the SSE and SZSE that may be subscribed for and traded in Chinese Yuan Renminbi by PRC investors and non-PRC investors with QFI status or via the Stock Connects described below (also known as "Chinese Yuan common stock"). China B Shares are shares of companies incorporated in the PRC and listed on the SSE and the SZSE that may be subscribed for and traded in foreign currencies by non-PRC investors (also known as "Chinese Yuan special shares")

Government supervision and regulation of the PRC securities market and of quoted companies is also less developed than in many OECD countries. The PRC stock market has in the past experienced substantial price volatility and no assurance can be given that such volatility will not occur in the future. The above factors could negatively affect the capital growth and performance of such investments and the Net Asset Value of the relevant Portfolio, the ability to redeem Shares in the relevant Portfolio and the price at which such Shares may be redeemed. The evidence of title of exchange-traded securities in the PRC consists only of electronic book entries in the depository and/or registry associated with the exchange. These arrangements of the depositories and registries are new and not fully tested in regard to their efficiency, accuracy and security. These risks may be more pronounced for the China A Share market than for PRC securities markets generally because the China A Share market is subject to greater governmental restrictions and control. Moreover, information available about PRC companies may not be as complete, accurate or timely as information about listed Anglo-sphere companies. Under the current PRC regulations, foreign investors can only invest directly in the China A Share market through institutions that have obtained QFI status or the Stock Connects. While the Sub-Investment Manager currently hold QFI status, it is anticipated that a Portfolio would gain any exposure that they take to the China A Share market through investments in equity linked products issued by financial institutions which are QFI or through the Stock Connects and would not invest in this market through either a QFI license. Portfolios may elect to gain exposure to certain issuers in the greater China region by utilising existing or future "access" products or programs. For example, a Portfolio may participate in the Stock Connects, programs approved by the China Securities Regulatory Commission ("CSRC") and the Securities and Futures Commission of Hong Kong, which is intended to provide mutual stock market access between the PRC and Hong Kong. The Stock Connects are securities trading and clearing linked programs developed by the SEHK, the SSE, the SZSE and ChinaClear. To the extent that a Portfolio participates in the Stock Connects or any similar access program that is novel, new or under development, the Portfolio may be subject to new, uncertain or untested rules and regulations promulgated by the relevant regulatory authorities. Moreover, current

regulations governing a Portfolio's investment in PRC companies may be subject to change. There can be no assurance that the Stock Connects or any other investment program will not be abolished and a Portfolio may be adversely affected as a result of such changes.

***PRC QFI Risks. QFI Regulatory Risks.*** PRC investments by overseas institutions can be made by or through holders of a QFI license, as approved under and subject to applicable Chinese regulations and regulatory requirements (the "QFI Regulations"), which are governed by PRC authorities, including the China Securities Regulatory Commission ("CSRC"), the State Administration of Foreign Exchange ("SAFE") and the People's Bank of China ("PBOC"). Neuberger Berman Europe Limited and Neuberger Berman Singapore Pte. Limited have been granted a QFI license ("QFI License") by CSRC and all references to the Sub-Investment Manager throughout this section shall be construed to mean these entities only. The relevant requirements and restrictions under the QFI Regulations apply to the Sub Investment Manager (as the QFI License holders) as a whole, and not simply to investments made by a Portfolio. Shareholders should be aware that violations of any QFI Regulations arising from activities through the Sub-Investment Manager's QFI status other than those conducted by a Portfolio could result in the revocation of, or other regulatory action in respect of, the Sub-Investment Manager's QFI status as a whole. As a result, the ability of a Portfolio to make investments and/or repatriate monies through the Sub-Investment Manager's QFI status may be affected adversely by the investments or performance by other investors utilizing the Sub-Investment Manager's QFI status. As the QFI Regulations have a relatively short history and their application and interpretation remain relatively untested, there is uncertainty as to how they will be applied and interpreted by the PRC authorities or how regulators may exercise the wide discretionary powers given to them thereunder in future. Any changes to the relevant rules may have a material adverse impact on investors' investment in a Portfolio.

***QFI Status Risks.*** Investors should note that under the QFI Regulations, the QFI status could be suspended or revoked under certain circumstances where the PRC regulators have discretions. If the QFI status is suspended or revoked, the relevant Portfolios may be required to dispose of their securities held through the QFI and may not be able to access the Chinese securities market via the QFI, which may have an adverse effect on the relevant Portfolios' performance.

***QFI Repatriation Risks.*** Repatriation of funds out of the PRC by the Sub-Investment Manager in respect of a Portfolio, currently monitored by SAFE, may be impacted by restrictions under the QFI Regulations and may have a material adverse impact on a Portfolio's performance and/or liquidity and impact on a Portfolio's ability to meet redemption requests from the Shareholders. Such repatriations are not subject to repatriation restrictions (such as the lock-up period) or prior approval, although authenticity and compliance reviews will be conducted, and monthly reports on remittances and repatriations will be submitted to SAFE by the QFI Custodian(s) (as defined below). In addition, the repatriation process may be subject to certain requirements set out in the relevant regulations such as submission of certain documents, and completion of the repatriation process may be subject to delay. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Sub-Investment Manager's control. Shareholders should also note that the QFI Regulations may be amended and repatriation restrictions may be imposed in the future. These repatriation restrictions could result in the Company being obliged to suspend dealings in a Portfolio temporarily, in accordance with the "Temporary Suspension of Dealings" section of the Prospectus so that a redeeming Shareholder may not be able to redeem on its chosen Dealing Day or may experience a delay in receiving the redemption

proceeds. In extreme circumstances, a Portfolio may incur significant losses due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to QFI investment restrictions, illiquidity of the PRC's securities market and delay or disruption in execution of trades or in settlement of trades.

*PRC Custody Risks.* Pursuant to PRC requirements, securities such as fixed income securities traded on the interbank bond market and the exchange markets in the PRC through the QFI regime will be safe-kept by one or more local custodian(s) ("QFI Custodian(s)") through securities accounts with relevant depositories or clearing institutions such as the China Securities Depository and Clearing Corporation Limited, the China Central Depository & Clearing Co. Ltd and/or the Shanghai Clearing House Co. Ltd. Cash shall be maintained in a cash account with the QFI Custodian(s). The Depository shall ensure that the PRC Custodian(s) has appropriate procedures to properly safe-keep the assets of a Portfolio including the maintenance of records that a Portfolio's assets are recorded in the name of a Portfolio and segregated from the other assets of the PRC Custodian(s). Under QFI Regulations, any Portfolio's securities held by the Sub-Investment Manager pursuant to its QFI License will be registered in the joint names of the Sub-Investment Manager and the relevant Portfolio for the sole benefit and use of that Portfolio. Although according to QFI Regulations, the ownership of the assets in such securities accounts belongs to the relevant Portfolio, and shall be segregated from the assets of the Sub-Investment Manager (as the QFI) and the QFI Custodian, it is possible that the judicial and regulatory authorities in China may interpret that the Sub-Investment Manager could be the party entitled to the securities in such securities trading account. Such securities may be vulnerable to a claim by a liquidator of the Sub-Investment Manager and may not be as well protected as if they were registered solely in the name of a Portfolio. In particular, the Sub-investment Manager's creditors may seek to gain control of a Portfolio's assets to meet any liabilities owed by the Sub-investment Manager to such creditors. Investors should also note that cash deposited in the cash account(s) of a Portfolio with the QFI Custodian(s) will not be segregated but will be a debt owing from the QFI Custodian(s) to the relevant Portfolio as a depositor. Any such cash may be co-mingled with cash belonging to other clients of the QFI Custodian. In the event of bankruptcy or liquidation of the QFI Custodian(s), the relevant Portfolio will become an unsecured creditor ranking *pari passu* with all other unsecured creditors and without any proprietary rights to the deposited cash. A Portfolio may not be able to recover it in full or at all, in which case the relevant Portfolio may suffer losses. Also, a Portfolio may incur losses due to the acts or omissions of the QFI Custodian(s) in the execution or settlement of any transaction or in the transfer of any funds or securities.

*PRC Brokerage Risks.* The execution and settlement of transactions or the transfer of any funds or securities may be conducted by brokers ("PRC Brokers") appointed by the QFI. There is a risk that the Portfolios may suffer losses from the default, bankruptcy or disqualification of the PRC Brokers. In such event, the Portfolios may be adversely affected in the execution or settlement of any transaction or in the transfer of any funds or securities. In the selection of PRC Brokers, the QFI will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. If the QFI considers appropriate, it is possible that a single PRC Broker will be appointed and the Portfolio may not necessarily pay the lowest commission available in the market.

*Investment Restrictions.* Investments in the PRC securities market via the QFI regime are subject to compliance with certain investment restrictions imposed by the QFI Regulations including the following, which apply to each foreign investor (including the relevant

Portfolios) investing through the QFI regime and will affect the Portfolios' ability to invest in the PRC securities market and carry out their investment objectives: (i) shares held by each underlying foreign investor (such as the relevant Portfolios) which invests (through the QFI regime or other permissible channels) in one PRC listed company or an National Equities Exchange and Quotations (NEEQ)-admitted company should not exceed 10% of the total shares of such company; and (ii) aggregate China A Shares held by all underlying foreign investors (such as the relevant Portfolios and all other foreign investors) which invest (through the QFI regime or other permissible channels) in one PRC listed company or an NEEQ-admitted company should not exceed 30% of the total shares of such company. Strategic investment in listed companies by qualified foreign investors and other foreign investors in accordance with law is not bound by the restrictions specified in paragraphs (i) and (ii) above. Although it has not been explicitly provided under the QFI Regulations, in practice, the 10% single foreign shareholding restriction is also applied at the QFI level, under which a QFI may not hold 10% or more shares of any listed company, regardless of the fact that such QFI is holding such shares for a number of different clients. Accordingly, as the QFI status of the Sub-Investment Manager may be utilised by the Portfolios and other investors as well, the capability of the Portfolios to invest in the shares of certain listed company may be limited due to the investments in the shares of such listed company by other investors sharing the QFI status of the Sub-Investment Manager. Specifically, when the shareholding of such other investors in a PRC listed company reaches 10%, the Portfolios may not be able to buy any such shares, even if the then effective price of such shares is advantageous to the Portfolios. Similarly, since the 30% aggregate foreign shareholding restriction is monitored at the level of all foreign investors, the capability of the Portfolios to invest in China A Shares of certain listed company may also be limited due to the investments made by other foreign investors.

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

PRC tax authorities announced temporary tax exemptions on capital gains realised by non-PRC investors on trading of China A Shares under the Stock Connects. However, there is no guarantee that such temporary tax exemptions will be granted or will continue to apply, will not be repealed or re-imposed retrospectively, or that no new tax regulations and practice relating to the Stock Connects will be promulgated in future. A Portfolio may be subject to uncertainties in its PRC tax liabilities where it invests through the Stock Connects.

**Operational Risk:** NBAL uses service providers from time to time in connection with its products. A Client Account's ability to transact with NBAL can be negatively impacted due to operational risks arising from, among other problems, systems and technology disruptions or failures, or cybersecurity incidents. The occurrence of any of these problems could result in a loss of information, regulatory scrutiny, reputational damage and other consequences, any of which could have a material adverse effect on NBAL or its clients. NBAL, through its monitoring and oversight of its service providers, endeavors to determine that service providers take appropriate precautions to avoid and mitigate risks that could lead to such problems. However, it is not possible for NBAL or its service providers to identify all of the operational risks that will affect NBAL or to develop processes and controls to completely eliminate or mitigate their occurrence or effects.

Specifically, since the use of technology has become more prevalent in the course of managing Client Accounts, NBAL and the Client Accounts it manages are likely more susceptible to operational risks through breaches in cybersecurity. A cybersecurity incident refers to either intentional or unintentional events that allow an unauthorized party to gain access to client assets, customer data, or proprietary information, or cause NBAL to suffer data corruption or lose operational functionality. A cybersecurity incident could, among other things, result in the loss or theft of Client Account data or funds, clients or employees being unable to access electronic systems (“denial of services”), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or remediation costs associated with system repairs. Any of these results could have a substantial impact on Client Accounts. For example, if a cybersecurity incident results in a denial of service, service providers for a particular Client Account could be unable to access electronic systems to perform critical duties for such Client Account, such as trading, NAV calculation or other accounting functions. Further, Client Accounts could also be exposed to losses resulting from unauthorized use of their personal information. Cybersecurity incidents could cause NBAL or one of its service providers to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, or financial loss of a significant magnitude. Cybersecurity incidents could also cause NBAL to violate applicable privacy and other laws. NBAL has established risk management systems that seek to reduce the risks associated with cybersecurity, and business continuity plans in the event there is a cybersecurity breach. However, there is no guarantee that such efforts will succeed, and NBAL does not directly control the cybersecurity systems of the issuers of securities in which Client Accounts invest or NBAL’s service providers. In addition, such incidents could affect issuers in which a Client Account invests, and thereby cause a Client Account’s portfolio investments to lose value.

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

Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC options (options

not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows a Client Account greater flexibility to tailor an option to its needs, OTC options generally involve greater credit risk than exchange-traded options, in which the counterparty is a clearing organization.

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

**Projections.** NBAL will make investments relying, in part, upon projections it has developed concerning an issuer or its securities or other assets' future performance, cash flow, recovery value and other factors. Projections are inherently uncertain and subject to factors beyond the control of NBAL. The inaccuracy of certain assumptions, the failure of an issuer to satisfy certain financial requirements and the occurrence of unforeseen events could cause any such projection to be materially inaccurate. Investors should therefore carefully examine the assumptions behind a particular projection or targeted return.

**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.

**Recent Market Conditions.** Events in certain sectors can result in an unusually high degree of volatility in the financial markets, both domestic and foreign. These events have included, but are not limited to: bankruptcies, corporate restructurings, and other events related to the sub-prime mortgage crisis in 2008; governmental efforts to limit short selling and high frequency trading; measures to address U.S. federal and state budget deficits; social, political, and economic instability in Europe; economic stimulus by the Japanese central bank; sudden shifts in oil prices; dramatic changes in currency exchange rates; and China's economic slowdown; and Russia's recent invasion of Ukraine and the numerous sanctions imposed on Russia by the international community in response. Relatively high volatility and reduced

liquidity in fixed income and credit markets may negatively affect many issuers worldwide, which would have an adverse effect on Client Accounts.

In addition, global economies and financial markets are increasingly interconnected, which increases the possibility that conditions in one country or region might adversely impact issuers in a different country or region.

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

Global climate change could have an adverse effect on property and security values. A rise in sea levels or a storm-driven increase in coastal flooding could cause such properties to lose value or become unmarketable altogether. Large wildfires driven by high winds and prolonged drought could devastate entire communities and could be very costly to any business found to be responsible for the fire. These losses could adversely affect mortgage lenders, the value of mortgage-backed securities, the bonds of municipalities that depend on tax revenues and tourist dollars generated by such properties, and insurers of the property or municipal or mortgage-backed securities. Since property and security values are driven largely by buyers' perceptions, it is difficult to know the time period over which these effects might unfold. Economists warn that, unlike previous declines in the real estate market, it is possible that properties in coastal flood zones may not ever recover their value. In addition, voluntary initiatives and mandatory controls have been adopted or are being discussed worldwide to reduce emissions or "greenhouse gases" such as carbon dioxide, a by-product of burning fossil fuels, and methane, the major constituent of natural gas, which many scientists and policymakers believe contribute to global climate change. These measures, and other programs addressing greenhouse gas emissions, could reduce demand for energy or raise prices, and could have an adverse impact on investments made for Client Accounts.

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



of the Middle East, and nationalist unrest in Europe and South America, also can cause market disruptions. The precise details and the resulting impact of the United Kingdom's departure from the European Union (the "EU") are discussed in *"Recent Market Conditions" – Brexit* in this Item 8.C.

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

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

Those and other events, and the potential for continuing market turbulence, can have an adverse effect on Client Accounts. Because the impact on the markets had been widespread, it is difficult to identify both risks and opportunities using past models of the interplay of market forces, or to predict the duration of these market conditions. Changes in market

conditions will not have the same impact on all types of securities. Interest rates had been unusually low in recent years in the U.S. and abroad, but the Federal Reserve in the United States increased interest rates by four and one-quarter percentage point in 2022 and an additional one-quarter percentage point in February 2023, when it signaled its intention to effect further rate increases in the future. Actions taken by the Federal Reserve or foreign central banks to stimulate or stabilize economic growth, such as interventions in currency markets, could cause high volatility in the market. The U.S. is also renegotiating many of its global trade relationships and has imposed or threatened to impose significant import tariffs. These actions could lead to price volatility and overall declines in U.S. and global investment markets. A significant increase in interest rates could cause a decline in the market for equity securities. Also, regulators have expressed concern that rate increases contribute to price volatility.

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

**Recent Market Conditions – Brexit.** In January 2020, the United Kingdom (“UK”) left the EU, commonly referred to as “Brexit.” Following a transition period during which the EU and the UK Government engaged in a series of negotiations regarding the terms of the UK’s future relationship with the EU, the EU and the UK government signed a trade and cooperation agreement (the “**Trade and Cooperation Agreement**”) on 30 December, 2020. regarding the economic relationship between the UK and the EU. This agreement became effective on a provisional basis on January 1, 2021 and became permanent on May 1, 2021 after it received formal approval from the European Parliament and the European Council. While the economic integration does not reach the level that existed during the time the United Kingdom was a member state of the European Union, the Trade and Cooperation Agreement sets out preferential arrangements in areas such as trade in goods and in services, digital trade and intellectual property. Negotiations between the United Kingdom and the European Union are expected to continue in relation to the relationship between the United Kingdom and the European Union in certain other areas that are not covered by the Trade and Cooperation Agreement. The long term effects of Brexit will depend on the effects of the implementation and application of the Trade and Cooperation Agreement and any other relevant agreements between the United Kingdom and the European Union.

As such, it is also difficult to assess the precise impact of Brexit on U.S.-based and other Client Accounts. This uncertainty will likely continue to adversely impact the global economic climate and impact companies or assets, including with respect to opportunity, pricing, regulation, value or exit, considered for prospective investment by a Client Account, including in particular companies based in, doing business in, or having service or other significant relationships in, the UK or the EU. Brexit could cause greater market volatility and illiquidity, currency fluctuations, deterioration in economic activity, a decrease in business confidence, and increased likelihood of a recession in the UK. The future application of EU-based legislation generally, and to banking, financial services and insurance industries in particular, will ultimately depend on how the UK renegotiates its relationship with the EU. There is no assurance that any renegotiated terms or regulations will not have an adverse impact on the Client Accounts or NBAL including the ability of a Client Account to achieve its investment

objective. The outcome could also impact the affiliated entities that advise or sub-advise the Client Accounts or to which NBAL delegates investment or other authority.

**Recent Regulatory Events and Government Intervention.** The situation in the financial markets has resulted in increased regulation, and the need of many financial institutions for government help has given lawmakers and regulators increased leverage. The Dodd-Frank Act, among other things, granted regulatory authorities broad rulemaking and enforcement authority to implement and oversee various provisions of the Dodd-Frank Act, including comprehensive regulation of 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 could 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 could have positive or negative effects on liquidity, valuations and performance of Client Accounts. Instruments in which Client Accounts invest, or the issuers of such instruments, could be affected in ways that are unforeseeable.

Further, the Dodd-Frank Act created the Financial Stability Oversight Council ("FSOC"), an interagency body charged with identifying and monitoring systemic risks to financial markets. The FSOC has the authority to require that nonbank financial companies that are "predominantly engaged in financial activities," such as Client Accounts or NBIA, whose failure it determines would pose systemic risk be placed under the supervision of the Federal Reserve. The FSOC has the authority to recommend that the Federal Reserve adopt more stringent prudential standards and reporting and disclosure requirements for nonbank financial companies supervised by the Federal Reserve. Such disclosure requirements may include the disclosure of the identity of investors in private funds. The FSOC also has the authority to make recommendations to the Federal Reserve on various other matters that may affect the Client Accounts, including requiring financial firms to submit resolution plans, mandating credit exposure reports, establishing concentration limits, and limiting short-term debt. The FSOC also may recommend that other U.S. federal financial regulators impose more stringent regulation upon, or ban altogether, financial activities of any financial firm that poses what it determines to be significant risks to the financial system. In the event that the FSOC designates a Client Account and/or NBIA as a systemic risk to be placed under the Federal Reserve's supervision, the Client Account could face stricter prudential standards, including risk-based capital requirements, leverage limits, liquidity requirements, concentration requirements, and overall risk management requirements, among other restrictions. Such requirements could hinder the Client Account's ability to meet its investment objective and may place the Client Account at a disadvantage with respect to its competitors.

Over time, a Client Account's adherence to new recordkeeping and reporting requirements imposed by the Dodd-Frank Act and related regulations may increase the Client Account's expenses. Also, as a result of the Dodd-Frank Act, the Client Accounts may have to disclose confidential information to the SEC, which in turn could share the information with the FSOC

and Congress. The Dodd-Frank Act contains provisions to protect private funds' confidential information; however there is always the risk of inadvertent or intentional information leaks from government agencies and/or mistakes in the handling of such confidential information.

The statutory requirements of the Dodd-Frank Act are being implemented primarily through rules and regulations adopted by the SEC and/or the CFTC. There is a prescribed phase-in period during which most of the mandated rulemaking and regulations are being implemented, and temporary exemptions from certain rules and regulations have been granted so that current trading practices will not be unduly disrupted during the transition period. However, 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 still difficult to predict or measure with certainty. Until the regulations mandated by the Dodd-Frank Act are implemented completely, it will not be possible to determine the complete impact of the Dodd-Frank Act and related regulations on the Client Accounts. Additionally, other G-20 countries have implemented or are in the process of adopting regulations to govern swap transactions, and particular transactions will be subject to the laws and regulations of other jurisdictions

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

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

Additionally, on February 9, 2022, the SEC released proposed rules under the Advisers Act that, if adopted as proposed, would significantly expand the regulatory landscape applicable to private fund advisers. The SEC has indicated that it plans to vote on whether to adopt these rules in April 2023. Among other changes, the proposed rules would: (i) require annual audits of private funds; (ii) require enhanced transparency to investors about the costs of investing in a private fund and the performance of such fund; (iii) limit and/or ban certain transactions or activities that represent a conflict of interest for a private fund adviser; and (iv) prohibit certain sales practices that are contrary to the public interest and protection of investors.

**Redemption Risk.** A Client Account could experience periods of heavy redemptions that could cause a Client Account to sell assets at inopportune times or at a loss or depressed value. Redemption risk is greater to the extent that one or more investors or intermediaries control a large percentage of investments in a Client Account, have short investment horizons, or have unpredictable cash flow needs. In addition, redemption risk is heightened during periods of declining or illiquid markets. Heavy redemptions, whether by a few large investors or many smaller investors, could hurt a Client Account's performance. A general

rise in interest rates has the potential to cause investors to move out of fixed income securities on a large scale, which would likely increase redemptions from Client Accounts that hold large amounts of fixed income securities. Such a move, coupled with a reduction in the ability or willingness of dealers and other institutional investors to buy or hold fixed income securities would likely result in decreased liquidity and increased volatility in the fixed income markets.

**Reliance on Corporate Management and Financial Reporting.** NBAL will select investments for Client Accounts in part on the basis of information and data filed by issuers of securities with various government regulators, publicly available or made directly available to NBAL by such issuers or third parties. Although NBAL will evaluate that information and data and seek independent corroboration when it considers it appropriate and reasonably available, NBAL will not always be in a position to confirm the completeness, genuineness or accuracy of such information and data. NBAL is dependent upon the integrity of the management of such issuers and of such third parties as well as the financial reporting process in general. Client Accounts can incur material losses as a result of corporate mismanagement, fraud and accounting irregularities relating to issuers of securities or other assets they hold.

**Sector Risk.** To the extent a Client Account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market can be more volatile, and can perform differently, than the broader market. The several industries that constitute a sector could all react in the same way to economic, political or regulatory events. A Client Account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries could adversely affect performance.

**Swaps.** NBAL may utilize swaps for certain Client Accounts where it believes it will further the objectives of a Client Account that permits such instruments. Swap agreements historically have been OTC, two-party contracts entered into primarily by institutional investors for periods typically ranging from a few weeks to more than one year. In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which are often adjusted for an interest factor. There are various types of swaps, including but not limited to, total return swaps, credit default swaps and interest rate swaps; all of these and other swaps are derivatives and as such, each is subject to the general risks relating to derivatives described herein.

The Dodd-Frank Act has created an evolving regulatory framework for trading swaps in the United States. Under the Dodd-Frank Act, standardized swaps are required to be executed on or subject to the rules of designated contract markets or swap execution facilities and cleared by a central counterparty, a derivatives clearing organization. Central clearing is intended to reduce the risk of default by the counterparty. However, central clearing exposes Client Accounts to the clearing organization and clearing broker risks referenced above. Central clearing also can increase the costs of swap transactions by requiring the posting of larger amounts of initial and variation margin than are required in OTC transactions. On the other hand, given the longer time horizon to be covered, lesser opportunities for netting, and likely less standardization of the instruments involved, margin on bilateral positions could be

greater. It is possible that a clearing organization or a clearing member or futures commission merchant through which a swap is submitted for clearing will default. The regulations to implement the Dodd-Frank Act are still being developed so there will likely be further changes to the rules governing swap transactions.

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

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

*Total Return Swaps.* NBAL may enter into total return swaps (“TRS”) on behalf of certain Client Accounts to obtain exposure to a security or market without owning or taking physical custody of such security or market. Thus, a Client Account may be either a total return receiver or a total return payer. Generally, the total return payer sells to the total return receiver an amount equal to all cash flows and price appreciation on a defined security or asset payable at periodic times during the swap term (i.e., credit risk) in return for a periodic payment from the total return receiver based on a designated index (e.g., SONIA) and spread, plus the amount of any price depreciation on the reference security or asset. The total return payer does not need to own the underlying security or asset to enter into a total return swap. The final payment at the end of the swap term includes final settlement of the current market price of the underlying reference security or asset, and payment by the applicable party for any appreciation or depreciation in value. Usually, collateral must be posted by the total return receiver to secure the periodic interest-based and market price depreciation payments depending on the credit quality of the underlying reference security and creditworthiness of the total return receiver, and the collateral amount is marked-to-market daily equal to the market price of the underlying reference security or asset between periodic payment dates.

TRS agreements may be used to obtain exposure to a security or market without owning or taking physical custody of such security or market. TRS can effectively add leverage to a Client Account because, in addition to the net assets of the Client Account, the Client Account

would be subject to investment exposure on the notional amount of the swap. If a Client Account is the total return receiver in a TRS, then the credit risk for an underlying asset is transferred to the Client Account in exchange for its receipt of the return (appreciation) on that asset. If a Client Account is the total return payer, it is hedging the downside risk of an underlying asset but it is obligated to pay the amount of any appreciation on that asset.

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

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

**Tax Risk.** Tax laws and regulations applicable to a Client Account are subject to change, and unanticipated tax liabilities could be incurred by investors as a result of such changes. A Client Account’s U.S. federal income tax liability with respect to income and gains on an investment could exceed its overall return for such a year. Further, a Client Account could face limitations with respect to its ability to use its allocable share of deductions and losses from its investments in certain securities. The tax treatment of some strategies is uncertain. Investors should consult their own tax advisors to determine the potential tax-related consequences of investing in a Client Account.

**Terrorism Risk.** Terrorist attacks often lead to increased short-term market volatility and could have long-term effects on United States and world economies and markets. Terrorist attacks also could adversely impact interest rates, auctions, secondary trading, ratings, credit risk, inflation and other factors relating to a Client Account’s securities and adversely affect such account’s service providers and operations.

**Tracking Error Risk.** Tracking error risk refers to the risk that the performance of a Client Account does not match or correlate to that of the index it attempts to track, either on a daily or aggregate basis. Factors such as fees and trading expenses, imperfect correlation between the Client Account’s investments and the index, changes to the composition of the index, regulatory policies, high portfolio turnover rate and the use of leverage all contribute to tracking error. Tracking error risk can cause the performance of a Client Account to be less or more than expected.

**Valuation Risk.** The price at which a Client Account could sell any particular investment can differ from the Client Account’s valuation of the investment. Such differences could be significant, particularly for private investments, illiquid securities and securities that trade in relatively thin markets or markets that experience extreme volatility. If market or other conditions make it difficult to value some investments, NBAL could value these investments using more subjective methods, such as fair value methodologies. Because nonpublic financial and operational information regarding some investments are not always disclosed or are

disclosed at irregular intervals, it is possible that NBAL will value the investment differently than other managers. A Client Account's ability to value its investments in an accurate and timely manner can also be affected by technological issues or errors by third-party service providers, such as pricing services (as noted above) or accounting agents.

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

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

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

**Brokerage Commissions/Transaction Costs/High Portfolio Turnover Risk.** With respect to those accounts that pay separate commissions, a high portfolio turnover rate increases a strategy's transaction costs, including brokerage commissions and dealer costs). Further, higher portfolio turnover will likely result in the realization of more short-term capital gains than if the strategy had lower portfolio turnover.

**Correlation Risk.** There can be no assurance that the underlying equity portfolio will correlate to or track closely the selected benchmark (e.g., an index, ETF or basket) on which the options positions are based, and as a result, the option strategy performance could vary substantially from the performance of the portfolio for any period of time. For example, when writing options on an index, the value of the index could appreciate while the value of the equity portfolio declines in value. This would result in losses on both the option positions and the equity portfolio.

**Equity Market Risk.** Investments in equity securities (e.g., common stocks, preferred stocks, convertible securities, rights, warrants and Depositary Receipts ("DRs")) are subject to market risks that will cause their prices to fluctuate over time. Historically, the equity markets have moved in cycles and the value of a strategy's securities could fluctuate substantially from day to day. Investments in income-producing equity securities are also subject to the risk that the issuer will reduce or discontinue paying dividends.

**Growth Stock Risk.** Because the prices of most growth stocks are based on future expectations, these stocks tend to be more sensitive than value stocks to bad economic news and negative earnings surprises. Bad economic news or changing investor perceptions can negatively affect growth stocks across several industries and sectors simultaneously.



**Issuer-Specific Risk.** The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.

**Market Capitalization Risk (Small-, Mid- and Large-Cap Stocks Risk).** To the extent a strategy emphasizes small-, mid-, or large-cap stocks, it takes on the associated risks. Compared to small- and mid-cap companies, large-cap companies may be less responsive to changes and opportunities. At times, the stocks of larger companies may lag other types of stocks in performance. The stocks of small- and mid-cap companies are often more volatile and less liquid than the stocks of larger companies and may be more affected than other types of stocks by the underperformance of a sector or during market downturns. Compared to large-cap companies, small and mid-cap companies may have a shorter history of operations, and may have limited product lines, markets or financial resources.

**REITs and Real Estate Risk.** A strategy's investments in the securities of Real Estate Investment Trusts ("REITs") and companies principally engaged in the real estate industry are subject to risks associated with the direct ownership of real estate. These risks include fluctuations in the value of underlying properties, the impact of economic conditions on real estate values, the strength of specific industries renting properties and defaults by borrowers or tenants. In addition to these risks, REITs are dependent on specialized management skills and some REITs have investments in relatively few properties, or in a small geographic area or a single type of property. The properties held by REITs could fall in value for a variety of reasons, such as declines in rental income, poor property management, environmental liabilities, uninsured or uninsurable damage, increased competition (as a result, for instance, of over-building), or changes in real estate tax laws. There is also a risk that REIT stock prices overall will decline over short or even long periods because of rising interest rates. REITs tend to be small- and medium-size companies. Like small-capitalization stocks in general, REIT stocks can be more volatile than, and at times will perform differently from, large capitalization stocks. These factors can increase the volatility of the strategies investments in REITs. Investments in REITs will cause the investors to bear their pro rata portion of the REITs management fees and other expenses, which could result in duplicative expenses. In addition, there are special risks associated with investing in preferred securities such as preferred REITs. The risks include the following: (i) such preferred securities could include provisions that permit the issuer, in its discretion, to defer or omit distributions for a certain period of time or indefinitely and, as such, preferred securities could lose substantial value due to the omission or deferment of distribution payments, (ii) preferred securities are often subordinated to the issuer's senior debt in terms of liquidation and payment, and therefore will be subject to greater credit risk than the senior debt, and (iii) preferred securities could trade less frequently and in a more limited volume and be subject to more abrupt or erratic price movements than many other securities.

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

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

The following is a summary of material risks specific to NBAL alternative investment strategies that should be considered along with the general risks listed above. In addition,

the risks listed above relating to fixed income and equity strategies may also apply to alternative strategies that invest in fixed income or equity investments, respectively. Please note that certain risks may not apply to all NBAL alternative investment strategies or apply to a material degree.

**Absolute Return Risk.** A Client Account's returns could deviate from overall market returns to a greater degree than the returns of other Client Accounts that do not employ an absolute return focus. Thus, during periods of strong market performance, a Client Account invested in an absolute return strategy could underperform other strategies. Investment strategies and investment advisers whose performance has historically been non-correlated or demonstrated low correlations to one another or to major world financial market indices can become correlated at certain times. During these circumstances, a Client Account's absolute return focus would likely not function as anticipated.

**Co-Investments Risk.** NB PE Closed-End Funds and certain NB Private Funds make Co-Investments on an opportunistic basis. There can be no assurance that NB PE Closed-End Funds or NB Private Funds will be given Co-Investment opportunities, or that any Co-Investment offered to the NB PE Closed-End Funds or NB Private Funds would be appropriate or attractive to the NB PE Closed-End Funds or NB Private Funds. The market for Co-Investment opportunities is competitive and often limited, and it is possible that the Co-Investment opportunities to which the NB PE Closed-End Funds or NB Private Funds wish to allocate assets will not be available at any given time, although certain NB Private Funds (and their investors) may have a right of first offer on a Co-Investment. Due diligence will be conducted on Co-Investment opportunities; however, it is possible that NBIA will not have the ability to conduct the same level of due diligence applied to Third-Party Portfolio Fund investments. The NB PE Closed-End Funds and NB Private Funds will generally rely on the manager or sponsor offering such Co-Investment opportunity to perform most of the due diligence on the relevant portfolio company and to negotiate terms of the Co-Investment.

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

**EU Directive on Alternative Investment Fund Managers.** Since July 2013, the EU Directive on Alternative Investment Fund Managers ("AIFMD") has applied to alternative investment fund managers ("AIFMs") that manage and actively market alternative investment funds ("AIFs") within the EU. A Client Account will likely be subject to certain requirements under AIFMD to the extent that interests in such Client Account are offered in the European Economic Area ("EEA"). AIFMD requires certain disclosures for prospective investors that are domiciled or that maintain a registered office in the EEA. If a Client Account becomes subject to these requirements, it will provide AIFMD-required disclosure to all existing and prospective investors in such Client Account.

**Market Direction Risk.** If a Client Account typically holds both long and short positions, an investment in such a product will involve market risks associated with different types of

investment decisions than those made for a typical “long only” fund. A Client Account’s returns could suffer when there is a general market advance and the product holds significant “short” positions, or when there is a general market decline and the product holds significant “long” positions. The markets can have considerable volatility from day to day and even in intra-day trading.

**Multi-Manager Risk.** Multi-manager product performance is dependent upon the success of the adviser and any sub-advisers in implementing the product’s investment strategies in pursuit of its goal. To a significant extent, a Client Account’s performance will depend on the success of the adviser’s methodology in allocating the Client Account’s assets to sub-advisers and its selection and oversight of the sub-advisers. The sub-advisers’ investment styles are not always complementary, which could adversely affect the performance of a Client Account. A sub-adviser’s strategy could be out of favor at any time. In addition, because each sub-adviser makes its trading decisions independently, it is possible that the sub-advisers will purchase or sell the same security at the same time without aggregating their transactions or hold long and short positions in the same security at the same time. This would cause unnecessary brokerage fees and other expenses.

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

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

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

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

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

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

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

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

NBAL is exempt from registration as a futures commission merchant, commodity pool operator ("CPO") and commodity trading advisor ("CTA"). With respect to the current operation of its Client Accounts, NBAL is exempt from registration as a CTA pursuant to the exemption in CFTC Rule 4.14(a)(8) and Section 4m(1) of the Commodity Exchange Act.

### **C. Material Relationships**

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

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

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

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

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

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

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

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

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

NBAL serves as a sub-adviser to Funds advised by affiliates of NBAL.

Neither NBAL nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Fund. NBAL and its related persons intend to devote as much time as they deem necessary for the management of each Fund, and will allocate investment opportunities in accordance with the NB Asia Trade Aggregation and Allocation Policy, as described in Item 12.B. below.

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

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

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

- Neuberger Berman Investment Advisers LLC (“NBIA”)
- Neuberger Berman Europe Limited (“NBEL”)
- Neuberger Berman Singapore Pte. Limited (“NBS”)
- Neuberger Berman Asset Management Ireland Limited (Exempt Reporting Adviser) (“NBAMIL”)
- Neuberger Berman BD LLC\* (“NBBD”)

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

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

- Neuberger Berman Australia Ltd
- Neuberger Berman Taiwan (SITE) Limited
- Neuberger Berman Investment Management (Shanghai) Limited

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

Certain affiliates engage NBAL as sub-advisor or treat NBAL as a “participating affiliate,” in accordance with applicable SEC No-Action Letters. As a sub-advisor, investment professionals from NBAL will likely be delegated decision-making roles for some or all aspects of the strategy, including the opening of brokerage accounts and the placement of orders to deploy the strategy.

As a participating affiliate, NBAL provides designated investment personnel to associate with the affiliates and perform specific advisory services to the affiliates consistent with the powers, authority and mandates of such affiliate’s Clients. The designated investment personnel from NBAL are subject to certain Procedures of the affiliate as well as supervision

and periodic monitoring by the relevant affiliate. As a participating affiliate, NBAL agrees, in addition to making available certain of its employees to provide investment advisory services to its affiliate's Clients through the affiliate, to keep certain books and records in accordance with the Investment Advisers Act and to submit the designated personnel to requests for information or testimony before the SEC. NBAL could also be delegated the duty to place orders for certain securities and commodity interest transactions pursuant to an agreement between the affiliate and NBAL as participating affiliate.

Neither NBAL nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Client Account. NBAL and its related persons intend to devote as much time as they deem necessary for the conduct of each Client Account's management and will allocate investment opportunities in accordance with NB Asia Trade Aggregation and Allocation Policy.

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

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

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

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

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

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

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

**5. Banking or thrift institution**

None.

**6. Accountant or accounting firm**

None.

**7. Lawyer or law firm**

None.

**8. Insurance company or agency**

None.

**9. Pension consultant**

None.

**10. Real estate broker or dealer**

None.

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

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

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

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



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

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

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

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

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

Clients and prospective clients can obtain a copy of the Code of Ethics by contacting a Client Service Representative.

### **Amendments to the Procedures**

If amendments are made to the Procedures other than on an annual basis and determined to be material, a summary of the changes will be communicated to employees.

### **Administration of the Procedures**

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

- A copy of each Code that has been in effect at any time during the past five years;
- A record of all written acknowledgements of receipt, review and understanding of the Procedures and amendments for each person who is currently, or within the past five years was, an employee;

- A record of each report made by an employee, including any brokerage confirmations and brokerage account statements obtained from employees;
- A list of the names of persons who are currently, or within the past five years were, employees; and
- A record of any decision for approving the acquisition of securities by employees in private placements and hedge funds for at least five years after the end of the fiscal year in which approval was granted.

### **Reporting Violations**

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

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

From time to time, NBAL could participate or have an interest in Client transactions as described below. NBAL makes all investment management decisions in its Clients' best interests.

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

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

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

From time to time, NBAL or one or more of its affiliates invest seed capital in an Affiliated Fund managed by NBS and, from time to time, own or control a significant percentage of the Affiliated Fund's interests. NBAL or its affiliate, from time to time, redeem all or a portion of its interest in the Affiliated Fund in accordance with its Seed Capital Policy, including where it is required to redeem or withdraw all or a portion of its interest in order to comply with applicable regulatory restrictions. Redemptions or withdrawals therefrom could force the Affiliated Fund to sell securities at an unfavorable time and/or under unfavorable conditions, or sell more liquid assets of the Affiliated Fund, in order to meet redemption or withdrawal

requests. These sales could adversely affect an Affiliated Fund's net asset value and result in increasing its liquidity risk, transaction costs and/or taxable distributions. Transactions involving NBAL and its affiliates will be effected in accordance with applicable regulatory restrictions.

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

NBAL does not engage in principal transactions with Client Accounts.

## **2. Cross Transactions**

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

## **3. Affiliated Brokers**

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

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

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

NBAL's Procedures together with its investment process, seek to ensure that all accounts are managed in accordance with their investment objectives and guidelines and in accordance with NBAL's fiduciary obligations.

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

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

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

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

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

All such investments are made in conformity with the Procedures that address conflicts of interest and the NB Asia Trade Aggregation and Allocation Policy (see Item 12.B).

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

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

### **C. Personal Trading**

The key aspects of NBAL's personal investment Procedures include:

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

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

#### **Holding Periods**

Employee and employee-related accounts must hold investments for a minimum of sixty (60) calendar days after purchase.

#### **Specific Investment Restrictions**

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

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

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

#### **Reporting and Certification Requirements**

##### ***Initial***

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

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

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

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

### ***Annual***

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

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

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

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

In the ordinary course of operations, from time to time, certain businesses within the Firm will seek access to material non-public information. The Procedures address the process by which material non-public information may be acquired intentionally by the Firm and the sharing of information between different businesses within the Firm or with certain clients of the Firm. When considering whether to acquire or share material non-public information, the Firm will attempt to balance the interests of all Clients, taking into consideration relevant factors, including, but not limited to, the extent of the prohibition on trading that would occur, the size of the Firm's existing position in the issuer, if any, and the value of the information as it relates to the investment decision-making process. The intentional acquisition of material non-public information would likely give rise to a conflict of interest since NBAL would generally be prohibited from rendering investment advice to clients regarding the public securities of such issuer and thereby potentially limiting the universe of public securities for NBAL's purchase or potentially limiting the ability of NBAL to sell such securities. Relatedly, in those cases when the Firm declines access to (or otherwise does not receive or share within the firm) material non-public information regarding an issuer, NBAL could potentially base its investment decisions with respect to assets of that issuer solely on public information, thereby limiting the amount of information available to NBAL in connection with such investment decisions. Additionally, when the Firm declines to receive or share material non-public information, clients could miss the opportunity to make certain investments, such as SPAC PIPEs, that require potential investors to be

“brought over the wall” and accept material non-public information prior to making the investment. In determining whether or not to elect to receive material non-public information, the Firm will endeavor to act fairly to its Clients as a whole. The Firm reserves the right to decline access to material non-public information, including declining to join a creditors or similar committee even if that committee relates to a position held in Client Accounts.

If material non-public information is inadvertently obtained, employees are required to disclose it to Compliance whereupon the issuer to which the material non-public information relates will be included in a “Restricted List” distributed by Compliance Department. Any activities relating to such securities are required to be cleared by Compliance.

## **2. Gifts and Entertainment**

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

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

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

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

## **3. Political Contributions**

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

The Procedures extends as applicable to all Canadian citizens and permanent residents.

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

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

- receives written approval from his/her manager; and
- receives written approval from Compliance.

#### ***General Guidelines***

When engaged in an approved Outside Business Activity, an employee must always:

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

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

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

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

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

The Firm conducts appropriate due diligence on any outsourced service providers and vendors ("Third-Party Vendors") that provide products or services to the Firm and enter into an appropriate contract. When hiring Third-Party Vendors, NBAL has an incentive to choose vendors at the lowest possible cost to NBAL or Third-Party Vendors that provide other financial incentives (e.g., potentially referring clients to NBAL or its affiliates). The Firm's relationships with Third-Party Vendors are managed so that appropriate controls and

oversight are in place to protect the Firm's interests, including safeguarding of private and confidential information regarding the Firm's Clients and employees.

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

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

To mitigate those potential conflicts, NBAL has Procedures in place and trains its employees to provide advice that is suitable and appropriate for clients and to act in the clients' best interest without placing its own interests or the interests of NBAL ahead of the interests of its client.



## **Item 12: Brokerage Practices**

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

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

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

- Client's characteristics, including Client's categorisation as a professional client;
- the characteristics of the relevant order;
- the characteristics of the instruments or products that are the subject of the relevant order; and
- the characteristics of the broker and the place of execution.

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

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

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

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

#### **Directed Brokerage**

NBAL does not have any directed brokerage clients.

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

In an effort to achieve best execution of portfolio transactions, NBAL may place securities or future transactions for Client Accounts by utilizing alternative trading platforms. Some alternative trading systems may impose additional service fees or commissions. Those fees will be (i) paid by NBAL directly to the provider of the services, (ii) included in the execution price of a security, or (iii) where applicable, billed directly to the Client Account associated

with the trading activity. NBAL's intention is that it will only use alternative trading systems and incur such fees if it believes that doing so helps it to achieve the best execution of the applicable transaction, taking into account all relevant factors under the circumstances. For example, NBAL will consider the speed of the transaction, the price of the security, the research it receives and its ability to effect a block transaction.

### **Trade Errors**

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

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

### **Aggregation**

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

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

NBAL is not obligated to include every Client Account in an aggregated trade. A variety of factors is used to determine whether a particular Client Account may or may not participate in a particular aggregated transaction. These include investment objectives and strategies, position weightings, cash availability, and risk tolerance.

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

When a block trade order is filled in its entirety, each participating Client Account will participate at the average price paid or received, per share or unit, on that day for the order, and share in any associated transaction costs, based upon the initial amount requested for the account (subject to certain size- or cost-related exceptions). When price averaging is used, some Client Accounts will get a better price and some Client Accounts will get a worse

price than they would have received if price averaging was not used. When a block trade order is partially filled, the order will be allocated in accordance with NBAL's written aggregation and allocation Procedures. These Procedures are described generally below.

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

### **Allocation of Investment Opportunities**

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

NBAL considers many factors when allocating securities and financial instruments among Client Accounts, including but not limited to the Client's investment objectives, applicable restrictions, the type of investment or financial instrument, the number of shares or contracts purchased or sold, the size of the account, the amount of available cash or the size of an existing position or weighting in an account. The nature of a Client Account's investment style may exclude it from participating in many investment opportunities, even if the Client is not strictly precluded from participation based on written investment restrictions. Clients are not assured of participating equally or at all in particular investment allocations. For example, certain Clients may not be eligible to receive shares of IPOs.

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

Compliance is responsible for monitoring and interpreting these Procedures.

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

### **A. Periodic Reviews**

NBAL's portfolio managers and research analysts and traders conduct regular meetings to review the strategy and market conditions. Portfolio managers review market and Client positioning on a daily ongoing basis.

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

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

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

### **C. Client Reports**

The frequency and content of client reports are provided for in the Fund's offering documents (or, on rare occasion, as otherwise negotiated with NBAL), or relevant investment management agreement.

Depending on the Fund/ Client Accounts, Clients may also receive some of the following regular written reports:

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

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

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

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

Not applicable.

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

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

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

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

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

### **Consultants**

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

## **Item 15: Custody**

### **Separate Accounts**

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

### **Funds**

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

## **Item 16: Investment Discretion**

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

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

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

## Item 17: Voting Client Securities

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

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

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



## **Item 18: Financial Information**

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

Not applicable.

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

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

### **C. Bankruptcy Petitions**

NBAL has not been the subject of a bankruptcy proceeding.