Neuberger Berman Investment Advisers LLC

Client Brochure
March 29, 2018

1290 Avenue of the Americas
New York, NY 10104
www.nb.com

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

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

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

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

Item 2: Material Changes

This Brochure dated March 29, 2018 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 July 24, 2017. This Brochure has been updated to reflect the current strategies managed, fee schedules and list of advisory affiliates. There have been no material changes since the last update.

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Item 4: Advisory Business

A. Description of the Firm

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

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

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

Indirect Ownership Background – Neuberger Berman Group

NBG is a holding company the subsidiaries of which (collectively referred to herein as the "**Firm**" or "**Neuberger Berman"**) provide a broad range of global investment solutions – equity, fixed income, multi-asset class and alternatives – to institutions and individuals through products including separately managed accounts, mutual funds and private investment vehicles. As of December 31, 2017, Neuberger Berman had approximately $295 billion under management.[1]

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

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

Neuberger Berman is headquartered in New York, New York. As of December 31, 2017, Neuberger Berman had approximately 1960 employees in 31 cities around the world.

NBIA's investment management services are further discussed below.

B. Types of Advisory Services

NBIA currently provides the following types of advisory services:

Separately Managed Accounts

NBIA provides ongoing discretionary investment management services to individual and institutional clients based on the individual investment goals, objectives, time horizon, and risk tolerance of each client. NBIA provides its advisory services through (i) separately managed accounts for individual and institutional clients ("**Private Asset Management Accounts**") that are serviced by the Private Asset Management segment of NBIA's business and (ii) separately managed accounts for clients that are serviced by the institutional segment of NBIA's business ("**Institutional Accounts**", and collectively with Private Asset Management Accounts, "**Separate Accounts"**). Private Asset Management Accounts include accounts managed under discretionary asset allocation program(s), such as the Guided Portfolio Solutions Program ("**GPS Program**"), through which NBIA provides asset allocations and investment management by allocating assets among a portfolio of NB Registered Funds (as defined below). From time to time, NBIA may provide investment management services to Separate Accounts for which it helps to establish investment objectives and monitor the achievement of such objectives through investments in pooled investment vehicles for which a third party acts as general partner, managing member or adviser ("**Portfolio Funds**") and pursuant to agreements to become separate account clients of third-party advisers ("**Third-Party Separate Accounts**"). The general partner, managing member or adviser to the Portfolio Funds and the Third-Party Separate Accounts are collectively referred to as "**Third-Party Portfolio Managers**".

From time to time existing Private Asset Management Account clients may direct NBIA to purchase or sell securities on their behalf (**"Client-Directed Transactions"**). Such securities purchased by NBIA will, unless otherwise agreed, generally be held in a segregated portion of the client's account as unsupervised holdings; however, such holdings may or may not be reflected in the custodian's books and records by a specific mark, designation, or other indication. NBIA will not provide portfolio management services to such segregated portion of the account and will not receive advisory fees with respect to this portion of the account. Any decisions concerning the retention, disposition, or other change with respect to such holdings remain solely with the client.

For Private Asset Management Account clients, NBIA utilizes a prime brokerage arrangement with National Financial Services LLC to facilitate the transfer of shares for initial public offerings ("**IPOs**"). Under SEC guidance, an advisory client is not permitted to participate in a prime brokerage arrangement unless the client maintains at least $100,000 in assets with the prime broker. Therefore, clients that maintain less than $100,000 with National Financial Services LLC will be excluded from receiving shares of IPOs as they are not eligible for utilizing the prime brokerage arrangement needed to deliver the shares to their accounts.

Proprietary Registered Investment Companies

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

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

Private Investment Vehicles

NBIA acts as the investment manager, providing discretionary investment management services to affiliated and unaffiliated privately offered investment vehicles ("**Private Funds**").

The Private Funds are generally organized or "sponsored" by NBIA or an affiliate of NBIA, and NBIA or an affiliate of NBIA will typically act as the managing member or general partner of the Private Funds. For certain Private Funds, affiliates of the Firm may also serve as officers, directors or other persons authorized to facilitate the operation of the Private Funds. In some cases, NBIA may serve as an adviser or sub-adviser to Private Funds that are organized, managed or sponsored by entities that are not affiliated with NBIA.

The Private Funds are not registered under the Investment Company Act, and their shares or interests, as applicable, are not registered under the Securities Act, and are instead sold to qualified investors who meet certain criteria on a private placement basis. Most of the Private Funds managed by NBIA require that investors be (1)(a) "accredited investors" as defined under Regulation D under the Securities Act ("**Regulation D**") and (b) "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act or "knowledgeable employees"

under Rule 3c-5 of the Investment Company Act or (2) not "U.S. Persons" as defined under Regulation S of the Securities Act. Accordingly, the Private Funds are not publicly offered in the United States. Private Funds may or may not be continuously offered.

Certain of the Private Funds will invest in Portfolio Funds, as well as enter into agreements to become separate account clients of Third-Party Separate Accounts, which Portfolio Funds and Third-Party Separate Accounts are advised by Third-Party Portfolio Managers. NBIA has the overall responsibility for implementing the investment strategies of each Private Fund and has the authority to select Portfolio Funds or Third-Party Separate Accounts within the stated investment strategies and objectives of each Private Fund.

For a list of certain of the Private Funds, please refer to Section 7.B.(1) and (2) of Schedule D of Part 1A of NBIA's Form ADV which is publicly available at www.adviserinfo.sec.gov.

Sub-Advisory Services

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

- unaffiliated open-end investment companies registered under the Investment Company Act ("**Third-Party Mutual Funds**");
- affiliated and unaffiliated non-U.S. funds registered under the securities laws of offshore jurisdictions ("**Non-U.S. Registered Funds**"), including Undertakings for Collective Investments in Transferable Securities (**"UCITS"**);
- Separate Accounts; and
- Private Funds.

Wrap and Related Program Accounts

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

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

Non-Discretionary and Consulting Services

NBIA provides non-discretionary investment management services to institutional and individual clients whereby it is required to consult with a client before effecting any transactions for the client's account ("**Non-Discretionary Accounts**"). For those accounts, NBIA services may include (i) one time, periodic or ongoing responsibility to make recommendations to a client as to investment policy statement design and specific securities, strategies, managers, vehicles or other investments to be purchased, sold or held for a client's account, and, if NBIA's recommendations are accepted by the client, to arrange or effect the implementation of any such

accepted recommendations, including the purchase or sale of such securities or other investments and establishing or closing accounts for separate account strategies; and (ii) non-binding investment advice in the form of written investment analyses on specific securities. With respect to the provision of those non-discretionary services, clients have sole discretion and final responsibility for deciding whether to buy, sell, hold or otherwise transact in any security. NBIA may recommend its own equity, fixed income and alternative products and strategies or those of an affiliate.

As part of its structured product capabilities, NBIA also provides non-discretionary advisory and consulting services to institutional clients with respect to the valuation of mortgage loans and mortgage-backed and other asset-backed securities ("**Consulting Services**"). In addition, it has developed proprietary mortgage loan analytic software (the "**NBIA Software**") used to analyze mortgage loans on an individual and aggregate loan level basis by application of value and risk models and analytical metrics to loan portfolios. For certain clients, NBIA licenses and supports the NBIA Software for non-exclusive use by such clients and, in connection therewith, provides installation and training on the use and application of the NBIA Software.

Wealth Analysis

From time to time, NBIA may provide a one-time wealth planning analysis ("**Wealth Analysis**") to certain eligible clients ("**WA Client(s)**") free of charge. The Wealth Analysis is intended solely for informational and discussion purposes to educate WA Clients on financial planning topics and help WA Clients better understand their financial profile and evaluate possible options. To develop the Wealth Analysis, each WA Client completes a questionnaire that is designed to obtain key financial data and other relevant information about the WA Client and the WA Client's investment goals. Additional information may be requested, if necessary, for a more in-depth analysis. The Wealth Analysis and any related discussions are subject to a separate written agreement and do not constitute investment advice and are not part of any investment advisory or fiduciary services offered by NBIA or its affiliates. NBIA does not serve as a fiduciary or investment adviser in connection with any Wealth Analysis, and the Wealth Analysis and any related discussions are not intended to serve as a primary basis for any decision or as a recommendation with respect to any investment, financial, insurance, trust and estate or tax planning determination. In addition, NBIA has designated specific employee(s) with oversight responsibilities for each Wealth Analysis produced for WA Clients ("**NB Wealth Analyst(s)**"). NB Wealth Analysts may hold financial planning educational or professional credentials, such as the Certified Financial Planner™ (CFP®) designation. Holding a professional designation typically indicates that the individual has completed certain courses or continuing education. NBIA does not, however, monitor compliance with any such professional credentials by any NB Wealth Analyst and makes no representations or warranties regarding the use of any such professional designations or the educational or professional credentials of any NB Wealth Analyst. In addition, NBIA does not comply with any industry association standards or requirements in respect of the Wealth Analysis and any related discussions, and NBIA is not providing "financial planning services" as such term is defined by any industry associations, including the CFP Board.

With respect to the services provided above, in many cases, NBIA may engage in discussions or provide materials that are not individualized or directed to any particular investor, which would not be deemed to constitute "investment advice" under applicable rules. In other circumstances, NBIA may provide "investment advice" that is individualized or directed to a particular client that may render it a fiduciary for certain retail retirement arrangements governed by ERISA or Section 4975 of the Internal Revenue Code with respect to that advice.

C. Client Tailored Services and Client Tailored Restrictions

NBIA enters into discretionary and non-discretionary investment management agreements with its Separate Account clients. See Item 16. Clients may impose restrictions on investing in certain securities or other assets in accordance with their particular needs. However, NBIA may decide not to accommodate investment restrictions deemed unduly burdensome or materially incompatible with NBIA's investment approach. Clients may restrict the ability of portfolio managers to invest in Affiliated Funds. With respect to discretionary asset allocation programs offered by NBIA that allocate assets among Affiliated Funds, Clients may impose reasonable restrictions on investing their assets in Affiliated Funds but may not restrict the securities in which the Affiliated Funds invest. Further, NBIA may decline to permit any account restriction that affects more than a stated percentage of the Client Account. Client directed investment restrictions could cause the performance of the account with restrictions to deviate from the performance of other accounts following the same or similar strategies. From time to time, NBIA may be engaged to provide limited investment management services such as liquidating a client's account.

For certain of NBIA's large institutional Separate Account clients, NBIA offers customized multi-asset or multi-strategy investment management services that utilize the services of NBIA and its affiliates ("**Multi-Asset Mandates**"). Certain of those clients may impose restrictions on investing in certain securities or other assets in accordance with their particular needs. Other clients may allow NBIA to determine, and change from time to time, the asset allocation among asset classes and investment strategies of NBIA and its affiliates for their accounts based on the clients' investment objectives, tax considerations and other client specific factors. Clients may also have access to customized educational programs or participate in, or be involved in the selection of, investment management research projects of NBIA and its affiliates.

NBIA enters into discretionary investment management agreements with Private Funds. Services are performed in accordance with the terms of each such agreement. Each Private Fund may impose investment restrictions as it deems appropriate. Such investment restrictions are typically set forth in the offering prospectus or memorandum ("**Offering Memorandum**") for each Private Fund.

NBIA has entered into discretionary investment advisory or management agreements with the NB Registered Funds. Each NB Registered Fund managed by NBIA is managed in accordance with the investment objectives, policies and strategies of the NB Registered Fund, as described in its Offering Documents. Each NB Registered Fund has a Board of Trustees/Directors/Managers that is responsible for providing oversight of the NB Registered Fund. Each NB Registered Fund and its Board of Trustees/Directors/Managers have the ability to impose restrictions on investing in certain securities or types of securities.

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

The investment guidelines of the Separate Accounts, Sub-Advised Accounts, Wrap Program accounts, Unbundled Program accounts, and Dual Contract Program accounts may restrict the ability of NBIA to invest in NB Registered Funds or Private Funds.

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

Imposing account restrictions may adversely affect account performance as compared to unrestricted accounts that NBIA manages with the same investment strategy.

D. Wrap and Related Programs

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

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

In some cases, a Program Sponsor may make NBIA's advisory services available to their clients in a "dual contract" capacity, where the clients ("**Dual Contract Clients**") contract separately

with the Program Sponsor or a designated broker for brokerage and other services and with NBIA for advisory services ("**Dual Contract Program**"). Certain of the Dual Contract Client accounts are managed in the investment strategies that are also available to Program Clients. In other cases, Dual Contract Client accounts are managed in certain of the investment strategies that are otherwise available to Private Asset Management Account clients.

Subject to its obligation to seek best execution, NBIA will seek to execute equity transactions for Wrap Program Client accounts, Unbundled Program Client accounts and Dual Contract Client accounts, and anticipates that the majority of equity transactions for the accounts will be executed, through the Program Sponsors or designated brokers. However, depending on their capabilities or the types of securities traded, such as securities with smaller market capitalizations, foreign securities, or thinly traded securities, NBIA may trade certain equity strategies away from them more frequently, which could result in a significant percentage of equity transactions being executed with brokers other than the Program Sponsors or designated brokers. With respect to fixed income transactions, NBIA may and frequently does execute transactions with broker-dealers other than the Program Sponsors or designated brokers. When trades are executed through the Program Sponsors or designated brokers, the bundled fee paid by each Wrap Program Client, or brokerage fee agreed to by the Unbundled Program Client or Dual Contract Client and the Program Sponsor or the designated broker, as the case may be, typically covers all brokerage commissions and execution costs on the trades. When NBIA chooses to trade away from the Program Sponsors or designated brokers and execute trades through broker-dealers other than the Program Sponsors or designated brokers, the Program Clients or Dual Contract Clients will generally incur incremental commission rates and other transaction related charges, such as trade-away fees and fees associated with foreign securities transactions, that are in addition to the bundled fee or the Program Sponsor's or designated broker's brokerage fee paid by each Program Client or Dual Contract Client. Please refer to Item 5.C for a further description of additional execution costs that may be incurred by Program Clients or Dual Contract Clients. Clients that enroll in Wrap Programs, Unbundled Programs, or Dual Contract Programs should satisfy themselves that the Program Sponsors or designated brokers are able to provide best execution of transactions.

NBIA also participates in non-discretionary Wrap Programs or Unbundled Programs. In those Programs, NBIA furnishes investment advice and recommendations to the Program Sponsors or their designee through the provision of model portfolios (**"Model Portfolio Programs"**). The Program Sponsors may use NBIA's model portfolios and updates, either alone or together with other model portfolios, to manage the accounts of the Program Clients, although the Program Sponsors retain investment discretion over the accounts. NBIA is responsible solely for providing its model portfolios to the Program Sponsors of Model Portfolio Programs or their designees. Except in certain cases where NBIA retains discretion over the execution of portfolio transactions based on the model portfolio, the Program Sponsor is responsible for executing portfolio transactions for the accounts of the Program Clients.

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

NBIA does not generally communicate directly with Program Clients (including communications with respect to changes in a Program Client's investment objectives or restrictions), and all such

communications generally must be directed through the Program Sponsor. Also, NBIA does not provide overall investment supervisory services to Program Clients. NBIA is not in a position to determine and is not responsible for determining the suitability of any Program or any investment strategies available under the Program with respect to Program Clients.

Please refer to Section 5.I.(2) of Schedule D of Part 1A of NBIA's Form ADV for a full list of the Wrap Programs in which NBIA participates.

E. Assets under Management

Discretionary Amounts:	**Non-Discretionary Amounts:**	**Date Calculated:**
$ 245,246,647,261	$ 3,176,600,969	12/31/2017

Item 5: Fees and Compensation

A. Fee Schedule

I. Separate Accounts

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

In some instances, based upon particular facts and circumstances and, as permitted by applicable law, NBIA as a courtesy may, in its sole discretion, permit "family billing" arrangements, where the account values of two or more related accounts are combined for the purpose of reducing the overall fees paid by the account. For Private Asset Management Accounts, such arrangements are non-contractual and NBIA may terminate such arrangement at any time.

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

Unless otherwise agreed with the Separate Account client, for Separate Accounts that are billed quarterly in advance, fees are typically not adjusted to reflect client-directed contributions to, and withdrawals from, the Client Account. A portion of a Private Asset Management Account may consist of Client-Directed Transactions and such transactions are generally not included in the valuation of the Client Account for purposes of calculating the advisory fee payable to NBIA.

For its Private Asset Management Accounts, clients generally enter into account agreements that provide for the provision of advisory services by NBIA and brokerage services by NBBD. Certain of the fee schedules below assume that the clients have entered into such agreements and consented to the use of NBBD as broker for the account. These accounts are billed an "all-inclusive" fee that captures NBIA's investment management and NBBD's brokerage fees. No separate fees are charged by NBIA for brokerage transactions in the account. Clients bear all other transaction and transfer-related costs and expenses, as applicable. See Item 5.C.

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

Certain fee schedules for Private Asset Management Accounts have different fee rates for equity and fixed income securities. Please note that for accounts subject to such fee schedules, only assets that have been designated for permanent investment in fixed income securities will be subject to the fixed income fee rate. Accordingly, cash and cash equivalents that are not held for permanent investment in fixed income securities will be subject to the equity fee rate.

NBIA may also charge performance-based fees ("**Performance Fees**") on some of its Separate Accounts, subject to eligibility requirements under the Advisers Act and other applicable laws. Such fee arrangements are negotiated with the client. Generally, those arrangements include a base fee based on a percentage of the market value of the assets held in the Separate Account plus a Performance Fee based on the account's performance over a specified time period (see Item 6). The specific structure of the Performance Fee may vary.

Pursuant to, and in accordance with, the relevant investment advisory agreement, NBIA's investment advisory fees for certain Private Asset Management Accounts may be modified upon advance written notice to the Client.

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

a. PRIVATE ASSET MANAGEMENT ACCOUNTS

Schedule E	
Type of asset in the account	**Advisory Fee**
For common stocks, convertible bonds, convertible preferred shares, cash, cash equivalent mutual funds, and all other managed assets of the account not being held for permanent investment in fixed income securities	For accounts with a market value of less than $10 million • 1.500% of the first $2.5 million of market value; • 1.400% of the next $2.5 million; • 1.300% of the next $2.5 million; and • 1.200% of the next $2,499,999
	For accounts with a market value equal to or greater than $10 million • 1.250% of the first $10 million of market value; and • 0.900% of the balance
For cash equivalents and managed assets held for permanent investment in fixed income securities	• 0.375% of the market value
The minimum quarterly fee for the above accounts is $1,875	

Schedule EP2	
Type of asset in the account	**Advisory Fee**
All assets in the account including cash and cash equivalents	1.500% of the market value

Schedule F	
Type of asset in the account	**Advisory Fee**
For common stocks, convertible bonds, convertible preferred shares, cash, cash equivalent mutual funds, and all other managed assets of the account not being held for permanent investment in fixed income securities	For accounts with a market value of less than $10 million • 1.750% of the first $5 million of market value; and • 1.500% of the next $4,999,999
	For accounts with a market value equal to or greater than $10 million • 1.600% of the first $10 million of market value; and • 1.250% of the balance
For cash equivalents and managed assets held for permanent investment in fixed income securities	• 0.375% of the market value
The minimum quarterly fee for the above accounts is $2,500	

Schedule 083	
Type of asset in the account	**Advisory Fee**
All assets in the account including cash and cash equivalents	• 0.500% of the market value

Schedule 716	
Type of asset in the account	**Advisory Fee**
Cash, cash equivalents and managed assets held for permanent investment in fixed income securities	• 0.400% of the first $5 million of market value, • 0.300% of the next $15 million; • 0.275% of the next $30 million; • 0.250% of the next $100 million; • 0.150% of the next $250 million; and • 0.120% of the balance
The minimum quarterly fee for the above accounts is $1,000	

Schedule 803	
Type of asset in the account	**Advisory Fee**
All assets in the account including cash and cash equivalents	• 1.250% of the market value

Schedule A74/A75 - S&P Hedged Option Premium Overlay Fee Schedule
Advisory Fee
• For accounts with a target notional value of less than $3 million, 0.80% of the target notional value; or • for accounts with a target notional value equal to or greater than $3 million, 0.70% of the target notional value

Schedule A76/A77 - S&P Putwrite Overlay Fee Schedule
Advisory Fee
• For accounts with a target notional value of less than $3 million, 0.70% of the target notional value; or • for accounts with a target notional value equal to or greater than $3 million, 0.60% of the target notional value

GPS – Total Portfolio Solutions (TPS) Fee Schedule	
Type of asset in the account	**Advisory Fee**
All assets in the account including NB Registered Funds, cash and cash equivalents	• 1.400% if the market value is less than $500,000; • 1.300% if the market value is $500,000 or greater but less than $1 million; • 1.200% if the market value is $1 million or greater but less than $5 million; • 1.100% if the market value is $5 million or greater but less than $10 million; and • 1.000% if the market value is $10 million or greater

GPS – Equity Completion Fee Schedule	
Type of asset in the account	**Advisory Fee**
All assets in the account including NB Registered Funds, cash and cash equivalents	• 1.300% of the market value

b. INSTITUTIONAL ACCOUNTS

Strategy	Advisory Fee
All Cap Core	• 0.80% of the first $25 million of market value; • 0.65% of the next $25 million; • 0.60% of the next $50 million; and • 0.50% of the balance
All Cap Intrinsic Value	• 1.00% of the first $1 million of market value; • 0.75% of the next $4 million; • 0.625% of the next $10 million; and • 0.50% of the balance
Asian Equity Opportunities	• 0.85% of the market value of all assets
China Equity	• 1.15% of the first $100 million of market value; • 0.85% of the next $100 million; and • 0.40% of the balance
Commodities	• 0.85% of the first $50 million of market value; • 0.45% of the next $50 million; and • 0.35% of the balance
Core Bond	• 0.30% of the first $50 million of market value; • 0.25% of the next $100 million; • 0.20% of the next $100 million; • 0.15% of the next $250 million; and • 0.12% of the balance
Core Plus	• 0.35% of the first $50 million of market value; • 0.25% of the next $100 million; • 0.20% of the next $100 million; • 0.15% of the next $250 million; and • 0.12% of the balance
Corporate Hybrid	• 0.60% of the market value of all assets
Crossover Credit	• 0.45% of the first $100 million of market value; and • 0.35% of the balance
Diversified Currency	• 0.50% of the first $25 million of market value; • 0.45% of the next $50 million; • 0.40% of the next $50 million; and • 0.35% of the balance

Strategy	**Advisory Fee**
Diversified Currency High Alpha	• 0.70% of the first $25 million of market value; • 0.65% of the next $50 million; • 0.55% of the next $50 million; and • 0.45% of the balance
Dynamic Beta Navigator	• 0.45% of the first $100 million of market value; and • 0.35% of the balance
Equity Income	• 1.00% of the first $10 million of market value; • 0.80% of the next $15 million; • 0.60% of the next $75 million; and • 0.50% of the balance
Emerging Market Debt – Asian Bond	• 0.50% of the first $100 million of market value; • 0.45% of the next $150 million; and • 0.35% of the balance
Emerging Market Debt – Corporate / Emerging Market Debt - Blend	• 0.65% of the first $100 million of market value; • 0.55% of the next $150 million; and • 0.45% of the balance
Emerging Market Debt - Hard Currency	• 0.55% of the first $100 million of market value; • 0.45% of the next $150 million; and • 0.35% of the balance
Emerging Market Debt - Local Currency	• 0.60% of the first $100 million of market value; • 0.50% of the next $150 million; and • 0.40% of the balance
Emerging Market Debt- Short Duration	• 0.45% of the first $100 million of market value; • 0.35% of the next $150 million; and • 0.25% of the balance
Emerging Markets Equity	• 1.00% of the first $25 million of market value; • 0.90% of the next $25 million; • 0.85% of the next $150 million; and • 0.75% of the balance
Emerging Markets Equity Select	• 0.85% of the first $50 million of market value; • 0.75% of the next $150 million; and • 0.65% of the balance

Strategy	Advisory Fee
Emerging Markets PutWrite (ATM)	• 0.65% of the first $50 million of market value; • 0.55% of the next $50 million; and • 0.45% of the balance
Enhanced Cash	• 0.175% of the first $50 million of market value; • 0.15% of the next $50 million; • 0.12% of the next $150 million; • 0.10% of the next $250 million; and • 0.08% of the balance
Enhanced Index / Enhanced Mortgages / Passive Corporate	• 0.10% of the first $50 million of market value; • 0.08% of the next $100 million; • 0.04% of the next $350 million; • 0.03% of the next $500 million; • 0.0225% of the next $1 billion; • 0.02% of the next $500 million; and • 0.0175% of the balance
European High Yield	• 0.55% of the first $50 million of market value; • 0.45% of the next $250 million; and • 0.35% of the balance
European Investment Grade Credit	• 0.35% of the first $50 million of market value; • 0.25% of the next $250 million; and • 0.20% of the balance
Global Bond Absolute Return (Unconstrained)	• 0.55% of the first $50 million of market value; • 0.45% of the next $100 million; and • 0.40% of the balance
Global Equity	• 0.75% of the first $25 million of market value; • 0.55% of the next $25 million; • 0.45% of the next $150 million; and • 0.40% of the balance
Global Fixed Income	• 0.30% of the first $50 million of market value; • 0.25% of the next $100 million; • 0.20% of the next $100 million; • 0.15% of the next $250 million; and • 0.12% of the balance

Strategy	**Advisory Fee**
Global Investment Grade Credit	• 0.40% of the first $50 million of market value; • 0.30% of the next $250 million; and • 0.25% of the balance
Global PutWrite (OTM) / Global PutWrite (ATM)	• 0.55% of the first $50 million of market value; • 0.45% of the next $50 million; and • 0.35% of the balance
Global Opportunistic Fixed Income	• 0.40% of the first $50 million of market value; • 0.35% of the next $100 million; • 0.30% of the next $100 million; and • 0.25% of the balance
Global REIT	• 0.80% of the first $25 million of market value; • 0.70% of the next $25 million; • 0.60% of the next $100 million; and • 0.50% of the balance
International ACW ex-US	• 0.80% of the first $25 million of market value; • 0.65% of the next $25 million; and • 0.50% of the balance
International All Cap	• 0.85% of the first $25 million of market value; • 0.70% of the next $25 million; and • 0.55% of the balance
International Select	• 0.80% of the first $25 million of market value; • 0.65% of the next $25 million; • 0.50% of the next $150 million; and • 0.45% of the balance
International Small Cap	• 0.95% of the first $25 million of market value; • 0.85% of the next $25 million; and • 0.80% of the balance
Investment Grade Credit	• 0.35% of the first $50 million of market value; • 0.25% of the next $250 million; and • 0.20% of the balance

Strategy	Advisory Fee
Large Cap Core	• 0.65% of the first $25 million of market value; • 0.50% of the next $25 million; • 0.40% of the next $50 million; • 0.30% of the next $100 million; and • 0.25% of the balance
Large Cap Disciplined Growth	• 0.65% of the first $35 million of market value; • 0.40% of the next $65 million; • 0.30% of the next $100 million; and • 0.25% of the balance
Large Cap Value / Systematic Large Cap Value / Core Equity	• 0.65% of the first $25 million of market value; • 0.50% of the next $25 million; • 0.40% of the next $50 million; • 0.30% of the next $100 million; and • 0.25% of the balance
Liability Driven Investing / Long Duration / Long Government Credit	• 0.30% of the first $50 million of market value; • 0.25% of the next $100 million; • 0.20% of the next $100 million; and • 0.15% of the balance
Mid Cap Growth	• 0.80% of the first $25 million of market value; • 0.65% of the next $25 million; • 0.60% of the next $50 million; and • 0.50% of the balance
Mid Cap Intrinsic Value	• 0.75% of the first $25 million of market value; • 0.65% of the next $25 million; • 0.60% of the next $50 million; and • 0.50% of the balance
MLP	• 0.75% of the first $50 million of market value; • 0.65% of the next $50 million; and • 0.55% of the balance
Multi-Asset Class Global Absolute Return / Multi-Asset Class Global Relative Return	• 0.75% of the first $100 million of market value; • 0.65% of the next $150 million; and • 0.55% of the balance

Strategy	**Advisory Fee**
Multi-Asset Class Income / Multi-Asset Class Growth	• 0.55% of the first $100 million of market value; • 0.45% of the next $150 million; and • 0.35% of the balance
Multi-Style Premia	• 0.90% of the market value of all assets
Municipal – Cash / Short Duration	• 0.25% of the first $25 million of market value; • 0.15% of the next $25 million; • 0.10% of the next $150 million; and • 0.08% of the balance
Municipal – Intermediate / Long Duration	• 0.30% of the first $50 million of market value; • 0.25% of the next $50 million; • 0.20% of the next $100 million; and • 0.10% of the balance
Opportunistic Credit	• 0.55% of the first $50 million of market value; • 0.45% of the next $100 million; and • 0.40% of the balance
Opportunistic Fixed Income	• 0.50% of the first $50 million of market value; • 0.40% of the next $100 million; and • 0.35% of the balance
Passive Index/Passive Government	• 0.08% of the first $50 million of market value; • 0.065% of the next $100 million; • 0.032% of the next $350 million; • 0.025% of the next $500 million; • 0.018% of the next $1 billion; • 0.016% of the next $500 million; and • 0.014% of the balance
Preferred & Capital Securities Strategy (Financial Hybrids)	• 0.45% of the first $50 million of market value; • 0.35% of the next $250 million; and • 0.30% of the balance
REIT	• 0.75% of the first $25 million of market value; • 0.65% of the next $25 million; • 0.55% of the next $100 million; and • 0.50% of the balance

Strategy	Advisory Fee
Research Opportunity	• 0.25% of the first $25 million of market value; • 0.20% of the next $50 million; and • 0.15% of the balance
Risk Balanced Global Equity	• 0.55% of the first $25 million of market value; • 0.45% of the next $25 million; • 0.35% of the next $150 million; and • 0.30% of the balance
Risk Premia – 5% Volatility	• 0.40% of the market value of all assets
Risk Premia – 10% Volatility	• 0.75% of the market value of all assets
Russell 2000 Strangle / S&P 500 Strangle	• 0.60% of the first $100 million of market value; and • 0.50% of the balance
S&P 500 Iron Condor	• 0.50% of the first $100 million of market value; and • 0.45% of the balance
S&P 500 PutWrite (OTM) / S&P 500 PutWrite (ATM)	• 0.40% of the first $50 million of market value; • 0.35% of the next $50 million; and • 0.30% of the balance
Senior Floating Rate Loans	• 0.55% of the first $50 million of market value; • 0.45% of the next $250 million; and • 0.35% of the balance
Short Duration	• 0.20% of the first $50 million of market value; • 0.15% of the next $50 million; • 0.12% of the next $150 million; • 0.10% of the next $250 million; and • 0.08% of the balance
Short Duration High Yield / Global High Yield	• 0.55% of the first $50 million of market value; • 0.45% of the next $250 million; and • 0.35% of the balance
Small Cap Growth	• 1.00% of the first $25 million of market value; • 0.80% of the next $25 million; and • 0.70% of the balance

Strategy	Advisory Fee
Small Cap Intrinsic Value	• 1.00% of the first $20 million of market value; • 0.85% of the next $20 million; • 0.80% of the next $20 million; and • 0.75% of the balance
Small Cap	• 1.00% of the market value of all assets
Socially Responsible Investing	• 1.00% of the first $10 million of market value; • 0.65% of the next $25 million; and • 0.40% of the balance
Systematic Emerging Markets Equity	• 0.80% of the first $25 million of market value; • 0.70% of the next $25 million; • 0.65% of the next $150 million; and • 0.55% of the balance
Systematic Global Equity	• 0.55% of the first $25 million of market value; • 0.45% of the next $25 million; • 0.35% of the next $150 million; and • 0.30% of the balance
TIPS	• 0.15% of the first $100 million of market value; • 0.10% of the next $200 million; and • 0.08% of the balance
U.S. High Yield	• 0.55% of the first $50 million of market value; • 0.45% of the next $250 million; and • 0.35% of the balance
U.S. Investment Grade Credit / Long Credit	• 0.35% of the first $50 million of market value; • 0.25% of the next $250 million; and • 0.20% of the balance
U.S. PutWrite (ATM)	• 0.45% of the first $50 million of market value; • 0.40% of the next $50 million; and • 0.35% of the balance
Velocity	• 0.75% of the market value of all assets

II. PRIVATE FUNDS

Pursuant to NBIA's investment management agreement with each Private Fund, NBIA will receive a management fee that generally is based on the net asset value ("**NAV**") of each investor's account in the Private Fund, each investor's net investment amount (which is

generally calculated based on an investor's contributions, withdrawals and distributions and is not based on capital appreciation or depreciation in an account) or each investor's invested and reinvested capital. In some instances, NBIA or its affiliate (generally in its capacity as general partner or managing member of the Private Fund) will also receive a Performance Fee (which may be in the form of an incentive fee/allocation). The Performance Fee is generally charged if a specified preferred return to investors is achieved subject to a "catch-up"; or where the Private Fund exceeds the performance of a certain benchmark or index ("**hurdle**").

The management fee for Private Funds generally ranges from 0.00%-1.50% annually. For Private Funds whose investors are eligible to enter into a performance fee arrangement under the Advisers Act, Performance Fees are generally up to 20% of (realized or unrealized) capital gains or capital appreciation. Management fees and Performance Fees for Private Funds may be negotiable under certain circumstances. NBIA or a Private Fund's general partner or managing member customarily retains discretion to waive, rebate or calculate differently the management fees and Performance Fees as to all or any of the investors in a Private Fund, including affiliates and employees of the Firm.

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

III. NB Registered Funds

a. NB Mutual Funds

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

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

Equity Funds	**Advisory Fee (based on average daily net assets)**
Genesis Fund	• 0.850% of the first $250 million; • 0.800% of the next $250 million; • 0.750% of the next $250 million; • 0.700% of the next $250 million; • 0.650% of the next $13 billion; and • 0.600% in excess of $14 billion

Intrinsic Value Fund Small Cap Growth Fund	• 0.850% of the first $250 million; • 0.800% of the next $250 million; • 0.750% of the next $250 million; • 0.700% of the next $250 million; and • 0.650% in excess of $1 billion
Equity Income Fund Focus Fund Guardian Fund International Select Fund Large Cap Value Fund Mid Cap Growth Fund Mid Cap Intrinsic Value Fund Socially Responsive Fund Value Fund	• 0.550% of the first $250 million; • 0.525% of the next $250 million; • 0.500% of the next $250 million; • 0.475% of the next $250 million; • 0.450% of the next $500 million; • 0.425% of the next $2.5 billion; and • 0.400% in excess of $4 billion
Greater China Equity Fund	• 1.100% of the first $1 billion; and • 0.950% in excess of $1 billion
Dividend Growth Fund	• 0.500% of the first $1.5 billion; • 0.475% of the next $2.5 billion; and • 0.450% in excess of $4 billion
Emerging Markets Equity Fund	• 1.000% of the first $250 million; • 0.975% of the next $250 million; • 0.950% of the next $250 million; • 0.925% of the next $250 million; • 0.900% of the next $500 million; • 0.875% of the next $2.5 billion; and • 0.850% in excess of $4 billion
Global Equity Fund	• 0.550%
Multi-Cap Opportunities Fund	• 0.600% of the first $250 million; • 0.575% of the next $250 million; • 0.550% of the next $250 million; • 0.525% of the next $250 million; • 0.500% of the next $500 million; • 0.475% of the next $2.5 billion; and • 0.450% in excess of $4 billion
International Equity Fund	• 0.850% of the first $250 million; • 0.825% of the next $250 million; • 0.800% of the next $250 million; • 0.775% of the next $250 million; • 0.750% of the next $500 million; • 0.725% of the next $1 billion; and • 0.700% in excess of $2.5 billion

International Small Cap Fund	• 0.850% of the first $250 million; • 0.825% of the next $250 million; • 0.800% of the next $250 million; • 0.775% of the next $250 million; • 0.750% of the next $500 million; • 0.725% of the next $2.5 billion; and • 0.700% in excess of $4 billion
Global Real Estate Fund Real Estate Fund	• 0.800%

AMT Funds	**Advisory Fee (based on average daily net assets)**
Guardian Portfolio Large Cap Value Portfolio Mid Cap Growth Portfolio Mid Cap Intrinsic Value Portfolio Socially Responsive Portfolio	• 0.550% of the first $250 million; • 0.525% of the next $250 million; • 0.500% of the next $250 million; • 0.475% of the next $250 million; • 0.450% of the next $500 million; • 0.425% of the next $2.5 billion; and • 0.400% in excess of $4 billion
International Equity Portfolio	• 0.850% of the first $250 million; • 0.825% of the next $250 million; • 0.800% of the next $250 million; • 0.775% of the next $250 million; • 0.750% of the next $500 million; • 0.725% of the next $1 billion; and • 0.700% in excess of $2.5 billion
Real Estate Portfolio	• 0.850%
Short Duration Bond Portfolio	• 0.250% of the first $500 million; • 0.225% of the next $500 million; • 0.200% of the next $500 million; • 0.175% of the next $500 million; and • 0.150% in excess of $2 billion
U.S. Equity Index PutWrite Strategy Portfolio (formerly Absolute Return Multi-Manager Portfolio)	• 0.450%

Fixed Income Funds	**Advisory Fee (based on average daily net assets)**

Core Bond Fund New York Municipal Income Fund	• 0.250% of the first $500 million; • 0.225% of the next $500 million; • 0.200% of the next $500 million; • 0.175% of the next $500 million; and • 0.150% in excess of $2 billion
Core Plus Fund	• 0.250%
Emerging Markets Debt Fund	• 0.550%
Floating Rate Income Fund	• 0.500%
High Income Bond Fund	• 0.480%
Municipal High Income Fund	• 0.400% of the first $500 million; • 0.375% of the next $500 million; • 0.350% of the next $500 million; • 0.325% of the next $500 million; and • 0.300% in excess of $2 billion
Municipal Intermediate Bond Fund	• 0.230% of the first $500 million; • 0.225% of the next $500 million; • 0.200% of the next $500 million; • 0.175% of the next $500 million; and • 0.150% in excess of $2 billion
Short Duration Bond Fund	• 0.200% of the first $1.5 billion; • 0.175% of the next $500 million; and • 0.150% in excess of $2 billion
Short Duration High Income Fund	• 0.450%
Strategic Income Fund	• 0.400%
Unconstrained Bond Fund	• 0.450%

Alternative Funds	**Advisory Fee (based on average daily net assets)**
Absolute Return Multi-Manager Fund	• 1.700% of the first $250 million; • 1.675% of the next $250 million; • 1.650% of the next $250 million; • 1.625% of the next $250 million; • 1.600% of the next $500 million; • 1.575% of the next $2.5 billion; and • 1.550% in excess of $4 billion
Global Allocation Fund	• 0.550% of the first $1 billion; • 0.525% of the next $1 billion; and • 0.500% in excess of $2 billion
Hedged Option Premium Strategy Fund U.S. Equity Index PutWrite Strategy Fund	• 0.450%
Long Short Credit Fund	• 0.550%

Long Short Fund	• 1.200% of the first $250 million; • 1.175% of the next $250 million; • 1.150% of the next $250 million; • 1.125% of the next $250 million; • 1.100% of the next $500 million; • 1.075% of the next $2.5 billion; and • 1.050% in excess of $4 billion
Multi-Asset Income Fund	• 0.450% of the first $250 million; • 0.425% of the next $250 million; • 0.400% of the next $250 million; • 0.375% of the next $250 million; • 0.350% of the next $500 million; • 0.325% of the next $2.5 billion; and • 0.300% in excess of $4 billion
Risk Balanced Commodity Strategy Fund	• 0.500% of the first $250 million; • 0.475% of the next $250 million; • 0.450% of the next $250 million; • 0.425% of the next $250 million; • 0.400% of the next $500 million; • 0.375% of the next $2.5 billion; and • 0.350% in excess of $4 billion

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

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

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

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

Funds	**Advisory Fee (based on average daily net assets)**
California Intermediate Municipal Fund	• 0.25%
Intermediate Municipal Fund	• 0.25%

MLP Income Fund Inc.	• 0.75%
New York Intermediate Municipal Fund	• 0.25%
Real Estate Securities Income Fund	• 0.60%
High Yield Strategies Fund	• 0.60%

c. NB PE Closed-End Funds

Each NB PE Closed-End Fund has entered into an investment management agreement with NBIA. Pursuant to each investment management agreement, each NB PE Closed-End Fund pays NBIA a fee at a specified rate. NBIA or an affiliate of NBIA may also be apportioned carried interest distributions from each NB PE Closed-End Fund ("**Carried Interest**"), which generally ranges from 5-10% of distributions after investors receive a specified amount of drawn commitments from the NB PE Closed-End Fund. As described in the Offering Documents for the relevant NB PE Closed-End Fund, Carried Interest, to the extent applicable, may be subject to a "clawback," which means that NBIA (or its affiliate) may be required to return to the investors all or a portion of the Carried Interest if the investors in the NB PE Closed-End Fund do not receive a return of their capital contributions made to such NB PE Closed-End Fund plus a certain stated return on their investment from the fund, in each case in accordance with the fund's Offering Documents.

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

Funds	**Advisory Fee (based on total investor commitments, unless otherwise specified)**
Excelsior Venture Partners III, LLC	• 1.00% (based on average quarterly net assets)
UST Global Private Markets Fund, LLC	• 1.50%, with an annual 10% step-down starting on the third anniversary of the final closing of the subscription of units and continuing until the advisory fee reaches 0.25%

Excelsior Private Markets Fund II (Master), LLC	• 1.00% as follows: (i) during the period from the initial closing until the fifth anniversary of the final closing, based on the total commitments entered into by the fund with respect to: (a) investments in unregistered investment funds or other investment vehicles ("**Underlying Funds**") and (b) direct private equity investments in portfolio companies; and (ii) beginning on the fifth anniversary of the final closing and thereafter, based on the net asset value (exclusive of assets held in cash and cash equivalents) of the company as of the last day of the applicable quarter
Excelsior Private Markets Fund II (TE), LLC	• Management fee of 0.50%*
Excelsior Private Markets Fund II (TI), LLC	• Management fee of 0.50%*
Excelsior Private Markets Fund III (Master), LLC	• 1.00% as follows: (i) during the period from the initial closing until the fifth anniversary of the final closing, based on the total commitments entered into by the company with respect to: (a) investments in Underlying Funds and (b) direct private equity investments in portfolio companies; and (ii) beginning on the fifth anniversary of the final closing and thereafter, based on the net asset value (exclusive of assets held in cash and cash equivalents) of the company as of the last day of the applicable quarter
Excelsior Private Markets Fund III (TE), LLC	• Management fee of 0.50%*
Excelsior Private Markets Fund III (TI), LLC	• Management fee of 0.50%*
NB Crossroads Private Markets Fund IV (TE) - Client LLC	• 0.10% in year 1 • 0.55% in years 2 through 8 • 0.30% thereafter
NB Crossroads Private Markets Fund IV (TI) - Client LLC	• 0.10% in year 1 • 0.55% in years 2 through 8 • 0.30% thereafter
NB Crossroads Private Markets Fund IV Holdings LLC	• 0.10% in year 1 • 0.55% in years 2 through 8 • 0.30% thereafter

NB Crossroads Private Markets Fund V (TE) LP	• 0.85% in years 1 through 8 • 0.30% thereafter
NB Crossroads Private Markets Fund V (TI) LP	• 0.85% in years 1 through 8 • 0.30% thereafter
NB Crossroads Private Markets Fund V (TE) Advisory LP	• 0.85% in years 1 through 8 • 0.30% thereafter
NB Crossroads Private Markets Fund V (TI) Advisory LP	• 0.85% in years 1 through 8 • 0.30% thereafter
NB Crossroads Private Markets Fund V Holdings LP	• 0.85% in years 1 through 8 • 0.30% thereafter

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

IV. SUB-ADVISED ACCOUNTS

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

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

b. Other Sub-Advised Accounts

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

V. WRAP AND RELATED PROGRAM ACCOUNTS

Wrap Program Clients pay Wrap Sponsors a bundled or "wrapped" fee that typically covers investment management, trade execution, custodial services and other administrative services. Of that fee, the Program Sponsors, in turn, pay advisory fees to the sub-adviser, such as NBIA, that they select to provide advisory services to their Wrap Program Clients. In some cases, Unbundled Program Sponsors may offer clients Unbundled Programs where instead of paying a bundled or "wrapped" fee, clients pay fees on an unbundled basis to separate parties, including a fee for investment advisory services, which, in turn, is paid to the sub-adviser selected by the Unbundled Program Sponsor, such as NBIA. NBIA generally negotiates its fees with each Program Sponsor, subject to varying factors, including the Program Sponsor's program size and style, the services performed by the Program Sponsor, and other factors. Subject to those

factors, NBIA's basic annualized fee schedule for a discretionary Program ranges between 0.34% and 0.70% annually with respect to equity investment strategies and 0.25% and 0.35% annually with respect to fixed income assets. In a non-discretionary Model Portfolio Program, NBIA's basic annualized fee schedule ranges between 0.28% and 0.50% annually with respect to equities and 0.22% and 0.25% annually with respect to fixed income investment strategies.

To the extent a Program Client has authorized the Program Sponsor to arrange for payment of the advisory fees owed to NBIA, such Program Client is subject to the billing policies and procedures of the Program Sponsor. As a result of such policies, the Program Client may be subject to fees that may vary from a similarly situated client that is billed directly by NBIA for the same services. Program Clients should carefully review the Program Sponsor's billing policies and procedures.

Dual Contract Clients are generally subject to the billing policies and procedures that NBIA follows with respect to Private Asset Management Accounts, but should review their contracts with NBIA and the Program Sponsor or designated broker and available disclosures to confirm that the billing arrangements disclosed by the Program Sponsor or designated broker for their accounts do not vary from NBIA's billing policies and procedures for Private Asset Management Accounts. If the Program Sponsor's or designated broker's billing policies and procedures apply, the Program Client may be subject to fees that may vary from a similarly situated client that is billed directly by NBIA for the same services.

VI. NON-DISCRETIONARY AND CONSULTING SERVICES

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

NBIA generally charges a fixed fee for its Consulting Services. Those fees are individually negotiated. NBIA also charges license and support fees for the licensing of its NBIA Software. Such fees vary based on the scope and extent of the analysis and modeling desired by the client, enhancements to the NBIA Software to meet the needs of the client, the type of assets subject to analysis and the training and support required.

VII. WEALTH ANALYSIS

NBIA does not charge any fees for its Wealth Analyses.

B. Payment Method

Calculation and Payment of Fees:

Separate Accounts— For Private Asset Management Accounts, advisory fees are typically charged quarterly, in advance, at the beginning of each calendar quarter, based on the market value of the client's account on the last business day of the previous calendar quarter. For Institutional

Accounts, fees are generally accrued and paid either in arrears or in advance on a quarterly basis, as provided in the contract between NBIA and the Institutional Account client. Performance Fees and minimum annual fees, if any, are generally charged on an annual basis.

Payment of fees for Separate Accounts are either made through a debit to the client's account at the custodian bank or broker-dealer or are made upon invoice, which fees are due within 30 days of the date of the invoice. In general, Private Asset Management Account clients contractually agree to allow NBIA to debit any fees from their accounts. At the client's request, NBIA will send the client an informational statement of the fees due each quarter. NBIA generally invoices Institutional Account clients for fees incurred.

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

Private Funds— Generally, management fees are charged monthly or quarterly and Performance Fees are charged at the end of each Private Fund's fiscal year or upon withdrawal by an investor from a Private Fund. The management fees and Performances Fees are generally deducted directly from each Private Fund investor's account. However, certain Private Funds provide that an investor may be billed outside of the Private Fund at the option of the investor. Investors should refer to the applicable Offering Memorandum with respect to the calculation and payment of fees.

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

Sub-Advised Accounts—

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

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

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

Dual Contract Clients are subject to the valuation practices and procedures that NBIA follows with respect to Private Asset Management Accounts, unless it is disclosed that other practices and procedures, such as those of the Program Sponsor or designated broker, will apply.

Non-Discretionary and Consulting—Payment of Non-Discretionary Account fees varies but in general is consistent with the basic fee information and terms described above for Separate Accounts. The manner of payment for Consulting Services and NBIA Software is individually negotiated.

Valuation for Fee Calculation Purposes:

Separate Accounts, Non-Discretionary Accounts and Sub-Advisory Accounts (excluding Private Funds, NB Registered Funds, Non-U.S. Registered Funds and Third-Party Mutual Funds)— In general, management fees for Separate Accounts, Non-Discretionary Accounts and Sub-Advisory Accounts (excluding Private Funds, NB Registered Funds, Non-U.S. Registered Funds and Third-Party Mutual Funds) are based on a valuation of assets by NBIA or the client's custodian. When the client and NBIA agree to use NBIA's valuation of the assets for fee purposes, NBIA may use independent third-party pricing services or broker quotes (including those of the custodian or clearing agent for Client Accounts) to value assets. When a third-party price is not obtainable, NBIA will use its fair valuation procedures to obtain an internally generated valuation, subject to applicable law. As NBIA's compensation is generally based on the net asset value of an account, a conflict arises when NBIA rather than a third-party is valuing the assets held in an account. To mitigate that conflict, NBIA has adopted methodologies designed to result in securities valuations that in its judgment reflect the market prices of the securities at such time. In those instances, there is no guarantee that the market prices will be obtained. Management fees may be based on the market value of the assets as of the trade date or the settlement date. Total value of Client Accounts does not include unpriced securities. In determining the market value of assets, the total market value of securities purchased on margin is included. This may result in higher advisory fees than would otherwise be charged to the client if no margin debit existed in the account. Accounts are also charged interest on debit balances at NBIA's posted rate. In addition, in determining the market value of assets, accrued dividends may be included. The market value of assets held in Separate Accounts that invest in Portfolio Funds or Third-Party Separate Accounts is primarily based on net asset value as reported by the relevant Third-Party

Portfolio Manager. With respect to Private Asset Management Accounts, Client-Directed Transactions are generally not included in the valuation of the Client Account for purposes of calculating the advisory fee payable to NBIA.

Private Funds— With respect to Private Funds that invest in Portfolio Funds or Third-Party Separate Accounts, the market value of assets in Client Accounts is primarily based on net asset value as reported by the relevant Third-Party Portfolio Manager. With respect to Private Funds that do not invest in Portfolio Funds or Third-Party Separate Accounts, the market values of the assets of the Private Funds are generally obtained from various third-party quotation services, or where such quotation services are not available, are based upon fair-value as determined by the general partner or managing member, or its delegate, which could be NBIA. Most Private Funds retain a third-party administrator to provide various administrative services to the Private Funds. That includes assisting NBIA in calculating each Private Fund's NAV, as well as performing other administrative services on behalf of the Private Fund. Investors should refer to the applicable Offering Memorandum for more information with respect to the valuation of Private Fund assets.

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

NB PE Closed-End Funds— Generally, advisory fees are calculated as a percentage of the investors' total commitments. Management fees are calculated based on a pro-rata allocation of underlying investment commitments during the investment period, and after the investment period, based on a pro-rata allocation of the NB PE Closed-End Fund's net assets exclusive of cash. Each NB PE Closed-End Fund's assets will be valued at their fair market value as determined by NBIA in good faith, taking into consideration all available information and other factors that NBIA deems pertinent. NBIA may rely on the most recent valuations and other information provided by the underlying portfolio fund managers, except where NBIA may reasonably determine additional factors should be considered and reflected. Please refer to the NB PE Closed-End Funds' Offering Documents for additional information on valuation.

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

C. Other Fees and Expenses

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

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

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

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

With respect to Wrap Program Client accounts, Unbundled Program Client accounts, or Dual Contract Client accounts, or Separate Account clients where the client has entered into an arrangement with a third-party intermediary whereby the client is assessed specific commission rates or transaction related charges by a designated broker for all transactions, NBIA will seek to execute equity transactions through the Program Sponsor or the designated broker, subject to its obligation to seek best execution. NBIA anticipates that the majority of equity transactions will be executed through the Program Sponsor or designated broker. However, depending on the capabilities of the Program Sponsor or designated broker or the types of securities traded, such as securities with smaller market capitalizations, foreign securities, or thinly traded securities, certain equity strategies may trade away more frequently which could result in a significant percentage of equity transactions being executed with brokers other than the Program Sponsor or designated broker. With respect to fixed income transactions, NBIA may and frequently does execute transactions with a broker other than the Program Sponsor or designated broker. When NBIA chooses to trade away from the Program Sponsor or designated broker and execute trades through broker-dealers other than the Program Sponsor or designated broker, the client will generally incur incremental commission rates and other transaction related charges, such as trade-away fees and fees associated with foreign securities transactions, that are in addition to

the bundled paid by each Wrap Program Client or, with respect to Unbundled Program Clients or Dual Contract Clients, the commission rates and transaction related charges that are assessed by the designated broker. Please refer to Item 4.D and subsection "*Other Fees and Expenses (General)*" in this Item 5.C for a further description of additional execution costs that may be incurred by Wrap Program Clients, Unbundled Program Clients, or Dual Contract Clients.

Additional Fees and Expenses Related to Separate Account Investments and Private Funds Investments in Private Funds, NB Registered Funds, Non-U.S. Registered Funds and Third-Party Separate Accounts— Subject to the investment guidelines of a Separate Account and Private Fund, NBIA may invest the Separate Account or Private Fund in unaffiliated investment companies and other pooled investment vehicles (collectively, "**Non-Affiliated Funds**"), including unaffiliated Private Funds (including Portfolio Funds) and unaffiliated Non-U.S. Registered Funds, or Third-Party Separate Accounts. Subject to the investment guidelines of a Separate Account and applicable law, NBIA may invest the Separate Account in the NB Registered Funds, affiliated Non-U.S. Registered Funds or affiliated Private Funds (collectively, "**Affiliated Funds**").

Separate Account assets that are invested in Affiliated Funds will not be subject to two levels of advisory fees. Either the advisory fee associated with the underlying Client Account will be waived or reimbursed or NBIA will credit the Client Account an amount equal to the pro-rata portion of the management/advisory fee NBIA (or its affiliates) earns from the Affiliated Funds. However, where permitted by applicable law, Separate Account assets that are invested in Affiliated Funds will incur other fees and expenses associated with their investments in such funds.

With respect to Private Funds and Separate Accounts that invest in Non-Affiliated Funds or Third-Party Separate Accounts, in addition to the fees payable to NBIA, investments in Non-Affiliated Funds or Third-Party Separate Accounts will result in Client Accounts paying asset-based and potentially performance-based fees to a third-party. All fees paid to NBIA for investment management services are separate and distinct from the fees charged by the Non-Affiliated Funds or Third-Party Separate Accounts. Consequently, for any Client Account investment in a Non-Affiliated Fund or a Third-Party Separate Account, a client will generally pay two levels of fees; one layer of fees at the Non-Affiliated Fund or Third-Party Separate Account level and one layer of fees to NBIA. In addition, investments in Non-Affiliated Funds or Third-Party Separate Accounts will result in other fees and expenses associated with such investments. These expenses will generally include brokerage and other transaction related costs, and the fees and expenses of service providers to these funds, such as custodians, transfer agents, administrators, valuation agents, auditors and counsel. Moreover, the Non-Affiliated Funds may themselves invest in other funds as described in each Non-Affiliated Fund's offering documents. To the extent a Non-Affiliated Fund invests in another underlying fund, it will bear the costs and expenses associated with an investment in that underlying fund. Expenses for Non-Affiliated Funds are described in each Non-Affiliated Fund's offering documents.

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

U.S. Registered Funds" in this Item 5.C. Private Fund expenses are described in each Private Fund's Offering Memorandum and include those summarized under the heading "*Other Fees and Expenses for Private Funds"* in this Item 5.C.

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

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

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

In addition, the funds may themselves invest in other funds as described in each fund's Offering Documents. To the extent a fund invests in another fund, it will bear the costs and expenses associated with an investment in that fund. Please also see section entitled "*Fees to Affiliates in the NB Registered Funds"* in this Item 5.C, Item 11.B.3 and Item 12 for further discussion regarding NBIA's brokerage practices.

The NB PE Closed-End Funds generally invest, directly and indirectly through Underlying Funds, in private equity securities, such as venture capital partnerships, special situations partnerships, buyout private equity partnerships, international private equity partnerships, as well as direct/co-investments in privately held operating companies, mezzanine investments, minority interests in hedge fund managers (the "**Private Equity Securities**"). Issuers of Private Equity Securities are typically structured as partnerships or limited liability companies. As such, these entities typically incur fees and expenses that are charged to investors in those entities. Similarly, Underlying Funds in which the NB PE Closed-End Funds invest will incur fees and expenses, which will be borne by the applicable NB PE Closed-End Fund as an investor in the Underlying Fund. These "portfolio-level fees" and Underlying Fund-level fees will be incurred by the NB PE Closed-End Funds and are in addition to the fees and expenses otherwise charged by the NB PE Closed-End Fund. In addition, for NB PE Closed-End Funds structured as master-

feeder funds, investments in a feeder fund will include the feeder fund's pro rata portion of the advisory fee payable by the master fund to NBIA or its affiliates, in its capacity as investment adviser to the master fund, and expenses borne by the master fund.

Other Fees and Expenses for Private Funds— In addition to the other fees and expenses described in this Item 5.C, Private Funds ordinarily bear all organizational and operating expenses and in some cases, offering expenses. Those expenses may entail administrative fees and expenses; reporting expenses of the Private Fund or NBIA or its affiliates in connection with its operation of the Fund; insurance expenses; audit and tax preparation and other tax-related fees and expenses; legal and accounting fees; consulting fees; due diligence expenses; expenses associated with mailing and reproducing the Offering Memorandum, any amendments thereto and other communications with investors; and expenses relating to the organization, and the operation and winding-up of any special purpose vehicles. Private Funds also will generally pay any extraordinary and non-recurring expenses (including any extraordinary legal or litigation expenses and indemnification costs) and taxes, if any. Investors should refer to the applicable Offering Memorandum for more information with respect to the specific fees and expenses payable by a Private Fund. In certain instances, NBIA may reimburse the Private Fund for certain expenses.

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

NBIA and certain of the NB Registered Funds have been granted exemptive relief by the SEC to (a) permit certain registered open-end management investment companies advised by NBIA and that operate as "fund-of-funds" to acquire shares of certain affiliated and unaffiliated registered open-end management investment companies and unit investment trusts that are within and outside the same group of investment companies as the acquiring investment companies, and (b) to permit funds of funds relying on rule 12d1-2 under the Investment Company Act to invest in certain financial instruments. In addition, certain of the NB Registered Funds may invest in certain affiliated and unaffiliated registered open-end management investment companies, exchange-traded funds and unit investment trusts. As such, in addition to the fees and expenses directly associated with the NB Registered Funds, an investor in an NB Registered Fund that is structured as a fund-of-funds or that invests in affiliated and unaffiliated registered open-end management investment companies, exchange-traded funds and unit investment trusts, also indirectly bears the fees of the underlying unit investment trusts in which such NB Registered Funds invests, which may include advisory and administrative fees paid by the NB Registered

Funds to NBIA or its affiliates. The advisory fees charged by NBIA to those investment companies that are part of the same group of investment companies will be reviewed periodically by the Board of Trustees/Directors/Managers of each such NB Registered Fund to ensure that they are based on services provided that are in addition to, rather than duplicative of, services provided pursuant to the advisory agreement of any underlying NB Registered Fund in which such fund invests.

Other Fees and Expenses (General)— Clients will bear all other transaction and transfer related fees and expenses. Each of these additional costs may be charged to the client's account or reflected in the price paid or received for a given security or other asset. Those charges include (i) transfer taxes and any other applicable taxes; (ii) auction fees; (iii) exchange or similar fees (such as for American Depositary Receipts ("**ADRs**")) charged by third parties, including issuers or depositories; (iv) fees charged in connection with short sale transactions; (v) margin interest and fees for any securities that are deemed hard to borrow in connection with long/short strategies; (vi) mutual fund sales charges, including front-end and contingent deferred sales charges; (vii) electronic fund, wire, and other account transfer fees; (viii) commission charges for transactions in ordinary securities; (ix) dealer spreads, mark-ups or other charges by executing broker-dealers (including on fixed-income, non-U.S. securities, ADRs or other over-the-counter transactions) or spreads; (x) odd-lot differentials fees/expenses; (xi) mutual fund distribution and shareholder servicing fees pursuant to Rule 12b-1 Plans, as described in Item 5.E below; and (xii) any fees or other charges imposed or mandated by law.

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

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

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

D. Prepayment of Fees and Refunds

Separate Accounts— As described in Item 5.B, management fees for Private Asset Management Accounts are paid in advance. Management fees for Institutional Accounts are paid either in arrears or in advance, as provided in the contract between NBIA and the Institutional Account client. Separate Account clients who pay fees in advance are entitled to pro-rata reimbursement of that portion of the quarterly (or other fee calculation period) investment management fee paid for any portion of the quarter (or other fee calculation period) remaining as of the date the investment advisory relationship terminates; provided, however that clients may be responsible for any transaction costs, as applicable, related to the unwinding of transactions in connection with the termination of the Separate Account.

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

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

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

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

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

Non-Discretionary Accounts and Consulting Services—Payment of Non-Discretionary Account fees varies but, in general, is consistent with the basic fee information and terms described above for Separate Accounts. The manner of payment for Consulting Services and NBIA Software is individually negotiated.

With respect to other products offered by NBIA, investors should refer to the applicable Offering Documents for information regarding payment of fees, withdrawal and refund of fees (if applicable).

E. Sales Compensation

NBIA's products and strategies are marketed by the Firm's central salesforce, which also markets the products and strategies of NBIA's affiliates. Certain members of the central salesforce are registered representatives of NBBD, an affiliate of NBIA and a registered investment adviser and broker-dealer and member of the Financial Industry Regulatory Authority ("**FINRA**"). Subject to applicable law, certain members of the salesforce are entitled to a sales commission if NBIA is engaged to provide investment management services for a Separate Account or Sub-Advised Account client they have introduced to NBIA. NBIA may also utilize unaffiliated solicitors to assist in introducing Separate Account and Sub-Advised Account Clients. Subject to applicable law, NBIA would pay such solicitors a commission. The commission payable to the Firm's salesforce and unaffiliated solicitors is generally a percentage of the management fee paid to NBIA for a specified number of years, payable to the salesperson or third-party solicitor, as applicable, on the same basis as NBIA is paid, and, in the case of the Firm's salesforce, subject to the terms and conditions of the applicable Firm sales compensation plan and contingent compensation program.

Given that the salespersons may market a wide range of products offered by NBIA and its affiliates with differing sales compensation, the salespersons may have an incentive to promote or recommend certain products over others based on the compensation to be received and not on the specific requirements or investment objectives of the client. NBIA or its affiliates train its employees, including members of this salesforce, regarding suitability and sales of securities products to investors, which NBIA believes mitigates this potential conflict. Salespersons are also generally required to undergo product specific training for all products that they market. See Item 11.D.7. for additional discussion regarding potential conflicts of interest relating to compensation arrangements.

The Firm's central salesforce also markets the advisory products and services of NBIA for which certain members may not receive any direct compensation. Certain Firm employees who are not members of the central salesforce may be eligible to earn an account referral bonus for referring a client to NBIA.

NBIA may utilize affiliated and unaffiliated placement agents in offering Private Funds and NB PE Closed-End Funds to investors. The U.S. placement agents, including NBIA's affiliate, NBBD, are registered as broker-dealers with the SEC and are FINRA members. Each placement agent may receive a portion of NBIA's management fee or Performance Fee with respect to shares or

interests placed by such placement agent. See Item 10.C.1 and Item 14.B. Certain affiliated Private Funds may offer classes of interests that do not pay a commission.

Each placement agent may enter into sub-placement agreements with affiliates and unaffiliated third parties that may charge an investor, on a fully disclosed basis, a fee in connection with the purchase of shares in the Private Fund or NB PE Closed-End Fund. In the discretion of a placement agent, all or a portion of its placement fee may be allocated to such sub-placement agents. Each placement agent, in its sole discretion, may waive or reduce the placement fee for any investor, including any affiliate of such placement agent.

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

In certain instances, NBIA has the ability to select and substitute affiliated underlying funds in which an NB Registered Fund invests. NBIA may, therefore, be subject to potential conflicts of interest in selecting the underlying funds because its profitability with respect to certain affiliated underlying funds may be higher than others; however, as a fiduciary to each NB Registered Fund, NBIA is required to act in each NB Registered Fund's best interest when selecting the underlying investments. To this end, with respect to certain NB Registered Funds, NBIA has typically undertaken to waive a portion of the underlying affiliated NB Registered

Fund's advisory fee equal to the advisory fee it receives from such affiliated underlying NB Registered Fund on those assets, as described in the applicable NB Registered Fund's prospectus.

Certain NBIA strategies utilize a central trading desk to execute transactions (including exchange traded funds ("**ETFs**")) with third-party brokers for certain Client Accounts. With respect to the NB Registered Funds, such transactions are performed in accordance with the requirements of Rule 17e-1 under the Investment Company Act. NBIA does not offset its advisory or sub-advisory fee for the commissions its affiliates receive in connection with such transactions (note, however, that the advisory fee paid by Private Asset Management Accounts that have consented to the use of NBBD as broker is an all-inclusive fee for brokerage and advisory services; such Client Accounts will not be charged a separate brokerage commission). Please see Item 11.B.3 and Item 12 for a further discussion regarding NBIA's brokerage practices.

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

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

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

Performance Fees are fees that are based on a share of the capital gains or capital appreciation of the assets of an account. Examples of performance fee structures include:

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

NBIA charges Performance Fees in connection with certain of its Separate Accounts, Private Funds, NB PE Closed-End Funds and Sub-Advised Accounts. It does not charge Performance Fees with respect to its Non-Discretionary Accounts, Wrap Program accounts, Unbundled Program accounts, Dual Contract Program accounts, NB Mutual Funds, NB Closed-End Funds or Third-Party Mutual Funds.

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

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

To manage those potential conflicts, NBIA has adopted a number of compliance policies and procedures. These policies and procedures include (i) the Neuberger Berman Code of Ethics (see Item 11), (ii) the NBIA Compliance Manual, (iii) trade allocation and aggregation policies that seek to ensure that investment opportunities are allocated fairly among clients and that accounts are managed in accordance with their investment mandate, and (iv) allocation review

procedures reasonably designed to identify unfair or unequal treatment of accounts. NBIA does not consider fee structures in allocating investment opportunities. See also Item 11.D.6.

Item 7: Types of Clients

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

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

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

Equity

- Equity Income, Mid Cap Intrinsic Value, REIT, Small Cap Intrinsic Value, Socially Responsible Investing, China Equity, Large Cap Core, All Cap Core, All Cap Intrinsic Value and Global REIT mandates: $10 million

- Small Cap mandate: $100 million

Fixed Income

- Emerging Market Debt—Blend mandate: $150 million

- U.S. High Yield, Short Duration High Yield, Senior Floating Rate Loans, Global High Yield, European High Yield, Crossover Credit, Opportunistic Fixed Income, Global Opportunistic Fixed Income, Opportunistic Credit, Global Bond Absolute Return, Emerging Market Debt – Asian Bond, Emerging Market Debt—Hard Currency, Emerging Market Debt—Local Currency, Emerging Market Debt—Corporate, and Emerging Market Debt—Short Duration mandates: $100 million

- Municipal – Intermediate / Long Duration, Municipal – Cash / Short Duration, Diversified Currency and Diversified Currency High Alpha mandates: $25 million

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

- S&P 500 PutWrite (OTM), Global PutWrite (OTM), and Emerging Markets PutWrite (ATM), Russell 2000 Strangle, S&P 500 Strangle, and S&P 500 Iron Condor mandates: $10 million

- S&P 500 PutWrite (ATM), U.S. PutWrite (ATM), and Global PutWrite (ATM) mandates: $25 million

- Commodities, Multi-Asset Class Growth and Multi-Asset Class Income mandates: $50 million

- Dynamic Beta Navigator, Risk Premia – 5% Volatility, Risk Premia – 10% Volatility, Multi-Asset Class Global Absolute Return, Multi-Asset Class Global Relative Return, Multi-Style Premia and Velocity mandates: $100 million

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

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

Private Asset Management Accounts— Generally, there is a minimum size of $1 million for Private Asset Management Accounts while GPS Program accounts require a minimum $100,000 initial investment with an additional $5,000 minimum for subsequent investments. These minimums may be changed or waived for particular clients, including employees of NBIA or its affiliates.

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

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

NB Registered Funds— NBIA serves as investment adviser and administrator to the NB Registered Funds, which are open-end and closed-end investment companies that are registered under the Investment Company Act. Certain of the NB Registered Funds may only be sold to insurance company separate accounts in connection with variable life insurance contracts and variable annuity certificates and contracts issued by unaffiliated insurance companies and other qualified plans, accounts, funds and investors. Certain of the NB Registered Funds, including the NB PE Closed-End Funds, may only be sold to investors that are both (a) "accredited investors" under Regulation D under the Securities Act, and (b) "qualified clients" as defined in Rule 205-3 under the Investment Advisers Act. The eligibility and minimum investment requirements for the NB Registered Funds are described in each NB Registered Fund's Offering Documents.

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

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

Non-Discretionary and Consulting Services— The minimum account size for Non-Discretionary Accounts generally is consistent with the information described above for Separate Accounts. For certain Non-Discretionary Accounts account, size may be inapplicable. There is no minimum amount required in connection with Consulting Services.

Wealth Analysis— Wealth analyses are available to certain clients and prospective clients of NBIA.

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

A. Methods of Analyses

Investment Analysis

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

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

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

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

For certain Private Funds and Separate Accounts, NBIA invests the assets of the Private Funds or Separate Accounts in Portfolio Funds or Third-Party Separate Accounts. In reviewing investment opportunities, NBIA conducts due diligence and research on the Third-Party Portfolio Managers, the Portfolio Funds and the Third-Party Separate Accounts to satisfy itself as to the suitability of the Third-Party Portfolio Manager and the terms and conditions of the Portfolio Funds and the Third-Party Separate Accounts. NBIA allocates and reallocates the Private Funds' or Separate Accounts' assets among Third-Party Portfolio Managers using its knowledge and experience to assess the capabilities of the Third-Party Portfolio Managers and to determine the optimal mix of investment sectors and styles given the economic and investment environment.

Sources of Information

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

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

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

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

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

Investments for each NB Registered Fund are identified and selected by NBIA, either directly or through a sub-adviser. NBIA evaluates investments based on some of the information listed above and a variety of other factors as described in the Offering Documents for each NB Registered Fund. For certain NB Registered Funds, investments are identified and selected by third party sub-advisers that have been selected by NBIA and which may manage one or more

sub-portfolios of the overall fund. The investment methods used by each sub-adviser are monitored by NBIA.

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

With respect to its Consulting Services as well as generally for certain investment strategies, NBIA utilizes the NBIA Software, which uses proprietary models and provides tools for the analysis of mortgage loan portfolios. The NBIA Software also provides projections of variations, losses, prepayments and cash flows and facilitates the development of scenarios that explore alternative outcome horizons.

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

B. Investment Strategies

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

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

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

U.S. Registered Fund and Third-Party Mutual Fund is more particularly described in the fund's Offering Documents. Prospective investors should carefully read the applicable Offering Memorandum or Offering Document and consult with their own counsel and advisers as to all matters concerning an investment in any fund.

Fixed Income Strategies

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

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

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

NBIA's investments may be denominated in currencies other than the U.S. dollar. Those assets may be issued by sovereign entities and corporations. NBIA may use investments in derivative

instruments for hedging and non-hedging purposes. Derivative investments may only be entered into in accordance with a client's investment guidelines and applicable laws.

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

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

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

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

  Long Duration
  - Liability Driven Investing
  - Long Credit
  - Long Government Credit

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

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

- **Municipal Strategies**: NBIA manages municipal fixed income strategies that focus primarily on tax-exempt municipal securities, both state specific and general market. The credit quality and duration of the strategies may vary. The following are some of NBIA's significant municipal fixed income strategies:

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

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

  High Yield
  - U.S. High Yield
  - Short Duration High Yield
  - European High Yield
  - Quality Bias High Yield
  - Global High Yield

  Distressed Debt (Special Situations)

  Floating Rate Loans

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

- **Residential Mortgage Loan Strategy**: Through structured vehicles and separately managed accounts, NBIA provides exposure to the residential loan market. This strategy primarily focuses on products related to mortgage lending, residential, commercial, multi-family residential rental, mixed residential/commercial and investment mortgage loans, open and closed end home equity lines of credit and loans secured by real property or land ("**Mortgage Loans**"), real property, mortgage-backed and other asset-backed

securities, mortgage loan servicing rights, excess servicing spread, servicer advances, equity interests in related operating companies, and various types of interests therein or synthetic exposure thereto or other mortgage or real estate investments. Inherent in the purchase of Mortgage Loans may be real estate that must be held for resale or leased for a period of time. This strategy involves the retention and supervision of mortgage loan servicers who work with borrowers on an individual level to achieve favorable loan outcomes and may entail leverage.

Equity Strategies

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

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

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

NBIA equity strategies may also hold cash and cash equivalents.

NBIA's investments may be denominated in currencies other than the U.S. dollar. NBIA may use investments in derivative instruments for hedging and non-hedging purposes. Derivative investments may only be entered into in accordance with a client's investment guidelines and applicable laws.

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

- **Traditional Equity Strategies**: NBIA manages traditional equity investment approaches that are defined by or based upon a variety of factors including investment styles, market capitalization, geography or some combination thereof. Equity investment styles may include growth, a style that focuses on growth companies, value, a style that focuses on undervalued companies, core/blend, a style that is a combination of growth and value, as well as neutral style, which does not have a specific style approach. Market capitalization factors may include a focus on issuers with large market capitalization ("large-cap"), mid-size market capitalization ("mid-cap") or small market capitalization ("small-cap"), a combination thereof or all market capitalization range focus, or a market capitalization neutral approach. Geographic focus may include a global or multi-national approach, a specific geographic region or county focus, or approaches that are geographically neutral. Some traditional equity strategies may be diversified in terms of the number of holdings while others may be more concentrated and include a smaller number of holdings. The following are some of NBIA's significant traditional equity strategies:

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

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

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

Alternative Strategies

NBIA also offers alternative strategies that are managed by teams that specialize in alternative investing. Those strategies may invest in a wide variety of equity, fixed income, and other instruments and may incorporate NBIA's elements of equity and fixed income strategies or leverage the research from these strategies. These strategies may involve long-only investing or a combination of long and short investment, which may involve the use of derivatives and leverage. The following are some of NBIA's significant alternative strategies:

- Absolute Return Multi-Manager
- Uncorrelated Multi-Manager
- Global Equity Long/Short
- Global Credit Long/Short
- Greater China Long/Short
- Private Equity
- Alpha Capture
- Options (including PutWrite)
- Equity Long/Short
- Credit Long/Short
- All-Cap Alpha
- Commodities
- Diversified Arbitrage
- Distressed Credit
- Hedged Option Premium
- Event Driven

Multi-Asset Mandates

NBIA also manages Multi-Asset Mandates that may combine certain of the fixed income and equity strategies described above and may also utilize certain strategies of NBIA-affiliated investment advisers. The Multi-Asset Mandates may include investment processes that incorporate quantitative–based investing principles and quantitative–based strategic and tactical asset allocations models. The following are some of NBIA's significant Multi-Asset Mandates:

- Multi-Asset Class
- Global Tactical Asset Allocation
- Dynamic Beta Navigator
- Risk Premia
- Multi-Asset Income
- Inflation Managed
- Multi-Asset Growth

C. Material Risks

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

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

General Risks Across All Strategies

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

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

In addition to the risks listed here, there may be additional material risks associated with the types of products in which a Client Account invests. Clients should refer to the prospectus or other applicable offering documents of those particular products for a discussion of applicable risk factors for that particular investment.

- **Absence of Regulatory Oversight for Private Funds**. Private Funds, the Portfolio Funds in which the Private Funds invest and the Underlying Funds in which the NB PE Closed-End Funds invest may not be registered as investment companies under the Investment Company Act. To the extent they are not registered, investors in such funds will not have the benefit of the protection afforded by the Investment Company Act to investors in registered investment companies (which, among other protections, require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company).

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

- **Bankruptcy of a Custodian or Broker**. Assets of a Client Account held by a custodian or broker may be held in the name of the custodian or broker in a securities depository, clearing agency or omnibus customer account of such custodian or broker. To the extent that assets are held in the United States by a custodian in a segregated account or by a broker in a customer account, such assets may be entitled to certain protections from the claims of creditors of the custodian or broker. However, a Client Account with assets held in a segregated account by a custodian may experience delays and expense in receiving a distribution of such assets in the case of a bankruptcy, receivership or other insolvency proceeding of such custodian. Assets held by brokers in a customer account are entitled

to certain protections from the claims of creditors of the broker but may not have the same level of protection applicable to segregated accounts held by a non-broker custodian and thus may not be sufficient to satisfy the full amount of customer claims. Assets held by non-U.S. brokers or custodians may not be subject to the same regulations regarding the segregation of customer assets from the assets of the broker or custodian, or from assets held on behalf of other customers of the broker or custodian, and accordingly assets held by a non-U.S. broker or custodian may not be protected from the claims of creditors of the broker or custodian to the same extent as assets held by a U.S. broker or custodian.

- **Capital Contributions.** An investor's full commitment in an NB PE Closed-End Fund or a Private Fund that utilizes investor capital calls will not be immediately invested. It may take a significant amount of time to fully draw down the commitments. For example, an NB PE Closed-End Fund may invest directly and indirectly in Underlying Funds, which may draw down commitments over time. An NB PE Closed-End Fund's performance will be calculated taking into account only the commitments that have been drawn-down; thus an investor's performance that takes into account the investor's total commitment (including any undrawn amount) may be lower than the performance of the NB PE Closed-End Fund.

- **Commodity Risk**. A Client Account with investments in physical commodity-linked derivative instruments may be subject to greater volatility than an account with investments in traditional securities. The value of physical commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. To the extent that a Client Account may concentrate assets in a particular sector of the commodities market (such as oil, metal or agricultural products), it may be more susceptible to risks associated with those sectors.

- **Complex Tax Structures of Private Funds.** Private Funds and Portfolio Funds may involve complex tax structures and there may be delays in distributing important tax information to its investors.

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

- **Control Situations**. From time to time with respect to distressed debt investments, subject to applicable investment guidelines, NBIA on behalf of a Client Account will take control positions in an issuer in an effort to maximize value. Not only can control investments take an inordinately long period to exit, but they also can be highly resource-intensive and contentious. NBIA and the Client Account may be particularly vulnerable to

being named as defendants in litigation relating to their actions while in control of an issuer and may, from time to time, come into possession of material non-public information concerning specific issuers. If the issuer is a public company, until such material non-public information is made public, NBIA may be prohibited from trading the issuer's security for Client Accounts under applicable securities laws. Internal structures are in place to prevent misuse of such information. See Item 11.D.1.

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

- **Currency Risk.** Currency fluctuations could negatively impact investment gains or add to investment losses. The value of Client Accounts invested in currencies may rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. The investments may be hedged utilizing foreign currency forwards, foreign currency swaps, foreign currency futures, options on foreign currency and other currency related instruments. However, currency hedging transactions, while potentially reducing the currency risks to which a Client Account would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty. Where a Client Account engages in foreign exchange transactions which alter the currency exposure characteristics of its investments, the performance of such Client Account may be strongly influenced by movements in exchange rates as currency positions held by the Client Account may not correspond with the securities positions held. Where a Client Account enters into "cross hedging" transactions (e.g., utilizing currency different than the currency in which the security being hedged is denominated), the Client Account will be exposed to the risk that changes in the value of the currency used to hedge may not correlate with changes in the value of the currency in which the securities are denominated, which could result in losses in both the hedging transaction and the Client Account securities.

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

- **Derivatives Risk.** Derivatives are financial contracts whose value depend on, or are derived from, the value of an underlying asset, reference or index. In implementing certain of its investment strategies, NBIA may use derivatives, such as futures, options on futures, forward contracts and swaps, as part of a strategy designed to reduce exposure to

other risks or to take a position in an underlying asset. Derivatives may involve risks different from, or greater than, those associated with more traditional investments. Derivatives can be highly complex, can create investment leverage and may be highly volatile, which could result in the strategy losing more than the amount it invests. Derivatives may be difficult to value and highly illiquid, and NBIA may not be able to close out or sell a derivative position at a particular time or at an anticipated price. NBIA is not required to engage in derivative transactions, even when doing so would be beneficial to the Client Account.

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

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

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

If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Client Account could lose any gains that have accrued to it in the transaction and could miss investment opportunities or be required to hold investments it would prefer to sell, resulting in losses for the Client Account. If the counterparty defaults, a Client Account will have contractual remedies, but there can be no assurance that the counterparty will be able to meet its contractual obligations or that the Client Account will be able to enforce its rights. For example, the Client Account may be delayed or limited in enforcing its rights against any margin or collateral posted by the counterparty, which may result in the value of that collateral becoming insufficient. Also, because OTC derivatives transactions are individually negotiated with a specific counterparty, a Client Account is subject to the risk that a counterparty may interpret contractual terms (*e.g.*, the amount payable to or by the Client Account upon a default or other early termination) in a manner adverse to the Client

Account. The cost and unpredictability of the legal proceedings required to enforce a Client Account's contractual rights may lead the Client Account to decide not to pursue its claims against the counterparty.

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

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

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

Risk of Failure of a Clearing Broker to Comply with Margin Requirements. The clearing member is required to transfer to the clearing organization the amount of margin required by the clearing organization for the cleared derivatives. Such amounts are generally held in an omnibus account at the clearing organization for all customers of the clearing member. Regulations promulgated by the CFTC require that the clearing member notify the clearing organization of the portion of the aggregate initial margin provided by the clearing member to the clearing organization that is attributable to each customer. However, if the clearing member does not accurately report a Client Account's initial margin, the Client Account would be subject to the risk that the clearing organization will

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

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

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

limits, and any aggregation requirement, could materially limit the commodity interest positions NBIA may take for a Client Account and may cause NBIA to close out a Client Account's positions earlier than it might otherwise choose to do so.

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

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

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

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

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

- **Energy Risk**. Investments in energy are inherently subject to numerous risks arising from their operations, which may have an adverse effect on Client Accounts. The risks may include: (i) the risk that technology employed in an energy project will not be effective or efficient; (ii) risks of equipment failures, fuel interruptions, loss of sale and supply contracts or fuel contracts, decreases or escalations in power contract or fuel contract prices, reduced availability of natural gas or other commodities for transporting, processing or delivering, slowdowns in new construction, bankruptcy of key customers or suppliers, tort liability in excess of insurance coverage, inability to obtain desirable amounts of insurance at economic rates, and natural disasters, extreme weather, labor difficulties, threats or acts of terrorism, wars, embargoes and other catastrophic events; (iii) risks that regulations affecting the energy industry will change in a manner detrimental to the industry; (iv) environmental liability risks related to energy properties and projects; (v) uncertainty about the extent, quality and availability of oil, gas and coal reserves; (vi) the risk of changes in values of companies in the energy sector whose operations are affected by changes in prices and supplies of energy fuels (prices and supplies of energy fuels can fluctuate significantly over a short period of time due to changes in international politics, energy conservation, the success of explorations projects, the tax and other regulatory policies of various governments and the economic growth of countries that are large consumers of energy, as well as other factors).

- **ESG Investing Risk.** NBIA may consider ESG factors when managing Client Accounts. A Client Account could underperform similar accounts that do not take into account ESG factors. Specifically, the use of ESG factors could result in selling or avoiding stocks that subsequently perform well or purchasing stocks that subsequently underperform. NBIA may take ESG factors into account when voting proxies, which may not always be consistent with maximizing performance of the issuer or the Client Account.

- **ETF Risks.** Investing in an ETF exposes a Client Account to all of the risks of that ETF's investments and subjects it to a *pro rata* portion of the ETF's fees and expenses. As a result, the cost of investing in ETF shares may exceed the costs of investing directly in its

underlying investments. ETF shares trade on an exchange at a market price which may vary from the ETF's net asset value. ETFs may be purchased at prices that exceed the net asset value of their underlying investments and may be sold at prices below such net asset value. Because the market price of ETF shares depends on the demand in the market for them, the market price of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to track, and a Client Account may not be able to liquidate ETF holdings at the time and price desired, which may impact its performance.

- **Failure to Make Capital Contributions**. With respect to Underlying Funds and Private Funds that utilize investor capital calls, the consequences of defaulting on a capital call notice generally are material and adverse to the defaulting investor. In addition, if an investor fails to make a capital contribution when due and the capital contributions made by non-defaulting investors and short-term borrowings by the Underlying Fund or the Private Fund are inadequate to cover the defaulted capital contribution, the Underlying Fund or the Private Fund itself may be unable to pay its obligations when due. As a result, Underlying Funds and Private Funds may be subjected to significant penalties that could materially adversely affect the returns to the non-defaulting investors.

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

- **Fraudulent Conveyance Considerations**. Various laws enacted for the protection of creditors may apply to certain investments that are debt obligations, although the existence and applicability of such laws will vary from jurisdiction to jurisdiction. For example, if a court were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest or other lien securing such investment, and, after giving effect to such indebtedness, the borrower (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital

or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate such indebtedness and such security interest or other lien as a fraudulent conveyance, subordinate such indebtedness to existing or future creditors of the borrower or recover amounts previously paid by the borrower (including to a Client Account) in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, if an issuer in which a Client Account has an investment becomes insolvent, any payment made on such investment may be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year) before insolvency.

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

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

- **Geographic Risk**. From time to time, based on market or economic conditions, the Client Account may invest a significant portion of its assets in one country or geographic region. If the Client Account does so, there is a greater risk that economic, political, social and environmental conditions in that particular country or geographic region may have a

significant impact on the Client Account's performance and that the Client Account's performance will be more volatile than the performance of more geographically diversified accounts. The economies and financial markets of certain regions can be highly interdependent and may decline all at the same time. In addition, certain areas are prone to natural disasters such as earthquakes, volcanoes, droughts or tsunamis and are economically sensitive to environmental events. Alternatively, the lack of exposure to one or more countries or geographic regions may adversely affect performance.

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

- **High Frequency Trading**. Strategies involving frequent trading of securities can adversely affect investment performance, particularly through increased brokerage and other transaction expenses, including unfavorable tax consequences. NBIA will not generally seek to limit portfolio turnover when making investment decisions. Portfolio turnover can vary from year to year, as well as within a year. Portfolio turnover and brokerage and other transactions expenses may exceed those of investments of comparable size. Brokerage commissions, fees, taxes, and other transaction costs may be substantial, regardless of performance.

- **Independent Portfolio Managers.** The Private Funds invest with Third-Party Portfolio Managers that invest wholly independent of one another and may at times hold economically offsetting positions. A Third-Party Portfolio Manager may receive an incentive allocation for his/her portfolio during a certain period even though the Private Fund's overall portfolio depreciated during that same period.

- **Inflation-Linked Security Risk**. Inflation-linked debt securities are subject to the effects of changes in market interest rates caused by factors other than inflation (real interest rates). In general, the price of an inflation-linked security tends to decrease when real interest rates increase and can increase when real interest rates decrease. Interest payments on inflation-linked securities may vary widely and will fluctuate as the principal and interest are adjusted for inflation. Any increase in the principal amount of an inflation-linked debt security will be taxable ordinary income, even though the portfolio will not receive the principal until maturity. There can be no assurance that the inflation index used will accurately measure the real rate of inflation in the prices of goods and services. A portfolio's investments in inflation-linked securities may lose value in the event that the actual rate of inflation is different than the rate of the inflation index.

- **Investment Analyses**. From time to time, NBIA may provide 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. The client may be unable to execute the related transaction, or there could be a delay in the amount of time the client takes to execute the related transaction that renders the advice provided moot, potentially reducing any profit or causing a material loss. Analyses may be based on assumptions that are based upon a limited number of variables that may be 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 or other investment companies, its performance will be affected by the performance of those other investment companies. Investments in ETFs and other investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses. If a Client Account invests in other investment companies, the Client Account may receive distributions of taxable gains from portfolio transactions by that investment company and may recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.

- **Investments in Ultra-Liquid Assets.** A Client Account may at times keep a portion of its assets in cash, cash equivalents or other ultra-liquid assets, including, without limitation, currencies, bank deposits, certificates of deposit, bankers acceptances, one or more short duration funds (including, without limitation, money market instruments or investments in shares or units of money market funds) or government securities (both short-term and long-term). Such investments may be financed by entering into repurchase agreements or reverse repurchase agreements with the Client Account's brokers or by other means. Investors in Client Accounts should be aware that such investments usually produce a lower return than most other investments and therefore may impact the overall performance of a Client Account. An investor in a Client Account should not assume that an investment in such Client Account is less risky due to the levels of cash, cash equivalents, and other ultra-liquid assets held by such Client Account.

- **Investment Strategy and Portfolio Management Risk.** There can be no assurance that an investment strategy will produce an intended result, or would not result in losses to an investor, including, potentially, a complete loss of principal. The performance of a strategy depends on the skill of NBIA and its portfolio manager(s) in making appropriate investment decisions. Subjective decisions made by NBIA or a portfolio manager may cause a Client Account to incur losses or to miss profit opportunities on which it may otherwise have capitalized.

- **Lack of Operating History for Private Funds.** The Private Funds, the Portfolio Funds in which the Private Funds invest, NB PE Closed-End Funds and the Underlying Funds in which the NB PE Closed-End Funds invest may be newly formed and have no operating histories. As such, there is no guarantee that the funds will achieve their investment objectives.

- **Leverage Risk**. Certain Client Accounts in accordance with their investment guidelines may 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 may 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 may 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.

  Similarly, investments may 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.** Illiquid securities are securities that are not readily marketable, and, as a result, may be more difficult to purchase or sell at an advantageous price or time. A Client Account could lose money if it cannot sell a security at the time and price that would be most beneficial to it. Further, the lack of an established secondary market may make it more difficult to value illiquid securities, which could vary from the amount the Client Account could realize upon disposition. Judgment plays a greater role in pricing these investments than it does in pricing investments having more active markets, and there is a greater risk that the investments may not be sold for the price at which they are carried. The sale of some illiquid securities may be subject to legal restrictions, which could be costly to the Client Account.

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

- **Limited Reporting for Private Funds.** While Private Funds and the Portfolio Funds in which they invest generally may provide periodic performance reports and annual audited financial statements, unless otherwise agreed to, they are not otherwise required to provide periodic pricing or valuation information to investors.

- **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. NBIA anticipates that the Firm or Client Accounts that invest in distressed debt or the residential mortgage loan strategies may 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 Private Funds, indemnification obligations will generally survive the dissolution of the Private Fund, and may cause NBIA to retain a material reserve from the winding-up proceeds distributed to investors.

- **Market Volatility.** Markets may at times be volatile and values of individual securities and other investments may decline significantly, and sometimes rapidly, in response to adverse issuer, political, regulatory, market, economic or other developments that may cause broad changes in market value, public perceptions concerning these developments, and adverse investor sentiment. Changes in the financial condition of a single issuer may impact a market as a whole. If a Client Account sells a portfolio position before it reaches its market peak, it may miss out on opportunities for better performance.

- **Master Limited Partnerships ("MLPs") Risk.** MLPs are limited partnerships that are publicly traded and which have the tax benefits of a limited partnership and the liquidity of a publicly traded company. Investments in securities (units) of MLPs involve risks that differ from an investment in common stock. Holders of the units of MLPs have more limited control and limited rights to vote on matters affecting the partnership. For example, unit holders may not elect the general partner or the directors of the general partner and they have limited ability to remove an MLP's general partner. MLPs may issue additional common units without unit holder approval, which would dilute existing unit holders. In addition, conflicts of interest may exist between common unit holders, subordinated unit holders and the general partner of an MLP, including a conflict arising as a result of incentive distribution payments. As an income producing investment, MLPs could be affected by increases in interest rates and inflation. There are also certain tax risks associated with an investment in units of MLPs, including the risk of depreciation recapture upon disposition, the risk of adjustments to income resulting from partnership-level tax audits and the risk of exposure to income taxes in multiple states.

- **MiFID II Risks.** There is a risk that Certain Client Accounts may be subject to non-U.S. regulations that are inconsistent with NBIA's standard trading practices. For example, recent revisions to the EU Markets in Financial Instruments Directive ("**MiFID II**") and related regulations limit a manager's ability to receive Products and Services from executing brokers (as such terms are defined therein). While NBIA is not directly subject

to these regulations, NBIA may 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 may include, but are not limited to: expanded use of client commission arrangements, commission sharing arrangements and similar arrangements; enhanced reporting on client commissions and the Services and Products obtained; and non-participation in the generation of soft dollar credits. NBIA expects the effective commission rates in these circumstances to be substantially similar to those paid by similarly situated Client Accounts. However, as result of these accommodations, investors in Client Accounts from certain jurisdictions may account for a lower percentage of soft dollar credits than otherwise similar investors (in such Client Accounts or otherwise) from other jurisdictions.

- **Model Valuations Risk.** Certain of investments made by NBIA, including those in asset-backed securities and mortgage loans, will be based, in part, on complex models, including the NBIA Software, that incorporate a range of different inputs. Inadequate or incorrect factual information, misstated assumptions, as well as unforeseeable changes in economic factors can cause these models to yield materially inaccurate valuations — even if the model is fundamentally sound. Moreover, there can be no assurance that NBIA's models are fundamentally sound or contain fully accurate data. The models used by NBIA will typically require certain market forecasts that are based on analytical models and assumptions. There can be no assurance that such models are accurate or that assumptions are not oversimplified, which would adversely affect market forecasts leading to potential losses and cash flow insufficiencies.

- **Non-U.S. and Emerging Markets Risk.** Non-U.S. securities involve risks in addition to those associated with comparable U.S. securities and can be more volatile and experience more rapid and extreme changes in price than U.S. securities. Additional risks include exposure to less developed or less efficient trading markets; social, political or economic instability; fluctuations in non-U.S. currencies; nationalization or expropriation of assets; settlement, custodial or other operational risks; less stringent auditing, accounting, financial reporting and legal standards; excessive taxation; and exchange control regulations. Adverse conditions in a particular region could negatively affect securities of countries whose economies appear to be unrelated or not interdependent. Compared to the United States, non-U.S. governments and markets often have less stringent accounting, disclosure and financial reporting requirements. As a result, non-U.S. securities can fluctuate more widely in price, and may also be less liquid, than comparable U.S. securities. Securities markets of countries other than the U.S. are generally smaller than U.S. securities markets with a limited number of issuers representing fewer industries. In many countries, there is less publicly available and lower quality information about issuers than is available in the reports and ratings published about issuers in the U.S. Many non-U.S. securities may be less liquid than U.S. securities, which could affect the investments under a strategy that utilizes these types of securities. For example, with respect to Client Accounts that invest in China A-shares through the Shanghai-Hong Kong Stock Connect program ("**Connect Program**"), the Connect Program is subject to quota limitations and an investor cannot purchase and sell the same security on the same trading day, which may restrict a Client Account's ability to invest in China A-shares

through the Connect Program and to enter into or exit trades on a timely basis. Further, trades on the Connect Program are subject to certain requirements prior to trading. If those requirements are not completed prior to the market opening, a Client Account cannot sell the shares on that trading day.

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

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

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

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

volatility of securities' prices and the liquidity of the Client Account's investments. Volatility or illiquidity could impair a Client Account's profitability or result in losses.

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

- **New Fund Risk.** A new fund may not be successful in implementing its investment strategy, and its investment strategy may not be successful under all future market conditions, either of which could result in the fund being liquidated at some future time without shareholder approval, where applicable, or at a time that may not be favorable for certain shareholders. New funds may not attract sufficient assets to achieve investment, trading or other efficiencies.

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

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

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

- **Options.** NBIA may invest in options on behalf of a Client Account. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than is an investment in the underlying securities. In theory, the writer (seller) of an uncovered call is subject to unlimited losses, but as a practical matter, the amount of potential loss is likely to be limited by reason of the option having only a limited term. The risk for a writer of a put option is that the price of the underlying securities may fall below the exercise price. The ability to trade in or exercise options may be restricted in the event that trading in the underlying securities interest becomes restricted.

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

  The market price of options written by a Client Account will be affected by many factors, including changes in the market price or dividend rates of underlying securities (or in the case of indices, the securities comprising such indices); changes in interest rates or exchange rates; changes in the actual or perceived volatility of the relevant stock market and underlying securities; and the time remaining before an option's expiration. The market price of an option also may be adversely affected if the market for the option becomes less liquid. In addition, since an American-style option allows the holder to exercise its rights any time prior to the option's expiration, the writer of an American-

style option has no control over when it may be required to fulfill its obligations as a writer of the option. (This risk is not present when writing a European-style option since the holder may only exercise the option on its expiration date.) There is also a risk of loss associated with the inability to close out of existing positions if those options were to become unavailable. In addition, regulatory agencies may impose exercise restrictions that may prevent the holder of an option from realizing value.

- **Performance-Based Fees and Allocations.** NBIA and its affiliates, the Third-Party Portfolio Managers and the general partners or managers of the Underlying Funds in which the NB PE Closed-End Funds invest may receive performance-based fees or allocations, including certain specified carried interests or other special allocations based on the returns to its investors. Such performance-based fees and allocations may create incentives for NBIA, its affiliates, the Third-Party Portfolio Managers or the general partners or managers of the Underlying Funds to make more risky or speculative investments than they would otherwise make. In addition, to the extent an NB PE Closed-End Fund makes its investments indirectly through one or more Underlying Funds, or a Separate Account or Private Funds makes its investments indirectly through one or more Portfolio Funds or Third-Party Separate Accounts, an investor in the NB PE Closed-End Fund, Private Fund or Separate Account may be subject to two levels of such performance fees or allocations. Consequently, the returns to investors will be lower than returns to a direct investor in the Underlying Fund, the Portfolio Fund or Third-Party Separate Account.

- **Private Funds - Lack of Liquidity.** There is no public market for interests in the Private Funds. Substantial transfer restrictions typically exist with respect to such interests. Investors can only redeem all or any permissible part of their investments in accordance with the governing documents of the Private Fund, and may be subject to suspensions and other restrictions.

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

- **Proxy Contests and Unfriendly Transactions.** A Client Account may 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) may fall, which may 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 may become the subject of litigation. Such litigation involves substantial uncertainties and may impose substantial cost and expense on the company participating in the transaction.

- **Quantitative Trading/Tools Risk.** Quantitative investment strategies rely heavily on proprietary quantitative models in seeking to exploit short-term and long-term relationships among securities prices and volatility. The models employed may not be well-suited to prevailing market conditions or may be unreliable, where unusual events specific to particular corporations or major events external to the operation of markets may cause extreme market moves that are inconsistent with the historic correlation and volatility structure of the market. The models may be formulated based on past market data which may not be indicative of future price movements. Models also may have hidden biases or exposure to broad structural or sentiment shifts. In the event actual events fail to conform to the assumptions underlying the models, losses could be incurred.

- **Recent Market Conditions.** Since the financial crisis that started in 2008, the U.S. and many non-U.S. economies continue to experience its after-effects, which have resulted, and may continue to result, in an unusually high degree of volatility in the financial markets, both U.S. and non-U.S. Reduced liquidity in fixed income and credit markets may negatively affect many issuers worldwide, which may have an adverse effect on Client Accounts.

  In addition, global economies and financial markets are increasingly interconnected, which increases the possibilities that conditions in one country or region might adversely impact issuers in a different country or region. For example, in the summer of 2015, stock markets in China suffered a significant downturn, which reduced the risk appetite for many investors in China. State involvement in the economy and stock markets in China is such that it has proven difficult to predict or gauge the growth prospects for the markets or economy, but the official statistics indicate a recent growth rate significantly lower than that in the early part of the decade.

  Some economists have expressed concern about the potential effects of global climate change on property values in coastal flood zones. A rise in sea levels or a storm-driven increase in coastal flooding could cause such properties to lose value or become unmarketable altogether. 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 these issues are driven largely by buyers' perceptions, it is difficult to know the time period over which they might unfold. Economists warn that, unlike previous declines in the real estate market, properties in coastal flood zones may not ever recover their value.

  The situation in the financial markets following the 2008 financial crisis resulted in the U.S. and other governments and the Federal Reserve and certain non-U.S. central banks taking steps to support financial markets. In some countries where economic conditions

have somewhat recovered, they are nevertheless perceived as still fragile. Withdrawal of government support, failure of efforts in response to the crisis, or investor perception that such efforts have not succeeded could adversely impact the value and liquidity of certain securities. The severity or duration of adverse economic conditions may also be affected by policy changes made by governments or quasi-governmental organizations, including changes in tax laws. The impact of new financial regulation legislation on the markets and the practical implications for market participants may not be fully known for some time. Regulatory changes are causing some financial services companies to exit long-standing lines of business, resulting in dislocations for other market participants. In addition, political events within the U.S. and abroad may affect investor and consumer confidence and may adversely impact financial markets and the broader economy, perhaps suddenly and to a significant degree. High public debt in a number of countries creates ongoing systemic and market risks and policymaking uncertainty. The numerous countries struggling under such public debt has brought to the forefront tension within the European economic structure that, if not handled skillfully, could result in economic disruption in the Eurozone, which could occur abruptly. The precise details and the resulting impact of the United Kingdom's vote to leave the European Union (the "EU"), commonly referred to as "Brexit," are impossible to know for sure at this point. On March 29, 2017, Prime Minister Theresa May provided formal notification of the United Kingdom's intention to withdraw from the EU pursuant to Article 50 of the Treaty of Lisbon to the European Council. This formal notification begins a two-year period of negotiations about the terms of the United Kingdom's exit from the EU. The effect on the United Kingdom's economy will likely depend on the nature of trade relations with the EU and other major economies following its exit, which are matters to be negotiated. The decision may cause increased volatility and have a significant adverse impact on world financial markets, other international trade agreements, and the United Kingdom and European economies, as well as the broader global economy for some time. Political and military events, including in North Korea, Venezuela, Syria, and other areas of the Middle East, and nationalist unrest in Europe, also may cause market disruptions.

These events and the potential for continuing market turbulence may have an adverse effect on Client Accounts. Because the impact on the markets has been widespread, it may be difficult to identify both risks and opportunities using past models of the interplay of market forces, or to predict the duration of these market conditions. Changes in market conditions will not have the same impact on all types of securities. Interest rates have been unusually low in recent years in the U.S. and abroad. However, the Federal Reserve has recently raised the target range for the federal funds rate several times. These rate increases, and the possibility that the Federal Reserve may continue with such rate increases, among other factors, could cause markets to experience continuing high volatility. The U.S. is also considering significant new investments in infrastructure and national defense which, coupled with lower federal tax revenues following the passage of the Tax Cuts and Jobs Act, could lead to increased government borrowing and higher interest rates. A significant increase in interest rates may cause a decline in the market for equity securities. Also, regulators have expressed concern that rate increases may contribute to price volatility. In addition, there is a risk that the prices of goods and services in the U.S. and many non-U.S. economies may decline over time, known as

deflation (the opposite of inflation). Deflation may have an adverse effect on stock prices and creditworthiness and may make defaults on debt more likely. If a country's economy slips into a deflationary pattern, it could last for a prolonged period and may be difficult to reverse.

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

  The results of the recent U.S. presidential election appear to herald significant changes in certain policies, which may result in less stringent prudential regulation of certain players in the financial markets. While these proposed policies are going through the political process, markets may react strongly to expectations, which could increase volatility, especially if a market's expectations for changes in government policies are not borne out.

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

- **Redemption Risk.** A Client Account may experience periods of heavy redemptions that could cause a Client Account to sell assets at inopportune times or at a loss or depressed value. Redemption risk is greater to the extent that one or more investors or intermediaries control a large percentage of investments in a Client Account, have short investment horizons, or have unpredictable cash flow needs. In addition, redemption risk is heightened during periods of declining or illiquid markets. Heavy redemptions, whether by a few large investors or many smaller investors, could hurt a Client Account's performance. Since the financial crisis that started in 2008, the Federal Reserve has attempted to stabilize the economy and support the economic recovery by keeping the federal funds rate (the interest rate at which depository institutions lend reserve balances to other depository institutions overnight) at or near zero percent. In addition, as part of its monetary stimulus program known as quantitative easing, the Federal Reserve purchased on the open market large quantities of securities issued or guaranteed by the U.S. government, its agencies or instrumentalities. The Federal Reserve raised the federal funds rate several times recently and plans to continue to gradually raise the federal funds rate. The Federal Reserve has also begun the process of balancing its portfolio by decreasing the number of securities it holds. A general rise in interest rates has the potential to cause investors to move out of fixed income securities on a large scale, which may increase redemptions from mutual funds that hold large amounts of fixed income securities. Such a move, coupled with a reduction in the ability or willingness of dealers and other institutional investors to buy or hold fixed income securities may result in decreased liquidity and increased volatility in the fixed income markets.

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

- **Repurchase Agreements and Reverse Repurchase Agreements.** In a repurchase agreement, the Client Account purchases securities from a bank or securities dealer that agrees to repurchase the securities from the Client Account at a higher price on demand or on a designated future date. Repurchase agreements generally are for a short period of time, usually less than a week. Costs, delays or losses could result if the selling party to a repurchase agreement becomes bankrupt or otherwise defaults.

  A reverse repurchase agreement involves the sale of a security, with an agreement to repurchase the same or substantially similar securities at an agreed upon price and date. As such, they are a form of financing and leverage. Whether such a transaction produces a gain for the Client Account depends upon the cost of the agreement and the income and

gains on the securities purchased with the proceeds received from the sale of the repurchased security. If the income and gain on the securities purchased fail to exceed the costs, or if the Client Account incurs a loss on such securities, the Client Account will incur a loss on the leveraged transactions. As a leveraging technique, reverse repurchase agreements may increase a Client Account's yield; however, such transactions also increase the Client Account's risks and may result in a loss of principal.

- **Risks of Investing in Affiliated Underlying Funds.** A Client Account may invest in affiliated underlying funds. The investment performance of such a Client Account is directly related to the investment performance of those affiliated underlying funds and to the allocation of its assets among those affiliated underlying funds. When a Client Account invests in affiliated underlying funds it is exposed to the same principal risks as the affiliated underlying funds as well as to the affiliated underlying funds' expenses in direct proportion to the allocation of its assets to the affiliated underlying funds, which could result in the duplication of certain fees, including, where applicable, management and administration fees. In instances where NBIA is the investment manager for both the Client Account and the affiliated underlying funds, it may be deemed to have a conflict of interest in determining the allocation of the Client Account to the affiliated underlying funds.

- **Risks Relating to Wealth Analyses.** From time to time, NBIA may provide a one-time wealth planning analysis. There can be no assurance that its Wealth Analyses will result in profitable investing or avoidance of loss, or the achievement of any financial goals. The Wealth Analysis 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. The Wealth Analysis is often time sensitive, especially during times of significant market volatility and the Wealth Analysis does not include any on-going or periodic review, follow-up or monitoring. WA Clients have sole discretion and final responsibility for deciding whether to buy, sell, hold or otherwise transact in any security. The client may be unable to execute the related transaction, or there could be a delay in the amount of time the client takes to execute the related transaction that renders the advice provided moot, potentially reducing any profit or causing a material loss. The Wealth Analysis may be based on assumptions that are based upon a limited number of variables that may be 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. Before implementing any financial plan, WA Clients should consider carefully the ramifications of purchasing products or services and seek further advice from the client's lawyer or accountant, including in connection with estate planning, taxes or small business owner planning issues. In addition, NBIA has designated specific employee(s) as NB Wealth Analyst(s) with oversight responsibilities for each Wealth Analysis produced for WA Clients. NB Wealth Analysts may hold financial planning educational or professional credentials, such as the Certified Financial Planner™ (CFP®) designation. Holding a professional designation typically indicates that the individual has completed certain courses or continuing education. NBIA does not, however, monitor compliance with any such professional credentials by any NB Wealth Analyst and makes no representations or warranties regarding the use of any such

professional designations or the educational or professional credentials of any NB Wealth Analyst. In addition, NBIA does not comply with any industry association standards or requirements in respect of the Wealth Analysis and any related discussions, and NBIA is not providing "financial planning services" as such term is defined by any industry associations, including but not limited to the CFP Board.

- **Risks Relating to the Guided Portfolio Solutions Program.** NBIA's GPS Program is managed by a team of experienced portfolio managers and investment analysts. GPS is an investment advisory service under which NBIA provides asset allocation and discretionary investment management by allocating assets among a portfolio of NB Registered Funds. NBIA's GPS Program involves various material risks. The following is a summary of material risks associated with investing in the GPS Program. Investors should also refer to the risk factor discussion in the prospectuses of the NB Registered Funds that are part of the GPS Program.

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

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

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

- **Short Sale Risk**. Short sales are subject to special risks. A short sale involves the sale by a Client Account of a security that it does not own with the hope of purchasing the same security at a later date at a lower price. An account may also enter into a short position through a forward commitment or a short derivative position through a futures contract or swap agreement. If the price of the security or derivative has increased during this time, then the account will incur a loss equal to the increase in price from the time that the short sale was entered into plus any premiums and interest paid to the third party.

Therefore, short sales involve the risk that losses may be exaggerated, potentially losing more money than the actual cost of the investment. Also, there is the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the account.

- **Swaps.** NBIA may utilize swaps where it believes it will further the objectives of a Client Account that permits such instruments. Swap agreements historically have been OTC, two-party contracts entered into primarily by institutional investors for periods typically ranging from a few weeks to more than one year. In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which may be adjusted for an interest factor. There are various types of swaps, including total return swaps, credit default swaps and interest rate swaps; all of these and other swaps are derivatives and as such, each is subject to the general risks relating to derivatives described herein.

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

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

  Among other techniques, a Client Account may use interest rate swaps in an effort to offset declines in the value of fixed income securities held in the Client Account. In such an instance, NBIA may agree with a counterparty to pay a fixed rate (multiplied by a

notional amount) and the counterparty to pay a floating rate multiplied by the same notional amount. If long-term interest rates rise, resulting in a diminution in the value of the Client Account's portfolio, the Client Account would receive payments under the swap that would offset, in whole or in part, such diminution in value; if interest rates fall, the Client Account would likely lose money on the swap transaction. NBIA may also enter into constant maturity swaps, which are a variation of the typical interest rate swap. Constant maturity swaps are exposed to changes in long-term interest rate movements.

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

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

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.

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

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

Credit Linked Notes. A Client Account may invest in structured instruments known as credit linked securities or credit linked notes ("CLNs"). CLNs are typically issued by a limited purpose trust or other vehicle (the "CLN trust") that, in turn, invests in a derivative or basket of derivatives instruments, such as credit default swaps, interest rate swaps or other securities, in order to provide exposure to certain high yield, sovereign debt, emerging markets, or other fixed income markets. Generally, investments in CLNs represent the right to receive periodic income payments (in the form of distributions) and payment of principal at the end of the term of the CLN. However, these payments are

conditioned on the CLN trust's receipt of payments from, and the CLN trust's potential obligations to, the counterparties to the derivative instruments and other securities in which the CLN trust invests. For example, the CLN trust may sell one or more credit default swaps, under which the CLN trust would receive a stream of payments over the term of the swap agreements provided that no event of default has occurred with respect to the referenced debt obligation upon which the swap is based. If a default were to occur, the stream of payments may stop and the CLN trust would be obligated to pay the counterparty the par (or other agreed upon value) of the referenced debt obligation. This, in turn, would reduce the amount of income and principal that a Client Account would receive as an investor in the CLN trust.

A Client Account may enter into CLNs to gain access to sovereign debt and securities in emerging markets, particularly in markets where the Client Account is not able to purchase securities directly due to domicile restrictions or tax restrictions or tariffs. In such an instance, the issuer of the CLN may purchase the reference security directly or gain exposure through a credit default swap or other derivative. Investments in CLNs are subject to the risks associated with the underlying reference obligations and derivative instruments, including, among others, credit risk, default risk, counterparty risk, interest rate risk, leverage risk and management risk.

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

- **Systemic Risk General.** Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which NBIA interacts on a daily basis.

- **Systemic Risk – European Sovereign Debt Crisis.** The ongoing European sovereign debt crisis has raised questions concerning the financial stability of certain European Union and Eurozone members, including the continued viability of the Eurozone's single currency and increased the risk of a possible failure of the euro or the exit of one or more countries from the Eurozone (see "*Recent Market Conditions*" in this Item 12.A). Europe is experiencing continuing challenges as a result of certain member-countries' financial difficulties and the uncertainty around their fiscal and monetary policy direction. These developments may exacerbate the risks resulting from a Client Account's exposure to euro-related currency fluctuations. Investments that are denominated in a foreign

currency, such as euros, will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Volatility in the currency markets may result in a Client Account's investment portfolio incurring higher costs and may adversely impact the profitability and cash flows from operations of its portfolio companies. As a result, a decline in the value of the euro may reduce a Client Account's returns from exits of euro-dominated investments. The potential adverse fluctuations in foreign currency exchange rates and the costs associated with conversion of investment principal and income from one currency into another may adversely impact a Client Account's returns. Although it is difficult to forecast all of the consequences of a failure of the euro or the exit of one or more countries from the Eurozone, one possible outcome is a rise in interest rates on the sovereign debt of one or more troubled European nations, which could lead to a failure or series of failures in performance of sovereign debt. Given the high degree of exposure to European sovereign debt by European financial institutions, this may increase the risk of a failure by one or more European financial institutions. Any such failure could have a material adverse effect on one or more of a Client Account's portfolio investments or the Client Account itself. A Client Account may have exposure, directly or indirectly (including through portfolio investments) to counterparties that have significant exposure to, or themselves are, European financial institutions.

- **Tax Reform Risks**. On December 22, 2017, the President of the United States signed into law new tax legislation, commonly referred to as the Tax Cuts and Jobs Act. Many provisions of the Tax Cuts and Jobs Act are complex and, in certain cases, additional guidance will be necessary to interpret certain of the provisions. Although it is expected that U.S. Treasury Regulations or other guidance will be issued to provide additional clarification, the timing of any such guidance is not known. As a result, the effects that the Tax Cuts and Jobs Act will have on investments in Client Accounts, and on the investment activities of Client Accounts, remain uncertain.

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

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

- **Tracking Error Risk.** Tracking error risk refers to the risk that the performance of a Client Account may 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 may cause the performance of a Client Account to be less or more than expected.

- **Valuation Risk.** The price at which a Client Account could sell any particular investment may differ from the Client Account's valuation of the investment. Such differences could be significant, particularly for illiquid securities and securities that trade in relatively thin markets or markets that experience extreme volatility. If market or other conditions make it difficult to value some investments, the Client Account may value these investments using more subjective methods, such as fair value methodologies. For Client Accounts that generate a daily net asset value, such as NB Registered Funds, investors who purchase or redeem shares on days when the NB Registered Fund is holding fair-valued securities may receive fewer or more shares, or lower or higher redemption proceeds, than they would have received if the NB Registered Fund had not fair-valued the securities or had used a different valuation methodology. The value of non-U.S. securities, certain futures and fixed income securities, and currencies, as applicable, may be materially affected by events after the close of the markets on which they are traded but before the Client Account determines its net asset value. A Client Account's ability to value its investments in an accurate and timely manner may be impacted by technological issues or errors by third party service providers, such as pricing services or accounting agents.

- **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 may expose the Client Account to counterparty risk of default as well as the risk that securities may 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 may not be as favorable as (or the yield may be more favorable than) that obtained in the transaction.

Additional Risks for Fixed Income Strategies

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

- **Asset-Backed Securities**. Asset-backed securities represent direct or indirect participations in, or are secured by and payable from, pools of assets such as, among other things, motor vehicle installment sales contracts, installment loan contracts, leases of various types of real and personal property, and receivables from revolving credit (credit card) agreements, or a combination of the foregoing. These assets are securitized through

the use of trusts and special purpose vehicles. Credit enhancements, such as various forms of cash collateral accounts or letters of credit, may support payments of principal and interest on asset-backed securities. Although these securities may be supported by letters of credit or other credit enhancements, payment of interest and principal ultimately depends upon individuals or other borrowers paying the underlying loans, which may be affected adversely by general downturns in the economy. Asset-backed securities are subject to the same risk of prepayment associated with mortgage-backed securities.

- **Bank Loan Agents**. Bank loans are typically administered by a bank, insurance company, finance company or other financial institution (the "**agent**") for a lending syndicate of financial institutions. In a typical bank loan, the agent administers the terms of the loan agreement and is responsible for the collection of principal and interest and fee payments from the borrower and the apportionment of these payments to all lenders that are parties to the loan agreement. In addition, an institution (which may be the agent) may hold collateral on behalf of the lenders. Typically, under loan agreements, the agent is given broad authority in monitoring the borrower's performance and is obligated to use the same care it would use in the management of its own property. In asserting rights against a borrower, the Client Account normally would be dependent on the willingness of the lead bank to assert these rights, or upon a vote of the lenders to authorize the action.

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

- **Call Risk.** When interest rates are low, issuers will often repay the obligation underlying a "callable security" earlier than expected, thereby affecting the investment's average life and perhaps its yield. Furthermore, the Client Account will likely have to reinvest the proceeds from the called security at the current, lower rates.

- **Collateralized Loan Obligations ("CLOs") and Collateralized Debt Obligations ("CDOs").** Certain Client Accounts invest in CLOs and CDOs. CLOs and CDOs issue classes or "tranches" that vary in risk and yield. The value of CLOs and CDOs generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CLO or CDO, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Client Accounts that invest in CLOs and CDOs may experience substantial losses due to actual defaults, decrease of market value due to collateral defaults and disappearance of subordinate tranches, market anticipation of defaults, and investor aversion to CLO and CDO securities as a class. The risks of investing in CLOs and CDOs depend largely on the type of the

underlying collateral. Holders of CLOs or CDOs rely on distributions from the underlying collateral or proceeds thereof for payment in respect of the applicable CLO or CDO. If distributions on the underlying collateral are insufficient to make payments on the CLOs or CDOs, generally, no other assets are available for payment of the deficiency, and following realization of the CLOs or CDOs, the obligations of the issuer to pay such deficiency will generally be extinguished.

- **Credit Risk**. A Client Account could lose money if the issuer or guarantor of a security (including a security purchased with securities lending collateral), or the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as unable or unwilling, to honor its obligations. The downgrade of the credit of a security or of the issuer of the security held by the Client Account may lessen its value. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

- **Dilution.** A Private Fund may invest in Portfolio Funds that limit the amount of additional capital which they will accept from an investor. In such cases, continued sales of interests in the Portfolio Fund will dilute the participation of existing investors in the Portfolio Funds.

- **Distressed Securities.** A Client Account where the strategy invests in distressed securities may be exposed to greater risks than if the strategy invested only in higher-grade securities. Distressed securities are those issued by companies that are, or might be, involved in reorganizations or financial restructurings, either out of court or in bankruptcy. As a result, it is often difficult to obtain information as to the true condition of financially distressed securities. In certain periods, there may be little or no liquidity in the markets for distressed securities or instruments. The prices of such securities may be subject to periods of abrupt and erratic market movements and above-average price volatility and it may be more difficult to value such securities. The Client Account may lose a substantial portion or all of its investment in distressed securities or it may be required to accept cash or securities with a value less than the Client Account's original investment.

- **Fixed-Income Securities.** Fixed-income securities include traditional debt securities issued by corporations, such as bonds and debentures and debt securities that are convertible into common stock and interests. The market value of fixed-income securities is sensitive to changes in interest rates. In general, when interest rates rise, a fixed-income security's market value declines and when interest rates decline, its value rises. Normally, the longer the remaining maturity of a security, the greater the effect of interest rate changes on the market value of the security. In addition, changes in the ability of an issuer to make payments of interest and principal and in the market's perception of an issuer's creditworthiness affect the market value of fixed-income securities of that issuer.

  Fixed-income securities may also be subject to yield curve risk. When the yield curve shifts, the price of a bond which was initially priced based on the initial yield curve will

change. Yield curve risk is reduced by keeping the duration of the bond portfolio relatively short.

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

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

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

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

- **Junior Loans.** NBIA's loan strategy may utilize secured and unsecured subordinated loans and second lien loans (collectively, "**Junior Loans**"). Secured second lien loans are generally second in line in terms of repayment priority. A secured second lien loan may have a claim on the same collateral pool as the first lien or may be secured by a separate set of assets, such as property, plants, or equipment. Second lien loans generally give investors priority over general unsecured creditors in the event of an asset sale.

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

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

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

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

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

- **Lower-Rated Debt Securities.** Fixed income securities receiving below investment grade ratings may have speculative characteristics, and, compared to higher-grade securities, may have a weakened capacity to make principal and interest payments in adverse economic conditions or other circumstances. High-yield, high-risk, and lower-rated securities are subject to additional risk factors, such as increased possibility of default, decreased liquidity and fluctuations in value due to public perception of the issuer of such securities. In addition, both individual high-yield securities and the entire high-yield bond market can experience sharp price swings due to a variety of factors, including changes in economic forecasts, stock market activity, large sustained sales by major investors or a high profile default.

- **Managed Account Allocations.** A Private Fund may place assets with Third-Party Portfolio Managers by opening discretionary managed accounts rather than investing in funds and other private investment companies. Managed accounts expose the underlying portfolio to theoretically unlimited liability, and it is possible that a fund could lose more in a managed account managed by a particular Third-Party Portfolio Manager than the Private Fund had allocated to such Third-Party Portfolio Manager to invest.

- **Mortgage-Backed Securities.** Mortgage-backed securities represent "pools" of mortgages and other assets, including consumer loans or receivables held in trust. Investment in mortgage-backed securities poses several risks, including market and credit risk. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-backed securities, making them more sensitive to interest rate changes. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the return in a Client Account because the Client Account may have to reinvest those funds at lower prevailing interest rates. Market risk reflects the risk that the price of a security may fluctuate over time. Credit risk reflects the risk that the strategy may not receive all or part of its principal or posted collateral, if any because the issuer or credit enhancer has defaulted on its obligations. In addition to these risks, the recent

events related to the United States housing market continue to have a negative impact on the value of some mortgage-backed securities and result in limited liquidity in the secondary market for mortgage-related securities.

NBIA may sell to-be-announced mortgage-backed securities ("**TBAs**") it has committed to purchase on behalf of Client Accounts before those securities are delivered to the account on the settlement date. The account may also enter into a TBA agreement and "roll over" such agreement prior to the settlement date by selling the obligation to purchase the pools set forth in the agreement and entering into a new TBA agreement for future delivery of mortgage-backed securities. TBA mortgage-backed securities may increase prepayment risks because the underlying mortgages may be less favorable than anticipated by NBIA.

- **Mortgage Loan Modification Risk.** Modification of troubled loans and real estate acquired with loan pools involves substantial risks including declines in the value of residential real estate, general economic conditions that contribute to declining home prices, deterioration of a borrower's ability to keep payments current on a modified loan or to refinance a loan, increases in the cost of property maintenance, taxes and insurance, natural disasters and casualty losses, borrower bankruptcies, moratoriums on foreclosures, zoning changes, incomplete or defective loan documentation, and fluctuations in interest rates. In addition, active federal and state government scrutiny and enforcement actions against mortgage loan holders and new legislation could adversely affect the ability to foreclose on a timely basis and impose conditions, restrictions and additional costs on loan modifications. The success of a loan modification program depends significantly on the ability of third party, unaffiliated servicers to follow modification guidelines, negotiate acceptable workout terms, provide delinquency notices, initiate foreclosure proceedings, monitor re-performing loans and liquidate real estate. Some servicing agreements with third parties provide for incentive compensation as a percentage of cash flows or profits from a modified loan. These arrangements could lead to more aggressive and riskier servicing practices by the servicer that adversely affect the results of a loan modification and may lead to legal or regulatory actions.

- **Municipal Securities.** Municipal securities rely on the creditworthiness or revenue production of their issuers. Municipal securities may be difficult to obtain because of limited supply, which may increase the cost of such securities and effectively reduce a strategy's yield. Typically, less information is available about a municipal issuer than is available for other types of securities issuers. Additionally, because interest income on municipal obligations is normally not subject to regular federal income taxation, the attractiveness of municipal obligations in relation to other investment alternatives is affected by changes in federal income tax rates applicable to, or the continuing tax-exempt status of, such interest income. In addition, a Client Account that concentrates its investments in a particular state's municipal bonds may be affected significantly by economic, regulatory or political developments affecting the ability of that state's issuers to pay interest or repay principal. Any provisions of the state's constitution and statutes which limit the taxing and spending authority of the state governmental entities may impair the ability of the state's issuers to pay principal or interest on their obligations.

Each state's economy may be sensitive to economic problems affecting particular industries. Future state or local political and economic developments, constitutional amendments, legislative measures, executive orders, administrative regulations, litigation and voter initiatives could have an adverse effect on the debt obligations of the state's issuers.

Certain municipal bonds may have restrictions in their offering documents that set the lowest denomination of an issue that can be purchased or sold subject to certain exceptions ("minimum denomination"). NBIA may make an allocation to a particular client from a municipal bond trade that is less than the minimum denomination for that municipal bond depending on several factors including the amount of assets in the account. If a client who was allocated an amount that was less than the minimum denomination sells the position, the fact that the client's position is below the minimum denomination may adversely affect the liquidity of the position unless the client has other securities from the issue that can be combined to reach the minimum denomination.

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

- **Physical Assets**. From time to time, particularly with respect to the distressed debt and residential mortgage loan strategies, a Client Account may be involved in transactions which result in the Client Account owning physical assets (typically collateral for secured loans acquired by the Client Account) directly. In such cases, the Client Account will be subject to all the risks inherent in owning physical assets such as real estate. These risks may include: general and local economic and social conditions; fluctuations in asset values; over-concentration in the physical asset, declines in the financial resources of the prospective purchasers or lessees for such assets; a drop in demand or an increase in the competition for such assets; storage, insurance and other maintenance costs; destruction, spoilage, impairment, damage, depreciation and obsolescence; changes in tax, environmental and other applicable laws and regulations, increasing the costs or restricting the use of such assets; environmental protection penalties and liabilities (including those attributable to the conduct of prior owners of such assets); increases in interest rates and, accordingly, of the cost of inventory as well as of the availability of financing in order to maintain such assets or to finance purchases of such assets; a shortage of financing (irrespective of interest rates); or increases in operating expenses which could adversely affect the value of such assets to a potential purchaser or lessee. There can be no assurance of the profitable ownership or operation of any physical asset. The cost of operating or maintaining an asset may materially exceed the income or sale proceeds generated by such asset, while such asset itself — as opposed to the loans formerly secured by such asset — may not generate any cash flow.

- **Prepayment and Extension Risk.** A Client Account's performance could be affected if borrowers pay back principal on certain debt securities, such as mortgage- or asset-backed securities, before or after the market anticipates such payments, shortening or lengthening their duration. Due to a decline in interest rates or an excess in cash flow, a debt security might be called or otherwise converted, prepaid or redeemed before maturity. As a result, a Client Account may have to reinvest the proceeds in an investment offering a lower yield, may not benefit from any increase in value that might otherwise result from declining interest rates and may lose any premium it paid to acquire the security. Higher interest rates generally result in slower payoffs, which effectively increase duration, heighten interest rate risk, and increase the potential for price declines. The prices of variable and floating rate securities (including loans) can be less sensitive to prepayment risk.

- **Rating Agency Risk.** NBIA may purchase securities for Client Accounts rated by a rating agency. NBIA may use these ratings to determine whether to purchase, sell or hold a security. Ratings are not absolute standards of quality. Securities with the same maturity, interest rate and rating may have different market prices. Credit ratings attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value. In addition, rating agencies may fail to make timely changes in credit ratings. An issuer's current financial condition may be better or worse than a rating indicates.

- **Residential Mortgage and Real Estate Related Investment Risks**. Certain Client Accounts invest in mortgage loans. This strategy involves risks, including, among others: (a) declines in the value of residential real estate, (b) risks related to general and local economic conditions, (c) possible lack of availability of mortgage funds for borrowers to refinance or sell their homes, (d) overbuilding, (e) the general deterioration of the borrower's ability to keep a modified or rehabilitated troubled mortgage loan current, (f) increases in competition, property taxes and operating expenses, (g) changes in zoning and other applicable laws, (h) costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems, (i) casualty or condemnation losses, (j) uninsured damages from floods, earthquakes or other natural disasters, (k) limitations on and variations in rents, (l) fluctuations in interest rates, (m) foreclosure moratoriums and other requirements or restrictions on foreclosures that may extend the time needed to foreclose, (n) the creation of new, or the extension of existing, homebuyer incentive programs, and (o) new servicing or loss mitigation requirements. To the extent that assets underlying a Client Account's investments are concentrated geographically, by property type or in certain other respects, the Client Account may be subject to certain of the foregoing risks to a greater extent. In addition, this strategy relies on the motivation of banks, thrifts, mortgage companies, residential real estate developers, certain government agencies, and other participants in the residential mortgage market to originate or sell mortgage loans and other real estate assets. New laws or regulations may be adopted that mitigate negative impacts of holding such assets.

- **Risks of Zero-Coupon and Deep Discount Bonds and PIK Securities.** Zero-coupon and deep discount bonds may experience volatility in market value due to changes in interest rates. Securities purchased on a when-issued or forward commitment basis are subject to the risk that when delivered they will be worth less than the agreed upon payment price. Bonds and preferred stocks that make "in-kind" payments ("**PIK Securities**") and other securities that do not pay regular income distributions may experience greater volatility in response to interest rate changes and issuer developments. Client Accounts that are required to make annual income distributions under the Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**") will accrue income on certain of these instruments and may be required to sell securities to obtain cash to meet such requirement. PIK Securities generally carry higher interest rates compared to bonds that make cash payments of interest to reflect the increased risks associated with the deferral of interest payments. PIK Securities may involve additional risk because the Client Account receives no cash payments until the maturity date or specified cash payment date. If the issuer of a PIK Security defaults, the Client Account may lose its entire investment.

- **Sovereign Debt Risk.** Sovereign debt securities are subject to the risk that a governmental entity may delay or refuse to pay interest or repay principal on its sovereign debt, due, for example, to cash flow problems, insufficient foreign currency reserves, political considerations, the relative size of the governmental entity's debt position in relation to the economy, its policy toward international lenders or the failure to put in place economic reforms required by multilateral agencies. If a governmental entity defaults, it may ask for more time in which to pay or for further loans. There is no legal process for collecting sovereign debt that a government does not pay nor are there bankruptcy proceedings through which all or part of the sovereign debt that a governmental entity has not repaid may be collected.

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

- **Stripped Mortgage-Backed Securities Risk.** Stripped mortgage-backed securities ("**SBMS**") are derivative multi-class mortgage securities issued by agencies and instrumentalities of the U.S. Government or by private originators of, or investors in, mortgage loans. They are typically structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. As such, these classes can be very sensitive to changes in interest rates and the rate of prepayments.

- **Stripped Securities Risk.** Stripped securities are the separate income or principal components of debt securities. These securities are particularly sensitive to changes in

interest rates, resulting in greater fluctuations in price than other debt securities and traditional government securities with identical credit ratings.

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

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

- **Trade Claims**. Certain Client Accounts that invest in distressed debt may acquire trade claims — i.e., amounts due from a company to its suppliers. Trade claims are not "securities" for regulatory purposes, and a Client Account, in investing in trade claims, will not have the protection of the securities laws. Trade claims are typically highly illiquid and may have a relatively junior position as compared to securities and other debt owed by the issuer. There may be defenses to trade claims — for example, the services or products furnished not meeting specifications — of which NBIA may not be aware at the time of a Client Account's acquisition of such claims.

- **Transparency Risk:** Although NBIA receives detailed information from each Third-Party Portfolio Manager with which the Private Funds invest regarding its investment performance and investment strategy, NBIA may have little or no means of independently verifying this information. A Third-Party Portfolio Manager may use proprietary investment strategies that are not fully disclosed to NBIA, which may involve risks that are not anticipated by NBIA.

- **U.S. Government/Agency Risk.** U.S. Government/Agency Risk is the risk that the U.S. Government will not provide financial support to U.S. Government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. Not all U.S. Government securities are backed or guaranteed by the U.S. Government. Some U.S. Government securities are supported only by the credit of the issuing agency, which depends entirely on its own resources to repay the debt, and are subject to the risk of

default. For example, U.S. Government securities issued by the Federal National Mortgage Association ("**Fannie Mae**"), Federal Home Loan Mortgage Corporation ("**Freddie Mac**") and Federal Home Loan Banks may be chartered or sponsored by Acts of Congress, but their securities are neither issued nor guaranteed by the United States Treasury. Therefore, these securities are not backed by the full faith and credit of the United States. The maximum potential liability of the issuers of some U.S. Government securities may greatly exceed their current resources, including their legal right to support from the U.S. Treasury. It is possible that these issuers will not have the funds to meet their payment obligations in the future. Importantly, the future of the entities is in serious question as the U.S. government continues to consider multiple options, including privatization, consolidation, and abolishment of the entities.

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

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

Additional Risks for Equity Strategies

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

- **Brokerage Commissions/Transaction Costs/High Portfolio Turnover Risk.** With respect to those accounts which pay separate commissions, a high portfolio turnover rate increases a strategy's transaction costs, including brokerage commissions and dealer costs). Further, higher portfolio turnover may 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 (which may be an index, ETF or

basket) on which the options positions are based, and as a result, the option strategy performance may 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 may appreciate while the value of the equity portfolio declines in value. This may 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 may cause their prices to fluctuate over time. Historically, the equity markets have moved in cycles and the value of a strategy's securities may fluctuate substantially from day to day. Investments in income-producing equity securities are also subject to the risk that the issuer may 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.

- **New Issues.** A Client Account may invest in "new issues." Therefore, such Client Account may have "new issues" profits or losses. A "new issue" generally is any initial public offering of an equity security, as defined in Section 3(a)(11) of the Securities Exchange Act of 1934, as amended. Under the rules adopted by FINRA, certain persons engaged in the securities, banking or financial services industries (and certain members of their respective families) are restricted from having profits and losses attributable to investments in "new issues" allocated to them, subject to a ten percent (10%) de minimis exemption. Such restricted persons may have an economic disadvantage as compared to those investors in such Client Account who do participate in "new issues" since some of the Client Account's assets will be indirectly used to fund the purchase of "new issues" as to which the "restricted persons" will derive no benefit.

- **Ownership Restrictions.** Certain investment strategies pursued by a Client Account, including control investment strategies, may be affected by applicable U.S. state and federal laws and regulations, as well as non-U.S. laws and regulations, governing the beneficial ownership of public securities. These laws and regulations may inhibit a Client Account's ability to freely acquire and dispose of the securities of an investment that is the subject of such investment strategies. Should a Client Account be affected by such laws and regulations, it may not be able to transact in ways that would facilitate a realization of value of the investment. Accordingly, such changes, if any, could have an adverse effect on the ability of a Client Account to achieve its investment objective.

- **Private Investments in Public Companies.** Private investments in public companies ("PIPES") present certain risks not associated with open market purchases of equity securities. In a typical PIPES transaction, a Client Account will acquire, directly from a company seeking to raise capital in a private placement pursuant to Regulation D under the Securities Act, common stock or a security convertible into common stock, such as convertible notes or convertible preferred stock. The issuing company's common stock is usually publicly traded on a U.S. securities exchange or in the over-the-counter market, but the securities acquired by such Client Account will be subject to restrictions on resale imposed by federal securities laws absent an effective registration statement. If the securities cannot be registered for public resale in a timely manner or at all, they may be saleable only in a privately negotiated transaction and possibly at a price less than that paid by such Client Account, assuming a suitable buyer can be found. Even if the shares are registered for public resale, the market for the company's securities may nevertheless be "thin" or "illiquid," making the sale of securities at desired prices or in desired quantities difficult or impossible. As a seller of securities in a registered public offering, the relevant Client Account may be deemed to be a statutory "underwriter" under the Securities Act, and in that capacity liable for misstatements or omissions in the offering documents prepared by the issuing company. While the Client Account typically will be indemnified by the issuing company against such liabilities, the issuing company may not have the financial resources to satisfy its indemnification obligations. Furthermore, it is the position of the SEC staff that indemnification for violations of the Securities Act is against public policy and therefore unenforceable. While the price paid by a Client Account will usually be at a discount to the public trading price at the time of purchase, by the time such Client Account is able to dispose of its shares in a public sale the market price for the issuing company's securities may be below the price paid by the Client Account, or the sale by the Client Account and other holders with similar registration rights at or about the same time may cause the market price of the issuing company's common stock to decline substantially before the Client Account is able to dispose of any or all of its investment. The ability to sell shares in an underwritten public offering will be largely dependent upon various economic and market conditions, over which the issuing company, the Client Account, and NBIA will have no control.

- **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 may be 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 may 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 may 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 may result in duplicative expenses. In addition, there are special risks associated with investing in preferred securities such as preferred REITs. The risks may include the following: (i) such preferred securities may 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 may 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 may trade less frequently and in a more limited volume and may be subject to more abrupt or erratic price movements than many other securities.

- **Value Stock Risk.** Value stocks may remain undervalued during a given period or may not ever realize their full value. This may happen, among other reasons, because of a failure to anticipate which stocks or industries would benefit from changing market or economic conditions.

Additional Risks for Alternative Strategies

The following is a summary of material risks specific to NBIA alternative investment strategies that should be considered along with the general risks listed above. In addition, the risks listed above relating to fixed income and equity strategies 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 NBIA alternative investment strategies or apply to a material degree.

- **Absolute Return Risk.** A Client Account's returns may 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 may 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 may become correlated at certain times. During these circumstances, a Client Account's absolute return focus may not function as anticipated.

- **EU Directive on Alternative Investment Fund Managers.** Since July 2013, the EU Directive on Alternative Investment Fund Managers ("**AIFMD**") has applied to alternative investment fund managers ("**AIFMs**") that manage and/or actively market alternative investment funds ("**AIFs**") within the European Union. A Client Account may 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 may 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 may not always be complementary, which could adversely affect the performance of a Client Account. A sub-adviser's strategy may 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 may 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 may cause unnecessary brokerage and other expenses.

- **Special Situations Risk.** A Client Account's use of event-driven and arbitrage strategies will cause it to invest in actual or anticipated special situations – i.e., acquisitions, spin-offs, reorganizations and liquidations, tender offers and bankruptcies. These transactions may not be completed as anticipated or may take an excessive amount of time to be completed. They may also be completed on different terms than anticipated. Some special situations are sufficiently uncertain that the product may lose its entire investment in the situation. A Client Account may receive illiquid securities as a result of its investment in certain special situations. It also may be difficult to obtain complete financial information about companies involved in certain situations and management of such companies may be addressing a situation with which it has little experience.

- **Subsidiary Risk.** Certain NB Registered Funds may invest in wholly-owned subsidiaries ("**Subsidiary**") to seek commodities exposure. By investing in a Subsidiary, the NB Registered Fund is indirectly exposed to the risks associated with the Subsidiary's investments and operations. A Subsidiary is generally not registered under the Investment Company Act and may not be subject to all the investor protections of the Investment Company Act.

- **Risks of Private Equity Investments Generally**. Private equity investments entail a high degree of risk and in most cases are highly illiquid and difficult to value. Unless and until those investments are sold or mature into marketable securities they will remain illiquid. In addition to the extent a fund focuses on venture capital investments the companies in which the fund will invest may be in a conceptual or early stage of development, may not have a proven operating history, may offer services or products that are not yet developed or ready to be marketed or that have no established market, may be operating at a loss or have significant fluctuations in operating results, may be engaged in a rapidly changing business, may require substantial additional capital to support their operations to finance expansion or to maintain their competitive position, or otherwise may have a weak financial condition. As a general matter, companies in which the fund invests may face intense competition, including competition from companies with far greater financial resources; more extensive research, development, technological, marketing and other capabilities; and a larger number of qualified managerial and technical personnel.

  Generally a fund will not obtain or seek to obtain any control over the management of any portfolio company in which any fund may invest. The success of each investment made by a fund will largely depend on the ability and success of the management of the portfolio companies in addition to economic and market factors.

- **Limited Liquidity of Underlying Investments.** Generally, the Private Equity Securities, the interests in the Underlying Funds in which an NB PE Closed-End Fund may invest and the interests in the Portfolio Fund in which a Private Fund may invest are illiquid and cannot be transferred without the consent of the relevant general partner or managing member. These investments typically cannot be transferred or redeemed for a substantial period of time, and there may be little or no near-term cash flow available to investors in the interim. With respect to the Portfolio Funds in which the Private Funds may invest, the Portfolio Funds may suspend of limit the right of redemption under certain circumstances. Further, the Private Equity Securities and the interests in the Underlying Funds and the Portfolio Funds have not been and will not be registered under the Securities Act or applicable state securities laws. As such, there is no secondary market for those interests, and such a market is not expected to develop. Moreover, Private Funds and NB PE Closed-End Funds may not receive any distributions representing the return of capital for an indefinite period of time.

- **Special Risks Associated with Private Equity Investments.** An NB PE Closed-End Fund's investment portfolio will generally consist of investments in privately held

companies (either directly or through Underlying Funds), and operating results for the portfolio companies in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses and may include the following risks:

- **Buyout Funds.** Buyout transactions may result in new enterprises that are subject to extreme volatility, require time for maturity and may require additional capital. In addition, they frequently rely on borrowing significant amounts of capital, which can increase profit potential but at the same time increase the risk of loss. Leveraged companies may be subject to restrictive financial and operating covenants. The leverage may impair the ability of these companies to finance their future operations and capital needs. Also, their flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money was not used. Although these investments may offer the opportunity for significant gains, such buyout investments involve a high degree of business and financial risk that can result in substantial losses, which risks generally are greater than the risks of investing in public companies that may not be as leveraged.

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

- **Venture Funds.** Venture capital funds primarily invest in private companies that have limited operating histories, are attempting to develop or commercialize unproven technologies or to implement novel business plans or are not otherwise developed sufficiently to be self-sustaining financially or to become public. Although these investments may offer the opportunity for significant gains, such investments involve a high degree of business and financial risk that can result in

substantial losses, which risks generally are greater than the risks of investing in public companies that may be at a later stage of development.

- **Special Situations.** The special situations asset class will likely invest a significant portion of its assets in portfolio companies that may be in transition, out of favor, financially leveraged or troubled, or potentially troubled and may be or have recently been involved in major strategic actions, restructurings, bankruptcy, reorganization, or liquidation. These companies may be experiencing, or are expected to experience, financial difficulties that may never be overcome. The securities of such companies are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. Such investments could, in certain circumstances, subject an NB PE Closed-End Fund or Underlying Fund to certain additional potential liabilities. For example, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated, or disallowed, or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments by such companies to us could be required to be returned if any such payment is later determined to have been a fraudulent conveyance or a preferential payment. Numerous other risks also arise in the workout and bankruptcy contexts. In addition, there may be no minimum credit standard that is a prerequisite to an NB PE Closed-End Fund or Underlying Fund's investment in any instrument and a significant portion of the obligations and preferred stock in which an NB PE Closed-End Fund or Underlying Fund may invest may be less than investment grade.

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. NBIA has no items to disclose.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer or Registered Representative

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

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

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

C. Material Relationships

NBIA currently has certain relationships or arrangements with related persons that are material to its advisory business or its clients. Below is a discussion of such relationships/arrangements and conflicts that arise from them.

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

NBIA is affiliated with NBBD, a U.S. registered broker-dealer. In addition, most NBIA advisory personnel are registered representatives with FINRA through their affiliation with NBBD. See Item 11.B.8. For the majority of portfolio transactions for Separate Accounts, Wrap Program accounts, Unbundled Program accounts, and Dual Contract Program accounts, NBBD does not receive a brokerage commission for effecting securities trades. In those cases where NBBD does receive brokerage commissions, they are at a negotiated rate. For Private Asset Management Accounts, Clients generally pay an "all-inclusive fee" for advisory and brokerage services. Subject to applicable law, NBBD may receive sales commissions in connection with the sale of interests in affiliated Private Funds and NB Registered Funds, which sales commissions may be a portion of NBIA's management fee or Performance Fee with respect to such shares or interests. In addition, in its capacity as a registered broker-dealer, NBBD may execute transactions for certain of the NB Registered Funds and affiliated Private Funds and receive brokerage commissions in that regard. Further information on these functions and relationship is contained in the offering materials for such funds. All of these transactions for the NB Registered Funds are conducted in accordance with the requirements of Rule 17e-1 under the

Investment Company Act. NBBD is also registered as a Municipal Securities Dealer with the Municipal Securities Rulemaking Board. NBBD is the principal underwriter and distributor for the NB Registered Funds. In addition, registered representatives of NBBD offer and sell shares of the NB Registered Funds. NBBD may also act as a distributor for certain affiliated Private Funds and Sub-Advised Accounts. See Item 11.B.3 and Item 12.A.

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

NBIA may utilize placement agents in offering certain affiliated Private Funds and NB PE Closed-End Funds to investors. These placement agents may include NBBD or an unaffiliated registered broker-dealer. See Item 5.E. and Item 14.B. Officers of NBBD may also solicit Separate Account clients for NBIA.

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

2. Investment Company or other pooled investment vehicles

NBIA acts as adviser to the NB Registered Funds. NBIA also acts as an adviser or sub-adviser to the Private Funds where a related party may be a general partner, managing member or the adviser. Management persons of NBIA may act as officers and directors of Affiliated Funds. In addition, NBIA serves as a sub-adviser to Non-U.S. Registered Funds advised by affiliates of NBIA.

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

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

Subject to the investment guidelines and applicable law, NBIA may invest Client Accounts in Affiliated Funds. See Item 5.C regarding additional fees and expenses associated with investments in Affiliated Funds. NBIA has a conflict of interest to the extent that it recommends or invests Client Accounts in Affiliated Funds (rather than in Non-Affiliated Funds) because the Firm may benefit from increased subscriptions to the Affiliated Funds (i.e., larger funds) and

certain affiliates of NBIA may receive distribution fees, placement fees or other fees for distributing Affiliated Funds.

Neither NBIA nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Private Fund or NB Registered Fund. Because NBIA may receive a Performance Fee in connection with its management of certain Client Accounts, NBIA may be incentivized to devote a disproportionate amount of time and resources to those Client Accounts at the expense of other accounts that are charged only a management fee. NBIA and its related persons intend to devote as much time as they deem necessary for the management of each account, and will allocate investment opportunities between Private Funds, NB Registered Funds and other Client Accounts managed in a similar strategy in accordance with NBIA's trade allocation policy described in Item 12.B.

3. Other investment adviser or financial planner

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

SEC Registered Advisers:

Neuberger Berman Asia Limited
Neuberger Berman Europe Limited
Neuberger Berman BD LLC
Neuberger Berman Singapore Pte. Limited
Neuberger Berman Loan Advisers LLC
NB Alternatives Advisers LLC
Neuberger Berman Breton Hill ULC

Neuberger Berman AIFM Limited (Exempt Reporting Adviser)
BHC Macro Investment Management LLC (Exempt Reporting Adviser)

Non-SEC Registered Advisers:

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

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

In providing investment management services to its clients, NBIA may draw upon the portfolio management, trading, research, operational and administrative resources of its affiliates, including using affiliates to execute transactions for Client Accounts. Subject, in certain instances, to the written consent of the client and the regulatory status of the affiliate, NBIA may

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

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

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

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

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

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

NBBD is registered as a CTA and CFTC Introducing Broker. Employees of NBBD in their capacity as associated persons of NBBD may solicit prospective investors to invest in Private Funds or

Separate Accounts that trade commodity interests and are sponsored or managed by NBIA. See Item 10.C.1 and Item 10.C.3 for a description of NBIA's relationship with NBBD.

5. Banking or thrift institution

NBIA is affiliated with Neuberger Berman Trust Company N.A. and Neuberger Berman Trust Company of Delaware N.A. (together, "**NB Trust Companies**"). NB Trust Companies provide comprehensive fiduciary and wealth management services to high net worth individuals, families and their related entities, including investment management, custody, tax planning, trustee and executor services, planned giving and philanthropic advisory services. In addition, Neuberger Berman Trust Company N.A. provides investment management, custody, and other fiduciary services to institutional clients. For such accounts, NB Trust Companies utilize the investment platform of equity, fixed income and alternative products and strategies of its affiliates (including NBIA) as its primary investment option. Non-affiliated products and strategies are also available on a limited basis and generally as a complement to affiliated offerings. NB Trust Companies' preference for affiliated products and strategies may result in incremental benefits to NB Trust Companies, its affiliates (including NBIA) and their respective employees. Neuberger Berman Trust Company N.A. generally acts as the IRA custodian for IRA Private Asset Management Accounts for which NBBD acts as broker-dealer. NB Trust Companies may appoint NBIA to manage certain assets of clients of NB Trust Companies. Certain NBIA personnel provide investment management support and client relationship management services to NB Trust Companies, pursuant to an Administrative Services Agreement between NB Trust Companies and Neuberger Berman Group LLC.

In addition, certain NBIA personnel are also officers of Neuberger Berman Trust Company N.A. and, in their capacity as officers of the Neuberger Berman Trust Company N.A., provide portfolio management services to private investment vehicles sponsored by Neuberger Berman Trust Company N.A. In such cases, NBIA executes securities trades for those vehicles and provides back- and middle-office support.

6. Accountant or accounting firm

None.

7. Lawyer or law firm

None.

8. Insurance company or agency

None.

9. Pension consultant

None.

10. Real estate broker or dealer

None.

11. Sponsor or syndicator of limited partnerships

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

12. Administrator

None.

D. Selection of Other Investment Advisers

From time to time, NBIA may engage other advisers, including its affiliates, to act as sub-advisers for its Separate Accounts and its Affiliated Funds. In addition, from time to time, NBIA may delegate some or all of its role as adviser to certain Client Accounts to other advisers, including its affiliates. NBIA may invest client assets in the Affiliated Funds, Non-Affiliated Funds or Third-Party Separate Accounts. In connection with these investments and the selection of potential sub-advisers or advisers, NBIA makes recommendations or selections of underlying investment managers for these clients.

NBIA performs detailed due diligence on third party potential sub-advisers or advisers to its Client Accounts before selecting them, including but not limited to, analysis of the adviser's investment process and results, including the length of their track record, consideration of the assets under management, and interviews with members of the adviser's senior management and investment teams. NBIA's decision to invest with an adviser or sub-adviser depends upon various factors which may include the 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

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

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

In addition, the Conflicts Procedures impose certain additional requirements on Access Persons (as defined in the Conflicts Procedures) who are advisory persons. The Conflicts Procedures also require Access Persons to report personal securities transactions on at least a quarterly basis or as otherwise required and provide the Firm with a detailed summary of certain holdings (initially upon becoming an Access Person and annually thereafter) over which such Access Persons have a direct or indirect beneficial interest.

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

B. Participation or Interest in Client Transactions

NBIA may participate or have an interest in client transactions as described below. NBIA makes all investment management decisions in its clients' best interests.

1. *Principal and Agency Transactions*

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliate, buys from, or sells any security to, an advisory

client. For example, a principal transaction would occur if NBIA bought securities for its own inventory from an NBIA advisory client or sold securities from its inventory to an NBIA advisory client.

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

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

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

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

2. *Cross Transactions*

Cross trades involve the transfer, sale or purchase of assets from one client to another client without the use of a broker-dealer. For equities, NBIA may engage in cross trading where permissible, if it determines that such action and the conditions for the transaction would be favorable to both clients and the terms of the transaction are fair to both parties. For fixed income, generally, it is NBIA's policy not to engage in buying or selling of securities from one Client Account to another except in limited circumstances when it believes that the cross trade is in the best interest of both clients. The vast majority of trades made for Client Accounts will be executed through the open market or with reference to an independently established market price. For both equity and fixed income cross trades, neither NBIA nor its affiliates will receive transaction-based compensation from the trade. In certain situations, specific consent for each such transaction may be required from both parties to the transaction. Where an NB Registered Fund or a Third-Party Mutual Fund is involved, the transaction will be executed in accordance with the provisions of Rule 17a-7 under the Investment Company Act and any applicable policies and procedures approved by the NB Registered Fund's or Third-Party Mutual Fund's Board of Trustees.

3. *Affiliated Brokers*

NBIA is affiliated with NBBD, a U.S. registered broker-dealer. Most NBIA advisory personnel are registered representatives with FINRA through their affiliation with NBBD. Certain NBIA strategies utilize a central trading desk to execute transactions (including ETFs) with third-party brokers for certain Client Accounts. In the event NBIA were to execute a transaction on behalf of its clients with NBBD as broker, NBIA would generally only do so if it had received prior written authorization from the client and only in accordance with all applicable laws and regulations, including the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and Rule 17e-1 under the Investment Company Act. Such transaction would only be executed if NBBD provided best execution under the circumstances. See Item 12.A.

For the majority of Private Asset Management Accounts, NBBD will provide brokerage services. For those Private Asset Management Accounts which have consented to the use of NBBD as broker, clients will be charged an "all-inclusive" fee for brokerage and advisory services and will not be charged a separate brokerage commission. When a client opens a Private Asset Management Account, NBIA will seek the client's consent to effect brokerage transactions through NBBD, consistent with the requirements of the federal securities laws and other applicable laws. A client may grant or revoke this consent at any time. Clients will be advised that they are not required to use NBBD as broker for their account. Pursuant to the terms of the GPS Program, clients in the GPS Program are required to use NBBD as broker for their GPS Accounts.

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

4. *Financial Interests in Securities or Investment Products*

From time to time, employees of NBIA and its related persons who are registered representatives or associated persons of NBBD, a registered investment adviser and broker-dealer, CTA and CFTC Introducing Broker, may recommend to NBIA's clients that they buy or sell securities in which NBIA or a related person has a financial interest. Such financial interest could include having a business relationship (whether client, broker, vendor or investment consultant) or serving as investment adviser, general partner, managing member or director for a particular investment product. Furthermore, NBIA may invest Client Accounts in securities or other assets of companies with which NBIA or its affiliates has a business relationship, whether client, broker, vendor or investment consultant. In such instances the purchase or sale of a security either recommended or directed by NBIA may have an impact on the price of such security, which may indirectly benefit (or act to the detriment of) its affiliates.

NBIA and its Advisory Affiliates act in various capacities with respect to Affiliated Funds from which they receive advisory, distribution or other fees. When appropriate and in accordance with applicable law, including with respect to clients in the GPS Program, NBIA may invest client funds in NB Registered Funds. Employees of NBIA and its related persons who are registered representatives or associated persons of NBBD may also recommend an investment in an Affiliated Fund. NBIA has a conflict of interest to the extent that it recommends or invests Client

Accounts in Affiliated Funds (rather than in unaffiliated mutual funds or private funds) because the Firm may benefit from increased subscriptions to Affiliated Funds (i.e., larger funds) and, with respect to investing Client Accounts in the NB Registered Funds and Non-U.S. Registered Funds, certain affiliates of NBIA may receive distribution fees or other fees for distributing such funds. See Item 5.C and Item 10.C.2.

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

5. *Employee Investment in NBIA Products*

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

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

NBIA may recommend to clients investments in which Neuberger Berman, its affiliates or employees are also invested. See Item 11.B.5.

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

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

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

7. Securities Trades during an Underwriting Syndicate

NBIA and its advisory affiliates do not participate as members of underwriting syndicates. From time to time, the NB Registered Funds may purchase securities from an underwriting syndicate in which an affiliate of a Third-Party Mutual Fund is a participating member. The NB Registered Funds have adopted procedures under Rule 10f-3 of the Investment Company Act

governing such transactions. In addition, the Third-Party Mutual Funds may purchase securities from an underwriting syndicate from which an affiliate of the Third-Party Mutual Fund is a participating member and NBIA would seek to work with the Third-Party Mutual Fund's adviser to ensure that all such purchases are in accordance with applicable rules and regulations.

8. Other Interests in Client Transactions

NBIA employees and officers may also be officers, employees or registered representatives of certain Advisory Affiliates, including NBBD. In such capacity, they may sell or provide similar services as the services offered by NBIA. The views and opinions of NBIA or any of the Advisory Affiliates and their research departments 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.

NBIA provides Consulting Services and licenses and supports the NBIA Software to certain clients ("**Consulting Services Clients**"). See Item 4.B. During the consulting period and for the term of any license, NBIA or its affiliates may use similar or identical information derived from their independent use of the NBIA Software to advise Client Accounts with respect to investments in mortgage loans or securities backed by or based upon, directly or indirectly (including synthetically), mortgage loans or other asset-backed securities held or insured by Consulting Services Clients or in which the Consulting Services Clients otherwise have an interest (an "**Interest**"). NBIA or its affiliates may place orders to buy and sell such positions for Client Accounts, or give advice and recommendations with respect to positions where a Consulting Services Client may have an Interest, based on NBIA's or its affiliates' independent use of the NBIA Software prior to or simultaneously with any report or other work product generated or provided by NBIA to any Consulting Services Client, or by such Consulting Services Client through its use of the NBIA Software, or any action or decision made by such Consulting Services Client in reliance upon such reports and other work product. Such orders placed by NBIA or its affiliates may compete or be inconsistent with orders or actions taken by the Consulting Services Clients in reliance on such reports or work product generated by NBIA and the NBIA Software, or may result in a Client Account of NBIA or an affiliate taking the opposite side of a Consulting Services Client order. In addition, NBIA and its affiliates may give advice and recommendations to, and act as agent, including with respect to efforts to commute exposure on behalf of, Client Accounts holding positions in which Consulting Services Clients have an Interest, and take actions on behalf of such Client Accounts that may differ from or be the same as or similar to, any advice or recommendations which NBIA or any of its affiliates may provide to Consulting Services Clients.

C. Personal Trading

NBIA, or one or more of its affiliates, including employees, from time to time, may invest for their own account directly or through an Affiliated Fund or a Non-Affiliated Fund in equity, fixed income, derivatives or other investments in which NBIA may also invest on behalf of Client Accounts. Moreover, NBIA and its affiliates and their respective employees may buy, sell or hold

securities while entering into different investment decisions for one or more Client Accounts. All such investments are made in accordance with the Conflicts Procedures.

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

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

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

The price restitution policy attempts to address the potential conflict that could arise from employees owning the same securities as clients, or where the accounts of both enter the market at the same time. Subject to certain exclusions, including certain accounts that are custodied and traded by third parties as part of programs sponsored by financial intermediaries, employee trades that are executed on the same day and in the same security as a Client Account are reviewed to ensure that the employee does not receive a better price than the client. In the event that the employee does receive a better price, the employee's price is "switched" to that of the client's and the cash difference in the execution price is disgorged from the employee account. Disgorged proceeds are often allocated to Client Accounts in the form of revised execution prices. In some instances, however, a revised execution price may, for operational reasons beyond NBIA's control, not be feasible and the proceeds will either be remitted to Client Accounts or donated to charity.

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

D. Other Conflicts of Interest

1. Material Non Public Information/Insider Trading

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

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

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

In connection with loan assets held by NBIA's clients, NBIA has engaged a third-party vendor to administer the loan amendment process with respect to issuers for which NBIA will not accept material non-public information.

2. Gifts/Gratuities/Entertainment

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

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

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

In addition to these requirements, which apply to all Firm personnel, different regions may have regulatory rules and requirements relating to business gifts and entertainment specific to their region. Separate Firm policies and procedures specify how personnel subject to this requirement are to comply with it.

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

3. Political Contributions

Due to the potential for conflicts of interest, the Firm has established policies and procedures relating to political activities which are designed to comply with applicable federal, state and local law. Each employee is required to seek preapproval before the employee, the employee's spouse, the employee's dependent children or any other person that the employee materially supports (where any such person is either a U.S. citizen or a green card holder) makes any political contribution or engages in other political activities, including, but not limited to, volunteering or fundraising for a campaign.

4. Outside Business Activities

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

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

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

5. Outsourcing/Service Providers

The Firm conducts appropriate due diligence on any outside vendor that provides products or services to the Firm and enters into an appropriate contract. The Firm's relationships with outside vendors are managed so that appropriate controls and oversight are in place to protect the Firm's interests, including safeguarding of private and confidential information regarding the Firm's clients and employees.

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

NBIA and its personnel may have differing investment or pecuniary interests in different accounts managed by NBIA, and its personnel may have differing compensatory interests with respect to different accounts. Similarly, NBIA personnel who are dual employees with an Advisory Affiliate may have different interests with respect to accounts managed for NBIA and accounts managed for the Advisory Affiliate.

NBIA faces a potential conflict of interest when (i) the actions taken on behalf of one account may impact other similar or different accounts (e.g., where accounts have the same or similar investment strategies or otherwise compete for investment opportunities, have potentially conflicting investment strategies or investments, or have differing ability to engage in short sales and economically similar transactions) or (ii) NBIA and its personnel have differing interests in such accounts (e.g., where NBIA or its related persons are exposed to different potential for gain or loss through differential ownership interests or compensation structures) because NBIA may have an incentive to favor certain accounts over others that may be less profitable. Such conflicts may present particular concern when, for example, NBIA places, or allocates, securities transactions that NBIA believes could more likely result in favorable performance, engages in cross trades or executes potentially conflicting or competing investments.

NBIA, on behalf of different Client Accounts, may make investments in different parts of an issuer's capital structure (e.g., equity or debt, or different positions in the debt structure). If an issuer in which one or more Client Accounts (or Affiliate Accounts) hold different classes of securities (or other assets, instruments or obligations issued by the same issuer) encounters financial problems, decisions over the terms of any workout may raise conflicts of interest (e.g., conflicts over proposed waivers and amendments to debt covenants or strategies to be pursued in bankruptcy proceedings).

To mitigate these conflicts, NBIA's policies and procedures seek to ensure that investment decisions are made in accordance with the fiduciary duties owed to such accounts and without consideration of NBIA's (or such personnel's) pecuniary, investment or other financial interests. NBIA has policies and procedures designed to allocate investment opportunities fairly among Client Accounts.

In addition, certain side-by-side managed accounts or portfolios may acquire both long and short positions in securities of an issuer (i.e., "long/short" strategies). A short sale involves the sale of a security that the acquirer does not own in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. To make delivery to the buyer, the acquirer must borrow the security, and the acquirer is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the acquirer. In contrast to taking a long position in a security, when a manager sells a security short, he/she is typically doing so with the expectation that the security will decline in value. Depending on a number of conditions, including the security's liquidity and general economic conditions, shorting a security may also have the added consequence of adversely impacting its market price. As a result, managers who manage long/short products may have potential conflicts of interest were they short a security in which they were also long for another client or in another

product. NBIA has adopted policies and procedures that would permit such transactions, under certain limited circumstances. For example, where sufficient liquidity exists in the market and where certain client's positions in a particular security have yet to achieve long-term tax treatment, but the manager is otherwise pre-disposed to shorting that security, the manager may be permitted to engage in such transaction.

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

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

7. Potential Conflicts of Interest Relating to Employee Compensation Arrangements

Employees of NBIA may receive a portion of the fees or other compensation received by NBIA 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 may have an incentive to promote, recommend or allocate assets based on the compensation to be received. For example, NBIA and its employees may financially benefit if your account is allocated in a way that results in either NBIA or the employee receiving more compensation from investing in one product or strategy than from investing in other products or strategies. Some strategies that involve comparatively higher levels of complexity (e.g., portfolio composition or risk management) or that make use of more complicated financial instruments and financing techniques (e.g., hedging foreign currency exposure or interest rate volatility) may result in higher fees to NBIA, and, to those NBIA employees who promote, recommend, allocate or manage those strategies. The expenses, fees and other charges may vary among asset classes or among sectors or sub-categories within an asset class. For example, the expenses, fees and other charges for equity products and services are generally higher in comparison to fixed income products and services, and the expenses, fees and other charges for emerging markets equities products and services are generally higher in comparison to U.S. core equity products and services. In addition, certain strategies may be managed in a substantially similar manner across multiple investment vehicles (i.e., SMA, registered fund, private fund) and certain vehicles may have higher expenses, fees and other charges. For example private funds may have higher expenses, fees and other charges than other vehicles such as SMAs or registered funds. Neuberger Berman's private funds may also charge other fees, including performance fees, as well as provide the Firm and selected personnel opportunities to earn returns in the private fund in the form of incentive allocations or similar arrangements. In other instances, where permitted by law, the private fund may also invest in portfolio assets that utilize the services of Neuberger Berman or its employees for a fee or other compensation. In addition, certain strategies may be implemented on an "overlay" basis where assets held outside of the assets managed by the portfolio manager for the strategy serve as

collateral for the overly strategies and the fees for such strategies are generally based upon target notional exposures and values. To the extent the collateral assets for such overlay strategies are invested in investment products and strategies of NBIA, the use of overlay strategies will involve incremental fees to NBIA and its employees. Accordingly, for all of the forgoing reasons, differences in the strategies and vehicles that may be included in NBIA's advisory client accounts may result in differences and potentially higher or incremental fees to NBIA or its employees.

To mitigate those potential conflicts, NBIA has policies and procedures in place and trains its employees to provide advice that is suitable and appropriate for clients and to act in the clients' best interests. For high net worth clients, the Firm's Asset Management Business Control Group compares the type of assets in the clients' accounts against the investment objective provided by the client and reviews any possible discrepancies with the relevant wealth advisor or portfolio manager. Additionally, the Firm's Asset Management Guideline Oversight group ("AMGO") and the Firm's Equity Administration team conduct periodic Client Account Reviews for high net worth portfolio managers. At those meetings, the portfolio management team's holdings, performance, concentrated positions, account activity and margin exposure are reviewed across their accounts. NBIA's policies and procedures are reinforced in the Firm's annual training which covers relevant topics including as Know Your Customer and Suitability requirements.

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

Item 12: Brokerage Practices

A. Criteria for Selection of Broker-Dealers

In General—Brokerage Selection

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

NBIA is affiliated with NBBD, a U.S. registered broker-dealer. Most NBIA advisory personnel are registered representatives with FINRA through their affiliation with NBBD. NBBD and NBBD's associated persons, in their separate capacities as registered representatives, may effect securities transactions for clients for which they will receive separate and customary compensation. Employees with responsibilities for supervision of a Client Account may receive a portion of the commissions paid to NBBD by the Client Account. While NBIA and its portfolio managers endeavor at all times to put the interest of NBIA's advisory clients first as part of NBIA's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making advisory/investment recommendations.

With respect to those Client Accounts for which NBIA has discretion to purchase and sell securities and to select the broker-dealer, NBIA looks to the overall quality of service provided by the broker and will consider many factors when making a selection for execution. It is NBIA's policy to use its best efforts to obtain the best price on every trade given all the relevant circumstances. However, in addition to price, traders may also consider the size of the transaction, liquidity of both the security and the market, the broker's ability to provide or find liquidity, time limitations, and confidentiality of the transaction. In addition, NBIA may consider research and other services in making brokerage decisions (See "*Research and Other Soft Dollar Benefits"* in this Item 12.A). Accordingly, Clients may be able to obtain more favorable brokerage commission rates elsewhere. NBIA will also utilize electronic trading networks when they can provide liquidity and price improvement over and above what is available through traditional methods for execution.

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

with electronic access to account information and trade confirmations and bulk mailing of statements to investors.

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

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

Research and Other Soft Dollar Benefits

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

Use of Soft Dollars: NBIA may consider research and other services in making brokerage decisions and, as it deems appropriate, may use a portion of the commissions generated when executing client transactions (commonly referred to as "soft dollars") to acquire research and brokerage services (**"soft dollar benefits"**) in a manner consistent with the "safe harbor" provided by Section 28(e) of the Securities Exchange Act of 1934, as amended. Under the safe harbor, as it has been interpreted by the SEC, NBIA may use soft dollars to pay for soft dollar benefits, even where such benefits may also be available for cash, to the extent appropriate and permitted by law and other global jurisdictional requirements, when such benefits assist NBIA in meeting clients' investment objectives or in managing Client Accounts.

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

When appropriate under its discretionary authority and consistent with the duty to seek best execution, NBIA may execute brokerage transactions for Client Accounts through broker-dealers who provide NBIA with useful soft dollar benefits and may pay to those broker-dealers an amount or rate of commission that is higher than might have been paid absent the receipt of soft dollar benefits. NBIA may select broker-dealers based on its assessment of each broker-dealer's ability to provide quality executions and its belief that the research, information and other services provided by such broker-dealer may benefit Client Accounts. Often, it is not possible to place a dollar value on the quality of executions or on the soft dollar benefits NBIA receives from broker-dealers effecting transactions in portfolio securities. Accordingly, broker-dealers

selected by NBIA may be paid commissions for effecting portfolio transactions for Client Accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions, if NBIA determines in good faith that such amounts are reasonable in relation to the value of the soft dollar benefits provided by those broker-dealers, viewed either in terms of a particular transaction or NBIA's overall duty to discretionary accounts.

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

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

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

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

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

Commissions paid by one Client Account may, in effect, subsidize services that benefited another Client Account. However, any distortions should balance out over time as NBIA believes that its various sources of research and brokerage services enable NBIA to make better investment decisions and execute more effective trades. Therefore, NBIA does not usually attempt to allocate the relative costs or benefits of research or brokerage services among Client Accounts.

NBIA believes that, in the aggregate, the services it receives benefit clients and assists NBIA in fulfilling its overall fiduciary duty to clients.

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

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

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

Brokerage for Client Referrals

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

Directed Brokerage; Selection of Brokers

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

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

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

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

Other Fees in Connection with Trading

In an effort to achieve best execution of portfolio transactions, NBIA may trade securities for client accounts by utilizing electronic marketplace or trading platforms. Some of these electronic systems may impose additional service fees or commissions. NBIA may pay these fees directly to the provider of the service or these fees may be included in the execution price of a security. NBIA's intention is that it will only use such systems and incur such fees if it believes that doing so helps it to achieve best execution for the applicable transaction, taking into account all relevant factors under the circumstances. For example, NBIA may consider the speed of the transaction, the price of the security, the research it receives and its ability to effect a block transaction.

Trade Errors

NBIA has adopted policies and procedures for correcting trade errors. Errors can result from a variety of situations involving portfolio management (e.g., inadvertent violation of investment restrictions) and trading (e.g., miscommunication of information, such as wrong number of shares, wrong price, wrong account, calling the transaction a buy rather than a sell and vice versa, etc.) (collectively, "**Improper Trades**"). The policies and procedures require that all

errors affecting a Client Account be resolved promptly and fairly. Under certain circumstances, the policy provides that trades may, where appropriate, be cancelled or modified prior to settlement. The intent of the policy is to restore a Client Account to the appropriate financial position considering all relevant circumstances surrounding the error. The policy deems certain Improper Trades executed by the Principal Strategies Group for the Private Fund and certain Separate Accounts it manages as outside the policy.

B. Aggregation of Orders/Allocation of Trades

Aggregation:

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

While NBIA may effect trades in this manner to reduce the overall level of brokerage commissions paid or otherwise enhance the proceeds or other benefits of the trade for its clients, NBIA may direct transactions to brokers based on both the broker's ability to provide high quality execution and the nature and quality of research services, if any, such brokers provide to NBIA. As a result, NBIA clients may not always pay the lowest available commission rates, so long as NBIA believes that they are obtaining best execution under the circumstances, taking into account the soft dollar benefits provided.

The aggregation of orders could lead to a conflict of interest in the event an order cannot be entirely fulfilled and NBIA is required to determine which accounts should receive executed shares and in what order. NBIA will generally endeavor to aggregate and allocate orders in a manner designed to ensure that no particular client or account is favored and that participating Client Accounts and Affiliated Accounts are treated in a fair and equitable manner over time.

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

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

Allocation of Investment Opportunities:

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

NBIA considers many factors when allocating securities among clients, including the client's investment objectives, applicable restrictions, the type of investment, the number of shares purchased or sold, the size of the account, and the amount of available cash or the size of an existing position in an account. Clients are not assured of participating equally or at all in particular investment allocations. The nature of a client'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.

NBIA rotates its order entry for equity orders among different classes of Clients Accounts (e.g., Private Asset Management Accounts, Institutional Accounts, NB Registered Funds, or Wrap Program and related Program accounts) in what it deems to be a fair and orderly manner. In addition, within the place in the rotation for order entry with respect to Wrap Program and related Program accounts, NBIA institutes further rotation among investment styles and Program Sponsors or designated brokers. As a consequence of this rotation, different classes or groups of clients are likely to receive different execution prices and consequently would experience different rates of return.

<u>*Allocation of New Issues:*</u> NBIA 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. NBIA maintains policies and procedures to allocate securities in new issues and secondary offerings. The factors taken into account in allocating of fixed income new issues include whether the account's investment objectives fall primarily within the market capitalization of the issuer of securities to be allocated, cash available and legal restrictions on the account. The factors taken into account in allocating shares of equity new issues include investment guidelines or restrictions on the account. Once those requirements are met, the securities are generally allocated on a *pro rata* basis based on the assets under management of each account.

<u>*International Equity Strategy Considerations*</u>: NBIA manages distinct international equity strategies that purchase the securities of non-U.S. issuers in two types of accounts: those that

are permitted to purchase only ADRs, and those that may purchase securities traded in local markets as well as ADRs. In order to reduce the probability of marketplace disruptions and at the discretion of each portfolio manager, international equity accounts that are permitted to purchase either securities in the local market or ADRs may receive priority over those accounts that are permitted to purchase only ADRs. We believe that this trading methodology should result in better overall execution quality for all clients, but cannot assure this outcome. As a result of receiving priority, clients whose accounts are able to purchase both local securities and ADRs may achieve superior performance compared to those clients whose accounts are able to purchase only ADRs.

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

Item 13: Review of Accounts

A. Periodic Reviews

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

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

While NBIA looks to the portfolio managers as the first step in the compliance process, NBIA recognizes the need for additional, independent oversight. AMGO serves as an independent supervisory group responsible for ensuring that portfolios are managed in accordance with investment guidelines, and, among other things, reviews daily option trading. In addition, members of Firm's Asset Management Business Control group (AMBC) review, among other things, new account forms for suitability and account update forms including changes to investment objectives.

The number of Client Accounts supervised by each portfolio manager varies depending upon a particular manager's workload and can change from time to time. A portfolio manager may be responsible for managing Separate Accounts, Private Funds, NB Registered Funds, Sub-Advised Accounts, Wrap Program accounts, Unbundled Program accounts, or Dual Contract Program accounts and Non-Discretionary Accounts of NBIA or an affiliated advisory firm. The process relating to the review of the accounts of an affiliated advisory firm would be governed by the policies of such affiliate.

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

With respect to WA Clients, none of NBIA or its affiliates are under any obligation to review or monitor a WA Client's situation on an ongoing basis, or update any advice given to a client with the original plan.

B. Non-Periodic Reviews

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

C. Client Reports

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

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

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

NBIA may rely on information provided by third parties in preparing reports, and a third party may assist in preparing or distributing reports. To the extent reports include or rely upon information from a source other than NBIA (*e.g.*, benchmark information when a report includes a comparison of an account's performance to one or more benchmark indices), NBIA attempts to obtain such information from reliable sources; however, the accuracy of such information cannot be guaranteed. Reports may also include or rely upon fair value determinations made by NBIA or a third party. While such valuations are made in good faith, their actual or empirical accuracy cannot be guaranteed. NBIA, in its discretion, may provide more frequent reports or more detailed information to all or any of its clients.

Sub-Advised Accounts— NBIA coordinates with Sub-Advised Account clients or their permitted designees to provide periodic reviews and reporting to the client or investors as required.

Clients and investors in a sub-advised fund receive such reports as required by the investment adviser as provided in the applicable sub-advisory agreement and as required by applicable law or regulation.

Wrap and Related Program Accounts— Wrap Program Clients and Unbundled Program Clients receive such reports as may be provided by the Program Sponsors or designated brokers. Wrap Program Clients and Unbundled Program Clients should refer to each Program's disclosure document for additional information about the reports provided to Program participants. Dual Contract Clients will receive such reports as NBIA provides to its Private Asset Management Account clients, based on the needs of individual Dual Contract Clients, and generally will also receive reports from the Program Sponsors or designated brokers.

Item 14: Client Referrals and Other Compensation

A. Compensation by Non-Clients

Not Applicable.

B. Compensation for Client Referrals

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

From time to time, in accordance with applicable law, NBIA may enter into referral arrangements with third parties and other financial intermediaries, including participation in third-party programs such as Fidelity Wealth Advisor Solutions℠, for the purpose of introducing new investment advisory clients to NBIA. Under these referral arrangements all referral parties are independent contractors and the compensation paid to such parties generally represents a percentage of the management and Performance Fees (if any) paid by the client to NBIA. Clients may pay a higher fee than they would otherwise pay due to the referring party's involvement in the introduction. In addition to referrals from external sources, NBIA employees may be eligible, subject to applicable law, to earn an account referral commission for referring a potential client that engages NBIA to provide investment management services. Referral arrangements may give rise to potential conflicts of interests given that the referring party has a financial incentive to introduce new investment advisory clients to NBIA. NBIA's participation in these referral arrangements does not diminish its fiduciary obligations to its clients. Consistent with its obligations under the Advisers Act, NBIA provides disclosures for the referral parties to distribute to potential clients relating to the applicable referral arrangement.

Consultants

NBIA sponsors educational events where its representatives meet with consultants, broker-dealers, and other financial intermediaries (collectively "**Financial Intermediaries**", or their clients. NBIA may charge a participation fee or pay for some of all of the expenses of the participants. NBIA may also participate in educational programs sponsored by Financial Intermediaries. NBIA may pay a fee to participate in such programs. Both of these types of events provide NBIA with an opportunity to meet with Financial Intermediaries or their clients. Any fees paid by NBIA are from its own resources, which include the management fees received from its clients. Clients should confer with their Financial Intermediaries regarding the details of the payments their Financial Intermediaries may receive from NBIA. In addition, NBIA and its affiliates actively seek to educate Financial Intermediaries in connection with the Firm's registered fund business. NBIA may benefit from such activity as it advises NB Registered Funds.

Item 15: Custody

Separate Accounts, Non-Discretionary Accounts

Generally, neither NBIA nor its affiliates will maintain physical possession of the funds or securities that a client maintains in a Separate Account or Non-Discretionary Account. The assets in an Institutional Account or Non-Discretionary Account typically are deposited with a Qualified Custodian selected by the client. Under the investment management agreement, NBIA generally invoices the Institutional Account or Non-Discretionary Account clients and the clients direct its Qualified Custodian to pay NBIA. Private Asset Management Accounts to which NBBD serves as broker-dealer are typically introduced by NBBD to its clearing firm, currently National Financial Services LLC, which serves as the client's Qualified Custodian. In limited circumstances, NBIA will have custody due to certain control it may have over a client's custodial account with a Qualified Custodian. The Qualified Custodian will send quarterly, or more frequently, account statements directly to the client. Clients should carefully review those statements. NBIA provides quarterly (or more frequent) account statements to its clients. Clients should carefully read and compare any account statements received from NBIA against account statements received from their Qualified Custodian.

Private Funds

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

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

Although NBIA or its affiliates will generally not have physical possession or custody of any Private Fund assets, under Rule 206(4)-2 of the Advisers Act (the **"Custody Rule"**), an adviser has "constructive" custody if it has the authority to possess client assets by withdrawing funds on a client's behalf. With respect to affiliated Private Funds, NBIA or its affiliates, by virtue of acting as general partner or managing member of such fund or similar capacity, has the authority to withdraw funds or securities from the Private Fund. Accordingly, NBIA is deemed to have "constructive "custody over the assets in an affiliated Private Fund.

In order to comply with the Custody Rule, generally these affiliated Private Funds undergo an annual audit performed by an independent accounting firm registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB). The audited financial statements, prepared in accordance with GAAP, are distributed to all investors in each Private Fund within 120 days of the end of the fund's fiscal year for its direct trading accounts and 180 days of the end of the fund's fiscal year for its fund-of-funds accounts.

NB Registered Funds

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

Sub-Advised Accounts

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

Wrap and Related Program Accounts

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

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

Item 16: Investment Discretion

Discretionary

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

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

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

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

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

<u>Non-Discretionary</u>

In limited circumstances, NBIA provides non-discretionary investment management services to institutional and individual clients whereby it is required to consult with a client before effecting any transactions for the client's account. Please refer to "*Non-Discretionary and Consulting Services*" in Item 4.B for a discussion of Non-Discretionary Accounts.

With respect to certain Separate Account clients, while NBIA has ongoing responsibility to select securities or other investments that may be purchased or sold for the client's account, at the client's request, NBIA may be required to consult with the client before effecting any such purchases or sales for the client's account. In addition, from time to time existing Private Asset Management Account clients may direct NBIA to purchase or sell securities on their behalf in a Client-Directed Transaction. In each such case, NBIA will not assume investment advisory responsibility for such transactions. The client is the final decision maker on all buy, sell and hold decisions with respect to these transactions. Further, NBIA will not provide investment advisory services with regard to such holdings.

<u>Wrap and Related Program Accounts</u>

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

<u>Wealth Analysis</u>

With respect to NBIA's Wealth Analyses, NBIA provides a point-in-time consultation and does not exercise discretion over client assets.

Item 17: Voting Client Securities

NBIA generally has voting power with respect to securities in all of its accounts other than Non-Discretionary Accounts. With respect to some Separate Accounts and Sub-Advised Accounts, the client has not delegated voting power to NBIA. NBIA has implemented written Proxy Voting Policies and Procedures (the **"Proxy Voting Policy"**) that are designed to reasonably ensure that NBIA votes proxies prudently and in the best interest of its advisory clients for whom NBIA has voting authority. The Proxy Voting Policy also provides for the process by which proxy voting decisions are made, the handling of material conflicts, the disclosure of the Proxy Voting Policy to clients, the maintenance of appropriate books and records relating to proxies, and proxy voting guidelines for common proxy proposals.

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

The Neuberger Berman Proxy Voting Committee ("**Proxy Committee**") is responsible for developing, authorizing, implementing and updating the Proxy Voting Policy, overseeing the proxy voting process, and engaging and overseeing any independent third party vendors as voting delegates to review, monitor or vote proxies. In order to apply the Proxy Voting Policy in a timely and consistent manner, NBIA utilizes Glass, Lewis & Co. LLC ("**Glass Lewis**") to vote proxies in accordance with the Proxy Voting Policy.

For socially responsive clients, NBIA has adopted socially responsive voting guidelines. In the event the Socially Responsive voting guidelines do not address how a proxy should be voted, the proxy will be voted in accordance with the Glass Lewis recommendations. NBIA's Proxy Voting Policy provides that it will generally adopt the voting recommendations of Glass Lewis. NBIA retains final authority and fiduciary responsibility for proxy voting. NBIA believes that this process is reasonably designed to address material conflicts of interest that may arise between NBIA and a client as to how proxies are voted.

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

Conflicts:

NBIA is sensitive to conflicts of interest that may arise in the proxy voting process. It is committed to resolving all conflicts in its clients' best interest and will generally vote pursuant to the Proxy Voting Policy guidelines when conflicts of interest arise. When there are proxy voting proposals, however, that give rise to conflicts of interest that are not addressed by the Proxy Voting Policy, the Proxy Committee will determine the approach to be taken to address the conflict.

In the event that an investment professional at Neuberger Berman believes that it is in the best interest of a client or clients to vote proxies in a manner inconsistent with NBIA's proxy voting guidelines or in a manner inconsistent with Glass Lewis recommendations, the Proxy Committee will review information submitted by the investment professional to determine that there is no material conflict of interest between Neuberger Berman and the client with respect to the voting of the proxy in that manner.

If the Proxy Committee determines that the voting of a proxy as recommended by the investment professional would not be appropriate, the Proxy Committee will take no further action, in which case Glass Lewis will vote such proxy in accordance with the proxy voting guidelines or as Glass Lewis recommends.

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

Class Action Lawsuits:

From time to time a security held in a client's account may become the subject of a class action lawsuit. For certain Private Asset Management Accounts, a third-party vendor may be engaged to identify, assert and file claims in class actions and private action securities litigation on behalf of the client. Unless a client opts out of the service, NBIA (and its affiliates) and such third-party vendor are each authorized, but not obligated, on client's behalf and with respect to client's account, to review client data in order to identify claims, complete claim forms, interact with the administrator, receive settlement funds and distribute such funds, if any, to client's account. To the extent a third-party vendor is not providing such service and for other Separate Accounts, generally, the custodian for the account handles any decision to file a claim to participate in a class action settlement, and unless otherwise agreed with the client, NBIA has no responsibilities with regard to the class action process.

With respect to Third-Party Mutual Funds and unaffiliated Private Funds, unless otherwise agreed with NBIA, typically the fund's custodian or other third-party agent engaged by the fund will handle the class action process and file claims. With respect to affiliated Private Funds and NB Registered Funds, typically the fund's custodian or other third-party agent engaged by the Private Fund or NB Registered Fund, at the direction of NBIA, will handle the class action process and file claims.

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

Item 18: Financial Information

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

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

B. Impairment of Contractual Commitments

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

C. Bankruptcy Petitions

NBIA has not been the subject of a bankruptcy proceeding.