Neuberger Berman Fixed Income LLC

Client Brochure
March 27, 2015

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Chicago, Illinois 60603
www.nb.com

This Brochure provides information about the qualifications and business practices of Neuberger Berman Fixed Income LLC ("**NBFI**"). If you have any questions about the contents of this Brochure, please contact us at 312-325-7700 or by email at: Brian.Lord@nb.com.

NBFI is registered as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). NBFI 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 NBFI 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 United States Securities and Exchange Commission or by any state securities authority.

Item 2: Material Changes

The following is a summary of the material changes set forth herein that have been made to this Brochure since the last annual update on March 28, 2014. This Brochure will be updated at least annually and we may further provide other ongoing disclosure information about material changes as necessary.

Item No.	Description of Material Changes
5	5.A: New standard fee schedules for Emerging Market Debt-Short Duration and European High Yield strategies.
8	8.B: Added description of Credit Long/Short strategy. 8.C: Updated the risk disclosures section.
10	10.C.3: Changed Neuberger Berman Singapore Pte. Limited's status to SEC registered to reflect its recent registration.

Item 3: Table of Contents

Item 4: Advisory Business

A. Description of the Firm

Neuberger Berman Fixed Income LLC ("**NBFI**") is a Delaware limited liability company formed in November 2002 and registered with the Securities and Exchange Commission (the "**SEC**") in January 2003. NBFI's principal office is located in Chicago, Illinois. NBFI is directly owned by Neuberger Berman Fixed Income Holdings LLC and Neuberger Berman AA LLC, which are subsidiaries of Neuberger Berman Group LLC ("**NBG**").

NBFI 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.

NBFI provides a wide range of investment management services to meet the needs of clients with diverse investment objectives. NBFI's primary business is providing investment advice primarily to institutional clients with respect to fixed income securities and loans.

On May 31, 2013, NB Alternative Fund Management LLC ("**NBAFM**"), an affiliate of NBFI, merged with and into NBFI in order to take advantage of certain operational efficiencies. As the surviving entity, NBFI assumed the obligations and duties of NBAFM.

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 and alternatives – to institutions and individuals through customized separately managed accounts, mutual funds and alternative investment funds. As of December 31, 2014, Neuberger Berman had approximately $250 billion under management.[1]

On May 4, 2009, Neuberger Berman became an independent, employee majority-controlled asset management firm resulting from a management buyout from Lehman Brothers Holdings Inc. (**"LBHI"**), the then-owner of the businesses that now comprise Neuberger Berman. At the time of the management buyout, LBHI retained a 49% interest in Neuberger Berman.

Effective December 19, 2014, NBG's voting equity is wholly owned by NBSH Acquisition, LLC ("**NBSH**"). NBSH is owned by certain employees, recently retired employees and their permitted transferees (the "**Management Members**"). As of January 1, 2015, NBG's Board of Directors is comprised of five members, including NBG's Chief Executive Officer, who is required to be a

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

member of the Board and serves as its Chairman. In addition, the Management Members have the right to appoint four Directors, two of whom are required to be independent as defined in the New York Stock Exchange Listed Company Standards.

Neuberger Berman is headquartered in New York City. As of December 31, 2014, Neuberger Berman had approximately 2100 employees across 31 offices in 17 countries around the world.

As of December 31, 2014, approximately 400 employees owned an equity stake in the Firm. All of these employees have entered into agreements that provide strong incentives to continue with the organization, and have a number of restrictive covenants in the event the employee leaves the Firm.

NBFI's investment management services are further discussed below.

B. Types of Advisory Services

NBFI currently provides the following types of advisory services:

Separately Managed Accounts

NBFI provides ongoing discretionary investment management services to institutional and individual clients with respect to assets held in the client's custodial account (collectively, "**Separate Accounts**") based on customized investment objectives or guidelines, time horizons, risk tolerances, policies and limitations of such clients.

Private Investment Vehicles

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

Such funds are not registered under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and their shares or interests, as applicable, are not registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Accordingly, the Private Funds are not publicly offered in the United States. Such Private Funds may or may not be continuously offered.

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

Sub-Advisory Services

NBFI acts as sub-adviser to the following (collectively, the "**Sub-Advised Accounts**"):

- affiliated U.S. registered open-end and closed-end investment companies (the "**NB Registered Funds**") (an affiliate of NBFI, Neuberger Berman Management LLC ("**NBM**"), acts as investment adviser to the NB Registered Funds);

- unaffiliated U.S. registered open-end investment companies ("**Third-Party Mutual Funds**"); and

- U.S. and non U.S. separately managed accounts and private investment vehicles (including non U.S. registered vehicles) managed by affiliated and unaffiliated advisers.

Wrap Program Accounts

NBFI provides advisory or sub-advisory services to sponsors of wrap fee programs (**"Wrap Programs"**) with respect to the sponsors' clients through participation as a manager in such programs. See Item 4.D.

The Separate Accounts, Private Funds, Sub-Advised Accounts and Wrap Program accounts are collectively referred to herein as the "**Client Accounts**."

Non-Discretionary and Consulting Services

In limited circumstances, NBFI provides non-discretionary investment management services to institutional and individual clients whereby it is required to consult with the clients before effecting any transactions for the client's account ("**Non-Discretionary Accounts**"). For these accounts, NBFI has ongoing responsibility to select and make recommendations to a client as to specific securities or other investments that may be purchased or sold for a client's account, and, if NBFI's recommendations are accepted by the client, NBFI is responsible for arranging or effecting the purchase or sale of such securities or other investments.

As part of its structured product capabilities, NBFI 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 "**NBFI 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, NBFI licenses and supports the NBFI Software for non-exclusive use to such clients and, in connection therewith, provides installation and training on the use and application of the NBFI Software.

C. Client Tailored Services and Client Tailored Restrictions

NBFI 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, NBFI may decide not to accommodate investment restrictions deemed unduly burdensome or materially incompatible with NBFI's investment approach. From time to time, NBFI may be engaged to provide limited investment management services such as liquidating a client's account.

For certain of NBFI's large institutional Separate Account clients, NBFI offers customized multi-asset and/or multi-strategy investment management services that utilize the services of NBFI and its affiliates ("**Multi-Asset Mandates**"). Certain of such clients may impose restrictions on investing in certain securities or other assets in accordance with their particular needs. Other clients may allow NBFI to determine, and change from time to time, the asset allocation among asset classes and Neuberger Berman investment strategies 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, Neuberger Berman investment management research projects.

NBFI enters into discretionary investment management agreements with the 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 memorandum ("**Offering Memorandum**") for each Private Fund.

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

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

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

D. Wrap Programs

NBFI participates as an investment manager in discretionary and non-discretionary Wrap Programs. A Wrap Program is an investment program where the clients of the Wrap Program sponsors (each, a "**Wrap Program Client**") generally pay to the sponsors one all-inclusive fee that covers investment management fees, trade execution, custodial services and other administrative fees. The sponsors of a Wrap Program (the "**Wrap Sponsors**") are typically broker-dealers, financial institutions or other investment advisers that establish, operate and administer the Wrap Programs. The Wrap Sponsors are responsible for determining the financial circumstances, investment objectives, risk tolerances and investment restrictions of each Wrap Program Client.

In discretionary Wrap Programs, the Wrap Sponsor typically selects or appoints NBFI as its sub-adviser to manage designated assets of its Wrap Program Clients in one or more investment strategies. In these discretionary Wrap Programs, NBFI has investment discretion over the designated assets in the accounts of the Wrap Program Clients. NBFI manages the accounts in accordance with the selected investment strategy and reasonable client-directed restrictions.

NBFI also participates in non-discretionary Wrap Programs. In these Wrap Programs, NBFI furnishes investment advice and recommendations to the Wrap Sponsors through the provision of model portfolios (**"Model Portfolio Wrap Program"**). The Wrap Sponsors may use NBFI's model portfolios and updates, either alone or together with other model portfolios, to manage the accounts of the Wrap Program Clients, although the Wrap Sponsors retain investment discretion over the accounts. NBFI is solely responsible for managing its model portfolios.

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

NBFI does not generally communicate directly with Wrap Program Clients (including communications with respect to changes in a Wrap Program Client's investment objectives or restrictions), and all such communications generally must be directed through the Wrap Sponsor. Also, NBFI does not provide overall investment supervisory services to Wrap Program Clients. NBFI is not in position to recommend suitability of any Wrap Program to Wrap Program Clients.

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

E. Assets under Management

Discretionary Amounts:	**Non-Discretionary Amounts:**	**Date Calculated:**
$96,487,984,302	$7,911,623,833[2]	12/31/2014

Item 5: Fees and Compensation

A. Fee Schedule

I. SEPARATE ACCOUNTS

Management fees for Separate Accounts are generally based on a percentage of the market value of the assets held in the Separate Account. NBFI's standard fee schedules are set forth below. See also Item 7 for minimum account size requirements.

[2] Excludes amounts representing client assets in non-discretionary Wrap Programs advised by NBFI.

NBFI may negotiate the Separate Account standard fee schedules from time to time for certain accounts based on a variety of factors including, but not limited to, 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 NBFI, including other accounts with affiliates of NBFI. There may also be differences in fees paid by certain clients based on account inception dates. In addition, certain Separate Account standard fee schedules may be higher than the schedules set forth below for clients who request different risk/return objectives than the standard objectives for a particular strategy (for example, this may arise with respect to the Opportunistic Fixed Income strategy). Also, certain strategies may not have standard fee schedules but are individually negotiated based on client specifications. Unless otherwise agreed with the client, fees are typically adjusted to reflect material contributions to, and withdrawals from, the account.

NBFI may also charge performance-based fees on some of its Separate Accounts, subject to eligibility requirements under the Advisers Act. Such fee arrangements are negotiated with the client. Generally, these 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 exceeding a specified benchmark's performance over a specified time period.

Strategy	**Advisory Fee**
	•
Bank Loan	• First $50 million: 55 bps; • Next $250 million: 45 bps; and • Balance: 35 bps.
Commodities	• First $50 million: 85 bps; • Next $50 million; 45bps; and • Balance: 35 bps.
Core Bond	• First $50 million: 30 bps; • Next $100 million: 25 bps; • Next $100 million: 20 bps; • Next $250 million: 15 bps; and • Balance: 12 bps.
Core Plus Bond	• First $50 million: 35 bps; • Next $100 million: 25 bps; • Next $100 million: 20 bps; • Next $250 million: 15 bps; and • Balance: 12 bps.
Crossover Credit	• First $100 million: 45 bps; and • Balance: 35 bps.
Diversified Currency	• First $25 million: 70 bps; • Next $50 million: 60 bps; • Next $50 million: 50 bps; and • Balance: 35 bps.

Strategy	**Advisory Fee**
Diversified Currency High Alpha	• First $25 million: 90 bps; • Next $50 million: 75 bps; • Next $50 million: 60 bps; and • Balance: 45 bps.
Dynamic Beta Navigator	• First $100 million: 45 bps; and • Balance: 35 bps.
Emerging Market Debt - Corporate & Blended	• First $100 million: 65 bps; • Next $150 million: 55 bps; and • Balance: 45 bps.
Emerging Market Debt - Hard Currency	• First $100 million: 55 bps; • Next $150 million: 45 bps; and • Balance: 35 bps.
Emerging Market Debt - Local Currency	• First $100 million: 60 bps; • Next $150 million: 50 bps; and • Balance: 40 bps.
Emerging Market Debt- Short Duration	• First $100 million: 45 bps; • Next $150 million: 35 bps; and • Balance: 25 bps.
Enhanced Cash	• First $50 million: 17.5 bps; • Next $50 million: 15 bps; • Next $150 million: 12 bps; • Next $250 million: 10 bps; and • Balance: 8 bps.
Enhanced Index/Enhanced Mortgage	• First $50 million: 10 bps; • Next $100 million: 8 bps; • Next $350 million: 4 bps; • Next $500 million: 3 bps; • Next $1000 million: 2.25 bps; • Next $500 million: 2 bps; and • Balance: 1.75 bps.
European High Yield	• First $50 million: 55 bps; • Next $250 million: 45 bps; and • Balance: 35 bps.
European IG Credit	• First $50 million: 35 bps; • Next $250 million: 25 bps; and • Balance: 20 bps.
Full Market High Yield	• First $50 million: 55 bps; • Next $250 million: 45 bps; and • Balance: 35 bps.

Strategy	**Advisory Fee**
Global Fixed Income	• First $50 million: 40 bps; • Next $100 million: 30 bps; • Next $100 million: 25 bps; and • Balance: 20 bps.
Global IG Credit	• First $50 million: 40 bps; • Next $250 million: 30 bps; and • Balance: 25 bps.
Investment Grade Credit	• First $50 million: 35 bps; • Next $250 million: 25 bps; and • Balance: 20 bps.
Liability Driven Investing	• First $50 million: 30 bps; • Next $100 million: 25 bps; • Next $100 million: 20 bps; and • Balance: 15 bps.
Municipal Cash	• First $25 million: 25 bps; • Next $25 million: 15 bps; • Next $150 million: 10 bps; and • Balance: 8 bps.
Municipal/Tax Exempt	• First $50 million: 30 bps; • Next $50 million: 25 bps; • Next $100 million: 20 bps; and • Balance: 10 bps.
Opportunistic Fixed Income	• First $50 million: 55 bps; • Next $250 million: 45 bps; and • Balance: 35 bps.
Passive Corporate	• First $50 million: 10 bps; • Next $100 million: 8 bps; • Next $350 million: 4 bps; • Next $500 million: 3 bps; • Next $1000 million: 2.25 bps; • Next $500 million: 2 bps; and • Balance: 1.75 bps.
Passive Index/Passive Government	• First $50 million: 8 bps; • Next $100 million: 6.5 bps; • Next $350 million: 3.2 bps; • Next $500 million: 2.5 bps; • Next $1000 million: 1.8 bps; • Next $500 million: 1.6 bps; and • Balance: 1.4 bps.

Strategy	Advisory Fee
Short Duration	• First $50 million: 20 bps; • Next $50 million: 15 bps; • Next $150 million: 12 bps; • Next $250 million: 10 bps; and • Balance: 8 bps.
Short Duration High Yield	• First $50 million: 55 bps; • Next $250 million: 45 bps; and • Balance: 35 bps.
TIPS	• First $100 million: 15 bps; • Next $200 million: 10 bps; and • Balance: 8 bps.

II. PRIVATE FUNDS

Pursuant to NBFI's investment management agreement with each Private Fund, NBFI will receive a management fee and, in some instances, it or its affiliate will also receive a performance-based fee or incentive fee/allocation (collectively, **"Performance Fee"**). For certain Private Funds, NBFI or its affiliate may receive a Performance Fee 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**").

Management fees and Performance Fees for Private Funds may be negotiable under certain circumstances. NBFI 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.

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

III. SUB-ADVISED ACCOUNTS

Sub-advisory fees for the Sub-Advised Accounts are individually negotiated and vary depending on the account. NBFI's fees may be consistent with the basic fee information and terms described above for the type of client (e.g., Separate Accounts, Private Funds).

IV. WRAP PROGRAM ACCOUNTS

NBFI generally negotiates its fees with each Wrap Sponsor, subject to varying factors, including but not limited to, the Wrap Sponsor's program size and style, the services performed by the Wrap Sponsor, and other factors. Subject to these factors, NBFI's basic annualized fee schedule for a discretionary Wrap Program ranges between 0.25% and 0.35% of the Wrap Program Clients' assets allocated to NBFI annually. In a non-discretionary Model Portfolio Wrap Program, NBFI's basic annualized fee schedule ranges between 0.22% and 0.25% annually.

V. NON-DISCRETIONARY AND CONSULTING SERVICES

Non-Discretionary Account fees vary but in general are consistent with the standard fee schedule described above for Separate Accounts.

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

B. Payment Method

Calculation and Payment of Fees:

Separate Accounts—Management fees are generally accrued and paid in arrears on a quarterly basis. Performance Fees, if any, are generally charged on an annual basis. For some accounts, management fees are charged quarterly in advance.

NBFI generally invoices clients for fees incurred.

During a quarter or other fee calculation period, if NBFI begins managing an account, or an account is terminated, the fee charged for such period will be pro-rated based on the portion of the period that NBFI actually managed such account.

Private Funds—Investors should refer to the applicable Offering Memorandum with respect to calculation and payment of fees.

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 Program Accounts—Each Wrap Sponsor generally pays NBFI on a quarterly basis, either in arrears or in advance, as provided in the contract between NBFI and the Wrap Sponsor. NBFI does not invoice Wrap Program Clients. Each Wrap Sponsor calculates and pays NBFI its fees from the fees the Wrap Sponsor receives from the Wrap Program Clients.

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 is individually negotiated.

Valuation for Fee Calculation Purposes:

Separate Accounts, Non-Discretionary Accounts and Sub-Advisory Accounts (excluding Private Funds)—In general, management fees for Separate Accounts, Non-Discretionary Accounts and Sub-Advisory Accounts (excluding Private Funds) are based on a valuation of assets by the client's custodian. When the client and NBFI agree to use NBFI's valuation of the assets for fee purposes, NBFI may use independent third-party pricing services or broker quotes to value assets. When a third-party price is not obtainable, NBFI will use its fair valuation procedures to obtain an internally generated valuation, subject to applicable law.

Private Funds—The market values of the assets of the Private Funds are generally obtained from various third-party quotation services, or where such quotation services are not available, are based upon fair-value as determined by the general partner or managing member, or their delegate, which could be NBFI. Most Private Funds retain a third-party administrator to provide various administrative services to the Private Funds. This includes assisting NBFI in calculating each Private Fund's net asset value ("**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.

Wrap Program Accounts – NBFI does not establish the value of securities held in Wrap Program Accounts. Valuation is a function provided by the Wrap Sponsors.

C. Other Fees and Expenses

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

Custodial Fees and Expenses—Typically, Separate Account, Sub-Advisory Account and Non-Discretionary Account clients elect to have account assets held in the custody of a bank, trust company, broker-dealer or other qualified custodian selected by the client. The client bears any custodial fees and expenses associated with such account. To the extent that cash is held in such accounts and invested in a non-Neuberger Berman short-term investment vehicle for which fees are charged by the qualified custodian, the fees so incurred by the client will be in addition to the fee payable to NBFI 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 and mark-ups for transactions effected for the account. See Item 12.

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

Client 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 the advisory fee charged by the Affiliated Fund will be waived or reimbursed.

However, Client assets that are invested in Affiliated and Non-Affiliated Funds will incur other fees and expenses associated with their investments in such funds. Mutual fund expenses are generally described in each such fund's prospectus and Private Fund expenses are described in each Private Fund's Offering Memorandum. These 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 Affiliated and Non-Affiliated Funds may themselves invest in other funds as described in each fund's Offering Memorandum, prospectus or other offering documents. To the extent an Affiliated or Non-Affiliated Fund invests in another underlying fund, it will bear the fees and expenses associated with an investment in that underlying fund.

Additional Fees for Other Services—Certain NBFI clients may also be clients of NBFI's affiliates. These clients may receive investment management services from NBFI and may receive other services from affiliates. NBFI 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 NBFI or its affiliate alone or from other unrelated brokers and investment advisers.

Other Fees and Expenses—Clients bear all other transaction and transfer related fees and expenses. Each of these additional charges may be charged to the client's account or reflected in the price paid or received for a given security or other asset. Such charges include, but are not limited to (i) transfer taxes and any other applicable taxes; (ii) fees charged in connection with short sale transactions; (iii) margin interest and fees for any securities that are deemed hard to borrow in connection with long/short strategies; (iv) mutual fund redemption fees and contingent deferred sale charges; (v) electronic fund, wire, and other account transfer fees; and (vi) any fees or other charges imposed or mandated by law.

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

Investors that participate in Wrap Programs 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 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 NBFI'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 NBFI's Separate Account management services and, therefore, could not otherwise have their assets managed by NBFI. NBFI 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., most Separate Account management fees are paid in arrears. 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.

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 NBFI is terminated, any prepaid fees will be refunded according to the type of account and sub-advisory agreement.

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

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

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 is individually negotiated.

E. Sales Compensation

NBFI's products and strategies are marketed by the Firm's central salesforce, which also markets the products and strategies of NBFI's affiliates. Certain members of the central salesforce are registered representatives of Neuberger Berman LLC ("**NB LLC**"), an affiliate of NBFI 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 NBFI is engaged to provide investment management services for a Separate Account client they have introduced to NBFI. NBFI may also utilize unaffiliated solicitors to assist in introducing Separate Account Clients. Subject to applicable law, NBFI 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 NBFI for a specified number of years, payable to the salesperson or third-party solicitor, as applicable, on the same basis as NBFI 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.

NBFI may utilize affiliated and unaffiliated placement agents in offering affiliated Private Funds to investors. The U.S. placement agents, including NBFI's affiliate, NB LLC, are registered as broker-dealers with the SEC and are FINRA members. Generally, the placement agent receives a portion of the management fee and performance fee (if any) earned by NBFI. See Item 10.C.1 and Item 14.B.

Given that the salespersons may market a wide range of products offered by NBFI 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. NB LLC trains its employees, including members of this salesforce, regarding suitability and sales of securities products to investors. Salespersons are also generally required to undergo product specific training for all products that they market.

The Firm's central salesforce also markets the advisory products and services of NBFI 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 NBFI.

Certain employees of NBFI or its affiliates who are registered representatives of NBM, an affiliate of NBFI and registered limited purpose broker-dealer, and NB LLC, an affiliated broker-dealer, receive sales-based compensation for marketing and selling the NB Registered Funds. NBM serves as principal underwriter and distributor for the NB Registered Funds and may contract with an affiliate or unrelated third party to serve as a sub-distributor. In connection with this function, the affiliate or third party may receive compensation in the form of commission revenue or related fees for acting as sub-distributor for certain classes of shares of the NB Registered Funds. In addition, certain affiliates of NBFI provide marketing and distribution services to unaffiliated investment companies. In such situation, these affiliates may receive fees from such investment companies related to marketing, distribution and servicing of the funds (so-called "12b-1 fees").

NBFI does not generally execute securities transactions through its affiliated broker-dealers, NB LLC and NBM.

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-based fees and characteristics related to such fee structures include:

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

NBFI charges Performance Fees in connection with certain of its Separate Accounts, Private Funds and Sub-Advised Accounts. It does not charge Performance Fees with respect to its Non-Discretionary Accounts or Wrap Program Accounts.

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

To the extent that NBFI and its portfolio managers manage both accounts that charge only management fees as well as accounts that charge both management fees and Performance Fees, NBFI and/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 NBFI and/or its portfolio managers or salespersons to recommend investments which may be riskier or more speculative than those which 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 these potential conflicts, NBFI 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 NBFI Compliance Manual, (iii) trade allocation and aggregation policies which seek to ensure that investment opportunities are allocated fairly among clients and that all accounts are managed in accordance with their investment mandate, and (iv) allocation review procedures reasonably designed to identify unfair or unequal treatment of accounts. NBFI does not consider fee structures in allocating investment opportunities.

Item 7: Types of Clients

NBFI provides investment advisory services to 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. NBFI also serves as an investment adviser or subadviser to foreign-domiciled clients, including, without limitation, foreign investment companies not subject to the Investment Company Act.

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

Separate Accounts—Generally, there is a minimum account size of $50 million for all Separate Accounts, except for the following:

- Emerging Market Debt—Blended Mandates: $150 million
- Full Market High Yield, Short Duration High Yield, Bank Loan, Crossover Credit, Emerging Market Debt—Hard Currency, Emerging Market Debt—Local Currency, Emerging Market Debt—Corporate, Emerging Market Debt—Short Duration and Dynamic Beta Navigator Mandates: $100 million
- Municipal/Tax Exempt, Municipal Cash, Diversified Currency and Diversified Currency High Alpha Mandates: $25 million

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

Private Funds—In general, investors in the 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 NBFI or the Private Fund's general partner, managing member or equivalent entity. Investors should review the Offering Memorandum for each relevant Private Fund for further information with respect to minimum requirements for investment.

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

Wrap Program Accounts—The minimum account size may vary by Wrap Program, as set up by the Wrap Sponsor for its Wrap Program Clients, but is typically $100,000 - $250,000. In certain

Wrap Programs, the fees and services may be unbundled and NBFI may enter into an investment advisory agreement directly with each client. For such unbundled accounts, the standard minimum account size is typically $1,000,000, subject to negotiation based on various factors, including without limitation NBFI's relationship with the client's broker-dealer.

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

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

A. Methods of Analyses

Investments Analysis

NBFI utilizes fundamental analysis in connection with the provision of its advisory services to its clients. Fundamental analysis involves the analysis of financial statements, the general financial health of issuers, and/or the analysis of management or competitive advantages.

Proprietary research is a crucial element of NBFI's investment process, and is the basis for virtually all of its investment decisions. NBFI'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 quantitative strategies offered by NBFI, NBFI may utilize a variety of investment analysis methods, including:

- Charting analysis—involves the use of patterns in performance charts. NBFI uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

- Fundamental analysis—involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

- Technical analysis—involves the analysis of past market data; primarily price and volume.

- Cyclical analysis—involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

- Statistical analysis—involves the examination of data to draw conclusions or insights, and determine cause-and-effect patterns between events.

- Quantitative analysis—uses computer, mathematical, or other types of models to capture and process data, including but not limited to, 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.

- 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.

In the Global Long/Short strategy, NBFI may also utilize macro investment principles in making investment decisions.

Sources of Information

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

- financial publications, and industry and trade journals
- inspections of issuer activities
- research materials prepared by NBFI's internal staff and others
- rating services
- annual reports, prospectuses and filings with the SEC
- newspapers, magazines and websites
- discussions and meetings with NBFI's staff of research analysts
- charts, statistical material and analysis
- issuer press releases, presentations and interviews (in person or by telephone)
- contact with affiliated and outside analysts and consultants
- personal assessment of the financial consequences of world events derived from general information
- such other material as is appropriate under the particular circumstances

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

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

With respect to the Private Funds, NBFI evaluates investments based on a variety of factors as described in the Offering Memorandum for each Private Fund.

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

B. Investment Strategies

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

NBFI offers advice on a wide range of securities and other financial instruments including:

- Corporate debt securities
- Asset-backed securities, including, without limitation, mortgage-backed securities
- Loan assets, including, without limitation, distressed debt
- Rule 144A securities
- Convertible bonds
- Commercial paper
- Certificates of deposit
- Money market instruments
- Municipal securities
- United States 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
- Exchange-traded funds
- Securities traded over-the-counter
- Futures contracts on tangibles and intangibles and options thereon
- Listed and over-the-counter derivatives, including, without limitation, 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
- Residential mortgage loans
- Trade claims
- Real estate investment trust (REITS)
- Credit-linked notes (CLN)
- 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 (NDF)
- Investments in registered and unregistered investment companies
- Vendor financing
- Short Sales
- Contracts for differences
- Sukuk (Islamic bonds)
- Other alternative investments

NBFI may invest in securities or loans denominated in currencies other than the U.S. dollar. These assets may be issued by sovereign entities and corporations. NBFI may use investments in derivative instruments for hedging and non-hedging purposes. Such investments may only be entered into in accordance with a client's investment guidelines and applicable laws.

As financial markets and products evolve, NBFI 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, who are encouraged to use those methods with which they have been successful.

The following is a summary of the principal investment strategies employed by NBFI. Certain material risks associated with these strategies are set forth in Section (C), below. This is a summary only. Clients should not rely solely on the descriptions provided below.

Separate Accounts, Wrap Program Accounts and Non-Discretionary Accounts (Wrap Program Accounts may not be offered in all of the strategies set forth below):

NBFI 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. Multi-Asset Mandates combine certain of the fixed income strategies described below and may also utilize certain strategies of NBFI affiliated investment advisers. The investment teams work closely together to manage strategies that overlap different products. NBFI 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, NBFI incorporates differing levels of risk management to meet client-specific needs. The strategies are:

- **Cash and Short Term Duration Strategies**: The focus is on investment strategies that utilize short-term instruments and bonds with durations of less than five years. The investment team that manages these strategies primarily manages client accounts with broader discretion to utilize securities with longer maturities.

- **Municipal Strategies**: The investment team manages strategies across the duration spectrum focusing on tax-exempt municipal securities with the investment objectives of competitive after tax-returns, preservation of capital as well as the maintenance of sufficient liquidity to meet clients' needs. These securities are typically investment grade.

- **Non–Investment Grade Credit Strategies**: The investment team for these strategies focuses on high yield bonds, leveraged loans, and distressed debt investing strategies. The high yield strategy focuses on investing in non-investment grade fixed income securities for Client Accounts that permit full discretion to invest across broad credit tiers as well as Client Accounts that are limited in terms of minimum credit rating. The leveraged loan strategy is applied to the management of structured investment products (e.g., CLOs), registered and unregistered funds and Separate Accounts as well as managing loan asset allocations in Separate Accounts. The distressed debt strategy seeks to provide investors with attractive risk-adjusted returns through long biased, opportunistic stressed, distressed and special situation investments in credit-related products. This strategy may invest with the intention of taking a control position in a company or as a non-control participant.

- **Investment Grade Strategies**: The investment team for these strategies focuses on a universe of investment grade issuers. The strategies are utilized in Client Accounts that span a continuum from highly structured portfolios with tight risk constraints to those that provide broad discretion with less focus on tracking error variability, including exposure to below-investment grade investments in some cases.

- **Crossover Credit Strategies**: The investment team for these strategies focuses on investment grade credit, high yield bonds and leveraged loans. The crossover credit strategies invest in both investment grade and non-investment grade fixed income securities for Client Accounts that permit full discretion to invest across credit tiers as well as Client Accounts that are impose limitations in terms of minimum credit rating.

- **Structured Products Strategies**: Includes: (1) traditional portfolio management of asset-backed securities (including residential and commercial mortgage-backed securities) managed within registered and unregistered pooled vehicles and Separate Accounts, managed in accordance with client objectives and constraints and spanning from defensive buy/sell mandates to high-yield return objectives; (2) structured investments, including CDOs; and (3) nondiscretionary investment advisory and consulting services with respect to both asset-backed securities and whole loan mortgage portfolios.

- **Emerging Market Debt Strategies**: The focus of the investment team for these emerging market debt strategies is hard currency, local currency and corporate debt strategies. These strategies may be applied to the management of an entire Client Account or a portion of a Client Account invested in other NBFI or other affiliates' strategies. Derivative instruments are frequently utilized in these strategies. The hard currency strategy primarily invests in debt instruments denominated in core currencies such as U.S. dollars, Euro and Japanese Yen (sometimes known as hard currency) and issued by issuers (sovereign, quasi-sovereign, sub-sovereign or corporate) which have their head office or exercise an overriding part of their economic activity in emerging market countries. The local currency strategy primarily invests in debt instruments denominated in, or exposed to, local currencies and issued by issuers (sovereign, quasi-sovereign, sub-sovereign or corporate) from emerging market countries. The corporate debt strategy primarily invests in debt instruments issued by corporate issuers in emerging market countries, which may be denominated in hard currency or the currencies of such emerging market countries. In addition to the individual hard currency, local currency and corporate debt strategies, the investment team has implemented a blended emerging market debt strategy that offers a combination of the team's highest conviction investment ideas amongst the three individual emerging market debt strategies. The blended strategy is managed with a tactical asset overlay to manage overall risk and exposure in the Client Account.

- **Global Bond Strategy**: The focus is on investment grade debt securities issued by governments and corporations from countries comprising the Organisation for Economic Co-operation and Development (OECD). Securities may be U.S. dollar and non-U.S. dollar denominated. This strategy may be applied to the management of an entire Client Account or a portion of a Client Account invested in other NBFI strategies.

- **Diversified Currency Strategy:** The investment team for this strategy invests primarily in global liquid currencies (including, without limitation, Australian Dollars, Canadian Dollars, Swiss Franc, Euro, Sterling, Japanese Yen, Norwegian Krone, New Zealand Dollars, Swedish Krona and U.S. Dollars) using a fundamentally driven, relative value approach. This strategy may be applied to the management of an entire Client Account or a portion of a Client Account invested in other NBFI strategies. Derivative instruments are frequently utilized in this strategy.

- **Commodities Strategy:** The investment team for this strategy seeks to provide an attractive risk-adjusted return by employing disciplined proprietary quantitative models that actively seek to take advantage of short-term and long-term opportunities in commodity markets.

- **Global Tactical Asset Allocation (GTAA) Strategy:** The investment team for this strategy seeks to take advantage of opportunities in global stock, bond, currency and commodity markets by exploiting relative values among asset classes with a proprietary quantitative, highly disciplined, and risk controlled process in an effort to provide attractive risk-adjusted returns.

- **Dynamic Beta Navigator Strategy:** The investment team for this strategy focuses on a risk-balanced approach to strategic asset allocation investing in betas only (no security selection) seeking to deliver managed volatility and attractive risk-adjusted returns.

***Private Funds*—**The principal investment strategy for each fund is more particularly described in such Private Fund's Offering Memorandum. Generally, the types of strategies offered are those described above. Prospective investors should carefully read each Private Fund's Offering Memorandum and consult with their own counsel and advisers as to all matters concerning an investment in a Private Fund. In addition, the following strategies are offered:

- **Residential Loan Modification Strategy:** Through structured vehicles, NBFI provides exposure to the troubled residential loan market. This strategy primarily focuses on the purchase, modification and resale or refinancing of sub-performing or non-performing residential loans. The primary objective is to purchase pools of troubled loans at a discount to the unpaid principal balances, modify such loans to make them performing and then sell the performing loans at a profit either as whole loan pools or through securitizations. Inherent in the purchase of loan pools 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. Generally, this strategy is implemented in vehicles that resemble in structure private equity funds that require capital commitments, have limited liquidity and may entail leverage. The strategy may also include performing loans, participations in mortgage loan servicing rights or other real estate – related investments or securities.

- **Credit Long/Short Strategy:** The investment team employs a global long/short credit investment strategy which relies on a multi-disciplinary combination of (i) macro investment principles and (ii) fundamental bottom-up analysis, within a dynamically-controlled risk management framework. The team generally invests in corporate and sovereign securities, and will invest across the capital structure, including, without limitation, in senior secured debt, senior unsecured debt, subordinated debt, convertible debt and equities, as well as company-specific and market-linked derivatives. Security selection is not ratings-driven, and the team invests in investment grade as well as below investment grade securities issued by companies and governments located in developed and emerging markets.

Sub-Advised Accounts—Sub-Advised Accounts are managed in accordance with the particular type of client (e.g., Separate Accounts, Private Funds). The principal investment strategy for each NB Registered Fund and any unaffiliated registered fund is set out in such fund's prospectus and statement of additional information.

C. Material Risks

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

Separate Accounts, Wrap Program Accounts, Private Funds, Sub-Advised Accounts and Non-Discretionary Accounts—The following is a summary of the principal risks associated with the investment strategies used by the Separate Accounts, Wrap Program Accounts, Private Funds, Sub-Advised Accounts and Non-Discretionary Accounts, as discussed in Item 8.B. <u>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</u>. Separate Account, Wrap Program, Sub-Advised Account and Non-Discretionary Account clients should review the investment guidelines associated with their particular account and should contact their client representative for more information about the strategies and risks present in their 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.

- **Absence of Regulatory Oversight for Private Funds.** The Private Funds are not registered as investment companies under the Investment Company Act, and, accordingly, the significant investor protection provisions of the Investment Company Act (which provides certain regulatory safeguards to investors in registered investment companies), will not apply to investments in the Private Funds.

- **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 and/or interest.

- **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.

- **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").** CLOs and CDOs issue classes or "tranches" that vary in risk and yield, and 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.

- **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. Because 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.

- **Contracts for Differences.** Certain 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.

- **Control Situations**. From time to time with respect to distressed debt investments, subject to applicable investment guidelines, NBFI 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. NBFI 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. However, 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.

- **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 account may lessen its value. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

- **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 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 NBFI.** The performance of a Client Account depends on the skill of NBFI and its portfolio manager(s) in making appropriate investment decisions. Any Client Account's success depends upon NBFI's ability to develop and implement investment strategies and to apply investment techniques and risk analysis that achieve the account's investment objectives. Subjective decisions made by NBFI may cause the account to incur losses or to miss profit opportunities on which it may otherwise have capitalized.

- **Derivatives Risk.** Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference or index. In implementing certain of its investment strategies, NBFI may use derivatives, such as futures, options, forward contracts and swaps, as part of a strategy designed to reduce exposure to other risks or to take a position in an underlying asset. Derivatives 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 would result in the strategy losing more than the amount it invests. Derivatives may be difficult to value and highly illiquid, and the strategy may not be able to close out or sell a derivative position at a particular time or at an anticipated price. NBFI is not required to engage in derivative transactions, even when doing so would be beneficial to the account.

  In addition, NBFI may take advantage of opportunities with respect to derivative instruments that are not currently contemplated for use or that are currently not available, 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 purchased through privately negotiated OTC transactions 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. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Client Account could miss investment opportunities or otherwise 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, because the contract for each OTC derivatives transaction is individually negotiated with a specific counterparty, a Client Account is subject to the risk that a counterparty may interpret contractual terms (*e.g.*, the definition of default) differently than the Client Account. The cost and unpredictability of the legal proceedings required for the Client Account to enforce its contractual rights may lead it to decide not to pursue its claims against the counterparty. Counterparty risk is greater for derivatives with longer maturities where events may intervene to prevent settlement. Counterparty risk is also greater when a Client Account has concentrated its derivatives with a single or small group of counterparties. To the extent a Client Account has significant exposure to a single counterparty, this risk will be particularly pronounced for the Client Account. The Client Account, therefore, assumes the risk that it may be unable to obtain payments NBFI 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 (like those of 2008) 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 Broker. A party to a cleared derivatives transaction is subject to the credit risk of the clearing house and 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 houses, and it is not clear how an insolvency proceeding of a clearing house would be conducted and what impact an insolvency of a clearing house 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 house the amount of margin required by the clearing house for cleared derivatives, which amounts are generally held in an omnibus account at the clearing house for all customers of the clearing member. Regulations promulgated by the CFTC require that the clearing member notify the clearing house of the initial margin provided by the clearing member to the clearing house that is attributable to each customer. However, if the clearing member does not accurately report the Client Accounts' initial margin, the Client Accounts are subject to the risk that a clearing house will use Client Accounts' assets held in an omnibus account at the clearing house to satisfy payment obligations of a defaulting customer of the clearing member to the clearing house. In addition, clearing members generally provide the clearing house 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 house will not make variation margin payments owed to them if another customer of the clearing member has suffered a loss, is in default, and the risk that Client Accounts will be required to provide additional variation margin to the clearing house before the clearing house 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.

Additional Risk Factors in Cleared Derivatives Transactions. Under recently adopted rules and regulations, transactions in some types of swaps (including interest rate swaps and credit default swaps on North American and European indices) are required to be centrally cleared. In a transaction involving those swaps, a Client Account's counterparty is a clearing house, rather than a bank or broker. Since the Client Accounts are not members of clearing houses and only members of a clearing house can participate directly in the clearing house, 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 house through their accounts at clearing members. Clearing members guarantee performance of their clients' obligations to the clearing house.

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. 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 houses 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 house 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 house'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 NBFI expects to be cleared), and no clearing member is willing or able to clear the transaction on the Client Account's behalf. While the documentation in place between the Client Accounts and their clearing members generally provides that the clearing members will accept for clearing all cleared derivatives transactions that are within credit limits (specified in advance) for each Client Account, the Client Accounts are still subject to the risk that no clearing member will be willing or able to clear a transaction. In those cases, the position might have to 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 and/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.

- ***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 Fund may ultimately incur.

  Separately, the CFTC and the U.S. commodities exchanges and certain non-U.S. exchanges have established limits referred to as "speculative position limits" or "accountability levels" on the maximum net long or short futures positions that any person may hold or control in contracts traded on such exchanges. In October 2011, the CFTC adopted final regulations pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") that would have imposed new position limits on 28 individual agricultural, metal and energy commodity futures and options contracts and on swaps that are economically equivalent to such contracts in order to prevent excessive speculation and manipulation in the commodity markets. On September 28, 2012, the U.S. District Court for the District of Columbia vacated the new position limit regulations and remanded the matter to the CFTC for further consideration consistent with the court's opinion. The CFTC originally appealed the court's decision, but in November 2013, the CFTC withdrew its appeal and re-proposed position limit regulations substantially as outlined above, with a few modifications. In addition, the CFTC proposed regulations that would modify certain exemptions from aggregation of accounts of related parties for these purposes. The public comment period for these proposed regulations closed on February 10, 2014. However, the CFTC subsequently held public meetings and re-opened the public comment period twice in 2014. It remains to be seen whether the CFTC will modify the proposed regulations in response to public comments. The re-proposed regulations are extremely complex and, if ultimately implemented, whether in their current or an alternative form, may require further guidance and interpretation by the CFTC to determine in all respects how they apply to Client Accounts. The full implementation of a Client Account's investment strategy could be negatively impacted by the existing or any future position limits regulations.

- **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 account may lose a substantial portion of all of its investment in distressed securities or it may be required to accept cash or securities with a value less than the account's original investment.

- **Diversification Risk**. Client Accounts may not be diversified across a wide range of asset classes which may subject them to more rapid changes in value than would be the case if the Client Account were diversified across asset classes.

- **Emerging Markets Risk.** 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, but are not limited to: (i) greater social, economic and political uncertainty including war; (ii) higher dependence on exports and the corresponding importance of international trade; (iii) greater risk of inflation; (iv) increased likelihood of governmental involvement in and control over the economies; (v) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (vi) the possibility of nationalization, expropriation, confiscatory tax policies and social instability; and (vii) considerations regarding the maintenance of a Client Account's securities and cash with non-U.S. brokers and custodians.

  Companies in emerging markets are generally subject to less stringent and less uniform accounting, auditing and financial reporting standards, practices and disclosure requirements than those applicable to companies in developed countries. Securities markets in emerging market countries 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 and/or settlement systems may not be fully developed in emerging market countries, thereby exposing a Client's 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 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 account's investments. Volatility or illiquidity could impair an account's profitability or result in losses.

- **Equity Market Risk.** Client Accounts invested in equity securities (e.g., common stocks, preferred stocks, convertible securities, rights, warrants and Depositary Receipts) 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 the 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 discontinue paying dividends.

- **Failure to Make Capital Contributions**. With respect to 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 Private Fund are inadequate to cover the defaulted capital contribution, the Private Fund itself may be unable to pay its obligations when due. As a result, Private Funds may be subjected to significant penalties that could materially adversely affect the returns to the non-defaulting investors.

- **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, the 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 account would like, which may cause the account to hold these securities for longer than it would like or to forego other investment opportunities. Reinvestment risk is the risk that when interest income from debt securities is reinvested, interest rates will have declined so that income must be reinvested at a lower interest rate. A decline in income could affect an account's overall return.

- **Foreclosure Process in Distressed Debt and Mortgage Loans**. With respect to Client Accounts that invest in distressed debt, NBFI generally concentrates on acquiring debt that is secured by assets that NBFI 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 modification 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.

- **Forward Contracts.** If Client Account investment guidelines permit, NBFI 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 may require the Client Account to deposit margin with respect to such trading, although margin requirements are often minimal or non-existent. 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 NBFI 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.** NBFI 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 be insolvent for any number of reasons including the default of a customer of the broker, and such event 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. Foreign futures markets may have greater risk than U.S. futures markets. Unlike trading on U.S. commodity exchanges, trading on foreign commodity exchanges is not regulated by the U.S. Commodities Futures Trading Commission (**"CFTC"**) and may be subject to greater risks than trading on U.S. exchanges. Futures markets may also be illiquid which could prevent NBFI from promptly liquidating unfavorable positions and adversely affect trading and profitability.

- **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 NBFI; (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 affect investment performance and will likely result in higher brokerage and other transaction expenses, including unfavorable tax consequences. NBFI 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 may be high, which will result in higher brokerage and other transactions expenses.

- **Illiquid Securities 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.

- **Junior Loans.** NBFI'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 account.

- **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.

- **Litigation**. Foreclosures and reorganizations are contentious and adversarial. It is by no means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. NBFI anticipates that the Firm and/or Client Accounts that invest in distressed debt or the residential loan modification 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 NBFI to retain a material reserve from the winding-up proceeds distributed to investors.

- **Loan Interests.** Loans generally are subject to restrictions on transfer, and NBFI 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. NBFI 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 NBFI. 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. NBFI 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 account's access to the collateral under bankruptcy or other insolvency laws. If the borrower defaults on a 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 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 an 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.

- **Master Limited Partnerships ("MLPs").** 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 a 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 a master limited partnership, including a conflict arising as a result of incentive distribution payments. There are also certain tax risks associated with an investment in units of MLPs.

- **Model Valuations Risk.** Certain of the Private Funds' investments, particularly those in asset-backed securities and mortgage loans, will be based, in part, on complex models, including the NBFI 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 NBFI's models are fundamentally sound or contain fully accurate data. The models used by NBFI 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.

- **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 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.

NBFI 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 NBFI.

- **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 and/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.

- **Non-U.S. Securities.** Non-U.S. securities can be more volatile and experience more rapid and extreme changes in price than 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. and non-U.S. issuers may not be subject to uniform accounting, auditing and financial reporting standards. 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. The exchange rates between U.S. dollar and non-U.S. currencies might fluctuate, which could negatively affect the value of the strategy's investments.

  Non-U.S. securities may also be subject to higher political, social and economic risks. These risks include, but are not limited to, a downturn in the country's economy, excessive taxation, political instability, exchange control regulations and expropriation of assets by non-U.S. governments. 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.

- **Options.** NBFI 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, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. 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 over-the-counter 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, over-the-counter options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

  Risk Factors in Options Transactions. 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.)

- **Physical Assets**. From time to time, particularly with respect to the distressed debt and residential loan modification 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, without limitation: 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 and/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 and/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); and/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 and/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.

- **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**. NBFI will make investments relying, in part, upon projections developed by itself 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 NBFI. 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.

- **Quantitative Trading.** The quantitative investment strategies rely heavily on the proprietary models used by NBFI in seeking to exploit short-term and long-term relationships among securities prices and volatility. NBFI may employ models that are not well-suited to prevailing market conditions or are unreliable, as may be the case 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. NBFI may also formulate models based on past market data which many 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.

- **Rating Agency Risk.** NBFI may purchase securities for Client Accounts rated by a rating agency. NBFI 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.

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

- **Recent Market Conditions.** The financial crisis, recession and uneven recovery in the U.S. and global economies over the past several years, has resulted, and may continue to result, in an unusually high degree of volatility in the financial markets and the economy at large. Both U.S. and international equity and fixed income markets have experienced heightened volatility and turmoil, with issuers that have exposure to the real estate, mortgage and credit markets particularly affected. In addition, global markets and economic conditions have been negatively affected by the inability of certain E.U. member states to service their sovereign debt obligations. The continued uncertainty over the outcome of the E.U. governments' financial support programs and the possibility that other E.U. member states may experience similar financial troubles could further disrupt global markets, which may have an adverse effect on Client Accounts.

These market conditions have resulted in fixed income instruments experiencing unusual liquidity issues, increased price volatility and, in some cases, credit downgrades and increased likelihood of default. These events have reduced the willingness and ability of some lenders to extend credit, and have made it more difficult for borrowers to obtain financing on attractive terms, if at all. As a result, the values of many types of securities have been reduced, including, but not limited to, mortgage-backed, asset-backed and corporate debt securities. During times of market turmoil, investors tend to look to the safety of securities issued or backed by the U.S. Treasury, causing the prices of these securities to rise and the yield to decline.

The reduced liquidity in fixed income and credit markets may negatively affect many issuers worldwide. Illiquidity in these markets may mean there is less money available to purchase raw materials and goods and services, which may, in turn, bring down the prices of these economic staples. The values of some sovereign debt and of securities of issuers that hold that sovereign debt have fallen. These events and the potential for continuing market turbulence may have an adverse effect on Client Accounts. In addition, global economies and financial markets are becoming increasingly interconnected, which increases the possibilities that conditions in one country or region might adversely impact issuers in a different country or region.

- **Recent Regulatory Events and Government Intervention.** The situation in the financial markets has resulted in calls for increased regulation, and the need of many financial institutions for government help has given lawmakers and regulators new leverage. The Dodd-Frank Act has initiated a dramatic revision of the U.S. financial regulatory framework and consumer credit markets that is expected to continue to unfold over several years. 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 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 by the new legislation and regulation in ways that are unforeseeable. Most of the implementing regulations have not yet been finalized. Accordingly, the ultimate impact of the Dodd-Frank Act, including on the derivative instruments in which a Client Account may invest, is not yet certain

  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 effect of any such intervention is unpredictable.

- **Repurchase Agreements and Reverse Repurchase Agreements.** In a repurchase agreement, the Client Account purchases securities from a bank that is a member of the Federal Reserve System or from a securities dealer that agrees to repurchase the securities from the Client Account at a higher price 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. Whether such a transaction produces a gain for the Client Account depends upon the costs of the agreements and income and gains of the securities purchased with the proceeds received from the sale of the security. If the income and gain on the securities purchased fail to exceed the costs, the Client Account's value will decline faster than otherwise would be the case. Reverse repurchase agreements, as leveraging techniques, may increase a Client Account's yield; however, such transactions also increase the Client Account's risk to capital and may result in a client or investor's loss of principal.

- **Residential Mortgage and Real Estate Related Investment Risks**. Certain Private Funds invest in mortgage loans. This strategy involves risks, including, among others: (a) continued 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 Private Fund's investments are concentrated geographically, by property type or in certain other respects, such Private Fund 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.

- **Sector Risk.** By focusing more heavily in particular bond markets, strategies that focus on a particular sector or limited sectors bear much greater risks of adverse developments and price movements in these markets than an account that invests in a wider range of bond markets. Individual sectors may move up and down more than the broader market. The instruments or industries that constitute a sector may all react in the same way to economic, political or regulatory events.

- **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.

- **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 foreign 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 their condition is deteriorating.

- **Swaps.** NBFI 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 but not limited to, total return swaps, credit default swaps and interest rate swaps; all of these and other swaps are derivatives and as such, each is subject to the general risks relating to derivatives described herein.

- The Dodd–Frank Act mandates a new 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 ("**DCO**"). Central clearing is intended to reduce the risk of default by the counterparty. However, central clearing may increase the costs of swap transactions by requiring the posting of initial and variation margin. There may also be risks introduced of a possible default by the DCO 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 system intended to safeguard the collateral of parties to swaps. **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 NBFI interacts on a daily basis.

- **Systemic Risk – European Sovereign Debt Crisis.** The recent European sovereign debt crisis has raised questions concerning 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 and/or the exit of one or more countries from the Eurozone. Europe is experiencing increasing 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 the 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 the a Client Account's returns. Although it is difficult to forecast all of the consequences of a failure of the Euro and/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 and/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 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. 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.

- **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 NBFI may not be aware at the time of a Client Account's acquisition of such claims.

- **U.S. Government/Agency Risk.** U.S. Government/Agency Risk is the risk that the U.S. Government will not provide financial support to U.S. Government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. Not all U.S. Government securities are backed or guaranteed by the U.S. Government. Some U.S. Government securities are supported only by the credit of the issuing agency, which depends entirely on its own resources to repay the debt, and are subject to the risk of default. For example, U.S. Government securities issued by the Federal National Mortgage Association ("**Fannie Mae**"), Federal Home Loan Mortgage Corporation ("**Freddie Mac**") and Federal Home Loan Banks 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.

- **When-Issued and Delayed Delivery Transactions Risk.** When-issued and delayed-delivery transactions occur when securities are purchased or sold by the strategy with payment and delivery taking place in the future to secure an advantageous yield or price. These transactions may expose the strategy 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 can involve the additional risk that the price or yield available in the market when the delivery takes place may not be as favorable as that obtained in the transaction itself.

- **Whole Loans Risk**. Certain Private Funds may acquire whole loans — as opposed to commercial mortgaged-backed securities whose payment flows are dependent on payments of the underlying loans. When the Private Fund holds a whole loan, NBFI 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 Private Fund to all the uncertainties, expenses and adversary proceedings which surround foreclosures in general.

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. NBFI has no items to disclose.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer or Registered Representative

NBFI is not a registered broker or dealer. Some of NBFI's management personnel are registered representatives with FINRA through their affiliation with NBFI's registered broker-dealer affiliates, NB LLC and NBM. In such capacity, subject to applicable law, they may receive sales commissions in connection with the sale of interests in affiliated Private Funds and NB Registered Funds. See Item 5.E.

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

NBFI is registered as a CTA and CPO with the CFTC. Certain of NBFI's management personnel are registered with the National Futures Association (the "NFA") as principals and/or associated persons of NBFI and may also be registered with the NFA as associated persons and/or principals of one or more affiliates of NBFI.

C. Material Relationships

NBFI 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

NBFI is affiliated with NB LLC, a U.S. registered broker-dealer, and NBM, a U.S. registered limited purpose broker-dealer. NBM is the principal underwriter and distributor for the NB Registered Funds, and NB LLC may act as a sub-distributor for the NB Registered Funds. NB LLC may also act as a distributor to certain affiliated Private Funds and Sub-Advised Accounts.

In providing investment management services to its clients, NBFI may draw upon the trading and research resources of NB LLC and the operational and administrative resources of NBM. NBFI may use security analyses and research reports prepared by NB LLC's dedicated research department or of other affiliated entities.

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

In addition, NBFI employees may also be officers and/or registered representatives of NB LLC and/or NBM. In such capacity, they may sell or provide similar services as the services offered by NBFI. The existence of these relationships may create the appearance of a conflict of interest. See Item 11.B.7 and Item 11.D.6.

NBFI does not generally execute securities transactions for any of its clients through NB LLC or NBM. See Item 11.B.3.

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 vehicle

NBFI acts as a sub-adviser to certain of the NB Registered Funds. An affiliate of NBFI acts as the adviser to the NB Registered Funds. NBFI also acts as an adviser or sub-adviser, as applicable, to the Private Funds where a related party may be a general partner, managing member or the adviser. Management persons of NBFI may act as directors or officers of Private Funds advised by affiliates. In addition, NBFI serves as a sub-adviser to foreign investment vehicles (both private and regulated) advised by Neuberger Berman Europe Limited ("**NB Europe**"), an affiliate of NBFI.

Subject to the investment guidelines and applicable law, NBFI may invest Client Accounts in Affiliated Funds. See Item 5.C regarding additional fees and expenses associated with investments in Affiliated Funds.

NBFI has a conflict of interest to the extent that it recommends or invests Client Accounts in the Affiliated Funds (rather than in unaffiliated mutual funds or Private Funds) because the Firm may benefit from increased subscriptions to the Affiliated Funds (i.e., larger funds) and, with respect to investing Client Accounts in the NB Registered Funds, certain affiliates of NBFI receive commission revenue for distributing such funds.

Neither NBFI 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 NBFI may receive a performance fee in connection with its management of a Private Fund, NBFI may be incentivized to devote a disproportionate amount of time and resources to the Private Fund at the expense of other accounts that are charged only a management fee. NBFI 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 and other accounts managed in a similar strategy in accordance with NBFI's trade allocation policy described in Item 12.B.

3. Other investment adviser or financial planner

NBFI 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 LLC
Neuberger Berman Management LLC
Neuberger Berman Singapore Pte. Limited

Non-SEC-Registered Advisers:

Neuberger Berman Australia Pty Limited
Neuberger Berman East Asia Limited

In providing investment management services to its clients, NBFI 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 to the written consent of the client and the regulatory status of the affiliate, NBFI may engage one or more of these affiliates as subadviser or may treat these affiliates as "participating affiliates," the latter in accordance with the applicable SEC No-Action Letters. If affiliates act as a subadvisor, investment professionals from such affiliates 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 NBFI and perform specific advisory services to NBFI consistent with the powers, authority and mandates of NBFI's clients. The employees of a participating affiliate are designated to act for NBFI and are subject to certain NBFI policies and procedures as well as supervision and periodic monitoring by NBFI. The participating affiliate agrees to make available certain of its employees to provide investment advisory services to NBFI's clients through NBFI, 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 NBFI and the participating affiliate.

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

NBFI may act as sub-adviser to certain Separate Account clients of Advisory Affiliates. In addition, NBFI may serve as sub-adviser to foreign investment vehicles (both private and regulated) advised by Advisory Affiliates. The Advisory Affiliates may act as sub-advisers to certain Separate Accounts of NBFI.

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

The views and opinions of NBFI, and those of these Advisory Affiliates and their research departments, may differ from one another. See Item 11.B.7.

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

NB LLC is registered as a CTA, CPO and Futures Commission Merchant. Employees of NB LLC in their capacity as Associated Persons of NB LLC may solicit prospective investors to invest in Private Funds or Separate Accounts that trade commodity interests and are sponsored or managed by NBFI. See Item 10.C.1 and Item 10.C.3 for a description of NBFI's relationship with NB LLC.

5. Banking or thrift institution

NBFI is affiliated with Neuberger Berman Trust Company N.A. and Neuberger Berman Trust Company of Delaware N.A. (together, the "**NB Trust Companies**"). The 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. The NB Trust Companies may appoint NBFI to manage certain assets of clients of the NB Trust Companies. Certain NBFI personnel may also be officers of the NB Trust Companies and provide investment management services to private investment vehicles sponsored by the NB Trust Companies. In such instances, the NB Trust Companies will use NBFI's trading desk to execute trades for such vehicles.

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

12. Administrator

None.

D. Selection of Other Investment Advisers

NBFI may engage other affiliated advisers to act as sub-advisers for its Separate Accounts (including, without limitation, with respect to Multi-Asset Mandates) or the Private Funds. In connection with the selection of potential sub-advisers, NBFI makes recommendations and/or selections of underlying investment managers for these accounts.

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, NBFI 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 NBFI's officers, members, and employees (collectively, "**Employees**"). The Conflicts Procedures generally set the standard of ethical and professional business conduct that the Firm and NBFI require of its 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 further 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 they are 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 may obtain a copy of the Code of Ethics by contacting Brian Lord, NBFI's Chief Compliance Officer, at 1-312-325-7707.

B. Participation or Interest in Client Transactions

NBFI may participate or have an interest in client transactions as described below. NBFI 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 affiliated broker-dealer, buys from, or sells any security to, an advisory client. A principal transaction would occur if NBFI bought securities for its own inventory from an NBFI advisory client or sold securities from its inventory to an NBFI advisory client.

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

NBFI and its related persons do not generally engage in principal transactions with NBFI's clients. Subject to the rules and regulations under the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), if NBFI were to engage in such affiliated principal transactions for Separate Accounts, NBFI 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 Private Funds, NBFI may engage in such transactions as described in each fund's particular offering documents. In such instances, NBFI will comply with applicable federal law, as well as any requirements imposed by the funds themselves. The potential conflicts of interest are disclosed in the fund's offering documents.

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

2. *Cross Transactions*

Generally, with the exceptions set forth below, it is NBFI's policy not to engage in buying or selling of securities from one client account to another (typically referred to as a "cross trade"). 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. NBFI may engage in cross trading under limited circumstances. However, NBFI will only do so when it believes it is in the best interest of both clients. In such circumstances, neither NBFI 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.

3. *Affiliated Brokers*

NBFI is affiliated with NB LLC and NBM. NBFI does not generally execute transactions for its clients' accounts through NB LLC or NBM; however, NBFI utilizes the trading desk of NB LLC to execute equity securities transactions (including exchange-traded funds) with third-party brokers for a limited number of Client Accounts. See Item 12.B. In the event NBFI were to execute a transaction on behalf of its clients with NB LLC or NBM as broker, NBFI would only do so if it had received prior written authorization from the client and only in accordance with all applicable laws and regulations, including ERISA. Such transaction would only be executed if NB LLC or NBM provided best price and best execution under the circumstances. See Item 12.A.

4. *Financial Interests in Securities or Investment Products*

From time to time, employees of NBFI and its related persons who are registered representatives or associated persons of NB LLC, a registered investment adviser and broker-dealer, CPO and CTA, may recommend to NBFI's clients that they buy or sell securities in which NBFI or a related person has a financial interest. Furthermore, NBFI may invest Client Accounts in securities or other assets of companies with which NBFI 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 NBFI may have an impact on the price of such security, which may indirectly benefit (or act to the detriment of) its affiliates.

Employees of NBFI and its related persons who are registered representatives or associated persons of NB LLC may also recommend an investment in an Affiliated Fund. NBFI has a conflict of interest to the extent that it recommends or invests Client Accounts in the Affiliated Funds (rather than in unaffiliated mutual funds or private funds) because the Firm may benefit from increased subscriptions to the Affiliated Funds (i.e., larger funds) and, with respect to investing Client accounts in the NB Registered Funds, certain affiliates of NBFI receive commission revenue for distributing such Funds. See Item 5.C. and Item 10.C.2.

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

5. *Employee Investment in NBFI Products*

Employees of NBFI or its affiliates may be investors in the Private Funds and/or the NB Registered Funds or Third-Party Mutual Funds managed by NBFI or an affiliate. Any such investments are made in conformity with the Conflicts Procedures (see below) which includes procedures governing the use of confidential information and personal investing. The Firm may reduce or waive fees for employees.

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

NBFI may recommend to clients investments in which Neuberger Berman, its affiliates or employees are also invested. Key personnel of NBFI may be invested directly in the Private Funds and the Performance Fee (if any) and management fee payable by such Private Funds may be separately negotiated by NBFI.

NBFI 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. NBFI, its affiliates and employees (to the extent not prohibited by the Code of Ethics), and clients of NBFI 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 NBFI 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.

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

NBFI employees and officers may also be officers, employees and/or registered representatives of NB LLC, NBM or any of the Advisory Affiliates. In such capacity, they may sell or provide similar services as the services offered by NBFI. The views and opinions of NBFI, NB LLC, NBM 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.

NBFI provides Consulting Services and licenses and supports the NBFI Software to certain clients ("**Consulting Services Clients**"). See Item 4.B. During the consulting period and for the term of any license, NBFI and/or its affiliates may use similar or identical information derived from their independent use of the NBFI Software to advise Client Accounts with respect to investments in mortgage loans and/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**"). NBFI and/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 NBFI's and/or its affiliates' independent use of the NB Software prior to or simultaneously with any report or other work product generated or provided by NBFI to any Consulting Services Client, or by such Consulting Services Client through its use of the NB 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 NFBI and/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 NBFI and the NBFI Software, or may result in a Client Account of NBFI or an affiliate taking the opposite side of a Consulting Services Client order. In addition, NBFI 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 and/or recommendations which NBFI or any of its affiliates may provide to Consulting Services Clients.

C. Personal Trading

NBFI, or one or more of its affiliates, including employees, from time to time, may invest for their own account directly or through a Private Fund or NB Registered Fund in equity, fixed income, derivatives or other investments in which NBFI may also invest on behalf of Client Accounts. Moreover, NBFI 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.

It is the Firm's policy to monitor and in some cases prohibit personal securities transactions for NBFI, 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 NB LLC 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 and/or private placements were disclosed; and (iv) that the employee has read, understood and complied with the Code of Ethics.

The price restitution policy attempts to address the potential conflict that could arise from employees owning the same securities as clients, or where the accounts of both enter the market at the same time. Subject to certain exclusions, employee trades that are executed on the same day and in the same security as a client's 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 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, to effect transactions in anticipation of transactions in such securities by client accounts.

D. Other Conflicts of Interest

1. Non Public Material Inside 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 NBFI may utilize material non-public information in purchasing loans and other debt instruments. From time to time, NBFI 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, but not limited to, 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 NBFI 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 NBFI may purchase or potentially limiting the ability of NBFI 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, NBFI may base its investment decisions with respect to loan assets of such issuer solely on public information, thereby limiting the amount of information available to NBFI 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 NBFI's clients, NBFI has engaged a third-party vendor to administer the loan amendment process with respect to issuers for which NBFI will not accept material non-public information.

2. Gifts/Gratuities/Entertainment

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 more specific Firm 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 government officials at all levels and representatives of U.S. Labor Organizations. 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 contributions which are designed to comply with applicable federal, state and local law. All employees are required to seek preapproval before making any political contribution or volunteering 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, non-profit, charitable, civic or educational organizations. These 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 which 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 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. If the party is in one of these categories, the relationship requires prior approval. 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 due diligence which it believes is appropriate on any outside vendor that provides products or services to the Firm and enters into a mutually-agreeable contract. The Firm's relationships with outside vendors are managed so that controls and oversight which it believes are appropriate 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

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

NBFI 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) and/or (ii) NBFI and its personnel have differing interests in such accounts (e.g., where NBFI or its related persons are exposed to different potential for gain or loss through differential ownership interests or compensation structures) because NBFI may have an incentive to favor certain accounts over others that may be less profitable. Such conflicts may present particular concern when, for example, NBFI places, or allocates, securities transactions that NBFI believes could more likely result in favorable performance, engages in cross trades or executes potentially conflicting or competing investments.

To mitigate these conflicts, NBFI'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 NBFI's (or such personnel's) pecuniary, investment or other financial interests. NBFI 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, but not limited to, 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 to short a security in which they were also long for another client and/or in another product. NBFI has adopted policies and procedures which would permit such transactions, under certain circumstances.

Notwithstanding the above, the views and opinions of NBFI, 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 NBFI 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.

Item 12: Brokerage Practices

A. Criteria for Selection of Broker-Dealers

In General—Brokerage Selection

Generally, where NBFI has discretionary authority for an account, NBFI has discretion to purchase and sell securities and to select the broker-dealer. NBFI looks to the overall quality of service provided by the broker and will consider many factors when making a selection for execution. It is NBFI's policy to use its best efforts to obtain the best price on every trade given all the relevant circumstances. 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 and/or find liquidity, time limitations, and confidentiality of the transaction. NBFI 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.

NBFI utilizes the trading desks of its affiliate, NB LLC, for certain trade execution services relating to equity securities (including exchange-traded funds) for its Client Accounts. NB LLC may aggregate orders for such NBFI Client Accounts with their respective client orders for the same security or financial instrument. In aggregating NBFI Client Accounts with those of NB LLC's other clients, NB LLC may not be able to fill all participating client orders. NB LLC may need to decide which clients will receive an allocation or how much of the executed order will be allocated across the participating clients. This may result in a conflict of interest for NB LLC where participating clients include accounts that are charged performance fees or represent a sizable part of either firm's assets under management. See Item 12.B.

NBFI may select one or more firms to serve as primebroker ("**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. NBFI 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 NBFI with electronic access to account information and trade confirmations and bulk mailing of statements to investors.

Wrap Program Accounts: NBFI may utilize the relevant Wrap Sponsor for brokerage, as use of the Wrap Sponsor may achieve best execution due to certain lower negotiated fees (i.e., brokerage fees are often included in the overall fee paid by Wrap Program Clients to the Wrap Sponsor and therefore no additional brokerage fees may be incurred when brokerage is directed to the Wrap Sponsor). NBFI receives no additional compensation for such use. NBFI will only direct such brokerage where it believes it can achieve best execution (although there can be no assurance that it can be obtained) taking into account any lower fees due to the Wrap Program. Wrap Program Clients should consider whether or not the participation in a Wrap Program may or may not result in certain costs or disadvantages to the client as a result of possible less favorable executions.

NBFI may enter into agreements with certain Wrap Sponsors whereby NBFI will only provide its model portfolio to the program sponsor. Except in certain cases where NBFI retains discretion over the execution of portfolio transactions based on the model portfolio, the Wrap Sponsor would be responsible for executing portfolio transactions for the accounts of the Wrap Program Clients.

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 useful research and brokerage services from broker-dealers. In general, NBFI's policy is to not direct soft dollar credits for fixed income transactions to individual brokers or dealers on behalf of its clients; however, Client Accounts that transact in equity securities, where permitted, may participate in soft dollar transactions through NBFI's use of NB LLC's trading desks. NBFI and its Client Accounts may indirectly benefit from soft dollar arrangements that NB LLC has in place and soft dollar commissions generated by the transactions placed by NB LLC.

Brokerage for Client Referrals

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

Directed Brokerage

Clients may have particular brokerage requirements or requests including directed brokerage, use of emerging brokers, or prohibition of specific brokers. NBFI will review all requests to determine whether NBFI believes such proposals may be disadvantageous to the client. NBFI will discuss any concerns with the client. As a general practice, NBFI does not engage in directed brokerage transactions. Any brokerage requirements or requests may have an adverse impact on NBFI's ability to achieve best execution for such client. In addition, such request may prevent the client from trade aggregation, which prohibition may prevent more favorable execution.

Other Fees in Connection with Trading

In an effort to achieve best execution of portfolio transactions, NBFI 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. NBFI may pay these fees directly to the provider of the service or these fees may be included in the execution price of a security. NBFI'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, NBFI may consider the speed of the transaction, the price of the security, the research it receives and its ability to effect a block transaction.

Errors

NBFI has adopted policies and procedures for correcting errors. The policies and procedures require that all errors affecting a client's account be resolved promptly and fairly. The intent of the policy is to restore a client account to the appropriate financial position considering all relevant circumstances surrounding the error.

B. Aggregation of Orders/Allocation of Trades

Aggregation:

NBFI will frequently aggregate trades (buys and sells) for a client with other NBFI clients, and may also aggregate trades with clients of its affiliates, when it determines that such aggregation should result in more favorable trade execution.

This aggregation of orders could lead to a conflict of interest in the event an order cannot be entirely fulfilled and NBFI is required to determine which accounts should receive executed shares and in what order.

NBFI utilizes the trading desks of its affiliate, NB LLC, for certain equity securities transactions (including exchange-traded funds) for its Client Accounts. There may be occasions when NBFI decides to purchase or sell the same security or financial instrument for several Clients Accounts at approximately the same time. If NBFI utilizes the trading desks of NB LLC, NB LLC may (but is not obligated to) combine or aggregate such orders in order to secure certain efficiencies and results with respect to execution, clearance and settlement of orders. NB LLC may elect to combine NBFI Client Account orders with orders entered for the same security for its clients or clients of other Advisory Affiliates that utilize its services. This aggregation of orders across client accounts could lead to a conflict of interest in the event an order cannot be entirely fulfilled and NB LLC is required to determine which accounts should receive executed shares and in what order. Clients should also refer to NB LLC's Brochure for further information regarding its aggregation and allocation procedures. Neither NB LLC nor NBFI is obligated to include every Client Account in an aggregated trade. Orders will be aggregated and allocated in a manner designed to ensure that over time no particular client or account is favored and that participating clients are treated in a fair and equitable manner. Neither NB LLC nor NBFI will receive additional compensation or remuneration of any kind as a result of the aggregation of client trades.

Allocation of Investment Opportunities:

NBFI strives to add value in client accounts while minimizing return dispersion across accounts with similar investment mandates. The NBFI trade allocation policy requires that all clients are treated in a fair and equitable manner throughout the trade allocation process and each client has the ability to participate in investment decisions when deemed appropriate.

There are no specific limitations on the securities or other investments to be bought or sold or the amount of such securities or other investments to be bought or sold for a particular account, unless a client's guidelines state otherwise. When determining allocations, and ultimately the amount of securities or other investments to be bought or sold, considerations are given to client suitability and guidelines, cash availability, strategy and/or product considerations, issuer and/or sector exposure, and de minimis allocation.

NBFI may face conflicts of interest when allocating investment opportunities among its various clients. For example: (i) NBFI receives different advisory fees from different clients; (ii) the performance records of some clients are more public than the performance records of other clients; and (iii) NBFI and its affiliates, owners, officers and employees have invested substantial amounts of their own capital in some client accounts (notably the Private Funds), but do not invest their own capital in every client's account. The majority of NBFI's clients pursue specific investment strategies, many of which are similar. NBFI expects that, over long periods of time, most clients pursuing similar investment strategies should experience similar, but not identical, investment performance. Many factors affect investment performance, including but not limited to: (i) the timing of cash deposits to, and withdrawals from, an account; (ii) the fact that NBFI 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' differing investment objectives, guidelines and restrictions. NBFI's trading policies are designed to minimize possible conflicts of interest in trading for its clients.

NBFI considers many factors when allocating securities or other investments among clients, including, but not limited to, 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.

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

The Legal and Compliance Department 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

NBFI'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 NBFI looks to the portfolio managers as the first step in the compliance process, NBFI recognizes the need for additional, independent oversight. The Firm's Asset Management Guideline Oversight (AMGO) Department serves as an independent supervisory group responsible for ensuring that portfolios are managed in accordance with client investment guidelines.

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, Sub-Advised Accounts, Wrap Program Accounts and Non-Discretionary Accounts of NBFI 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 perform periodic reviews of the portfolio activities as well as coordinate, where necessary, with the Sub-Advised Account client or its fund accounting designee to provide periodic reviews and reporting to the client as required.

B. Non-Periodic Reviews

Other than the periodic review of accounts described above, a review of individual accounts will also be triggered by anomalies (*e.g.*, performance of an account is not in line with composite performance or abnormal market conditions).

C. Client Reports

Separate Accounts and Non-Discretionary Accounts—NBFI 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, a confirmation is 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 NBFI representative.

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

Sub-Advised Accounts—Investors and/or the client receive such reports as required by the intermediary investment adviser to the account and as required by applicable law or regulation.

Wrap Program Accounts—Wrap Program Clients receive such reports as provided by the Wrap Sponsors.

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 NBFI and its affiliates are eligible to earn an account referral commission for referring a potential client to NBFI that engages NBFI to provide investment management services.

From time to time, in accordance with applicable law, NBFI may retain and compensate third parties for introducing new investment advisory clients to NBFI. The compensation to such parties generally represents a percentage of the management and Performance Fees (if any) paid by the client to NBFI. Clients do not pay a higher fee than they would otherwise pay due to the solicitor's involvement in the introduction.

NBFI sponsors educational events where its representatives meet with institutional consultants and/or their clients. Typically, NBFI neither charges a participation fee nor pays for the expenses of the participants. NBFI may also participate in educational programs sponsored by consultants. NBFI may pay a fee to participate in such programs. Both of these types of events provide NBFI with an opportunity to meet with consultants and/or their clients. Any fees paid by NBFI are from its own resources, which include the management fees received from its clients. Clients should confer with their consultant regarding the details of the payments their consultant may receive from NBFI. In addition, affiliates of NBFI actively seek to educate broker-dealers and other financial intermediaries in connection with the firm's registered fund business. NBFI may benefit from such activity as it subadvises certain NB Registered Funds.

Item 15: Custody

Separate Accounts, Non-Discretionary Accounts

Generally, neither NBFI 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 a Separate Account or Non-Discretionary Account typically are deposited with a bank, trust company, broker-dealer or other qualified custodian ("**Qualified Custodian**") selected by the client. Under the investment management agreement, NBFI generally invoices the Separate Account or Non-Discretionary Account client and the client directs its custodian to pay NBFI. In limited circumstances, NBFI will have custody due to certain control it may have over a client's custodial account with a Qualified Custodian. In those instances, the Qualified Custodian will send quarterly, or more frequently, account statements directly to the client. Clients should carefully review those statements. NBFI provides quarterly (or more frequent) account statements to its clients. Clients should carefully read and compare any account statements received from NBFI against account statements received from their Qualified Custodian.

Private Funds

Neither NBFI 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 NBFI, 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 NBFI or its affiliates will 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, NBFI 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, NBFI 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.

<u>Sub-Advised Accounts</u>

Sub-Advised Accounts are custodied in accordance with the particular type of client (e.g., Separate Accounts, Private Funds).

<u>Wrap Program Accounts</u>

NBFI does not maintain physical possession of the funds or securities that a Wrap Program Client transfers to a Wrap Program. The assets in a Wrap Program Client's account are typically custodied with the Wrap Sponsor or a Qualified Custodian selected by the Wrap Sponsor.

NBFI's services do not include participation in the Wrap Sponsor's selection of the Qualified Custodian, the structuring of custody arrangements, or supervision of the Qualified Custodian. NBFI assumes no liability with respect to the acts, omissions or other conduct of the Qualified Custodian of the Wrap Sponsor. If the Qualified Custodian invests otherwise uninvested cash in a Wrap Program Client's custodial account, NBFI 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 guideline as a client may from time to time communicate to NBFI, NBFI enters into investment management agreements with its clients that give NBFI authority, without obtaining specific client consent, to buy, sell, hold, exchange, convert or otherwise trade in any fixed income securities, loans and other financial instruments, including, without limitation, derivatives. NBFI's discretionary authority is derived from an express grant of authority under each Separate Account's or Private Fund's investment advisory agreement with NBFI and each sub-advisory agreement for a Sub-Advised Account. With respect to many of such agreements, NBFI is also given the authority to execute agreements or other documents on behalf of the client to effectuate NBFI's duties under the investment management agreement. In addition, NBFI's discretionary authority generally allows NBFI 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 NBFI deems necessary and appropriate in the management of the account. From time to time, NBFI may be engaged to provide limited investment management services such as liquidating a client account. For certain of NBFI's large institutional Separate Accounts, NBFI offers Multi-Asset Mandates. 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. Clients may limit NBFI's authority by prohibiting or limiting the purchasing of certain securities or other assets or industry groups. In addition, clients may further limit NBFI's authority by restricting the use of certain brokers or by requiring that a portion of client's transactions be executed through a client's designated broker. See Item 12.A.

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. NBFI 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, 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.

Wrap Program Accounts—Please refer to Item 4.B for a discussion of NBFI's discretionary authority for Wrap Program Accounts.

Non-Discretionary**—**With respect to a small number of clients, NBFI has ongoing responsibility to select securities or other investments that the account may purchase and sell based upon the client's needs; however, at the client's request, NBFI may be required to consult with the client before effecting any such purchases or sales for the client's account.

Item 17: Voting Client Securities

NBFI 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 NBFI. NBFI has implemented written Proxy Voting Policies and Procedures (the **"Proxy Voting Policy"**) that are designed to reasonably ensure that NBFI votes proxies prudently and in the best interest of its advisory clients for whom NBFI has voting authority. The Proxy Voting Policy also describes how NBFI addresses any conflicts that may arise between its interests and those of its clients with respect to proxy voting.

The NB Proxy Voting Committee (**"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 delegate to review, monitor and/or vote proxies. In order to apply the Proxy Voting Policy noted above in a timely and consistent manner, the Committee utilizes Glass, Lewis & Co. LLC (Glass Lewis) to vote proxies in accordance with the Proxy Voting Policy.

For socially responsive clients, NBFI has adopted socially responsive voting guidelines. For non-socially responsive clients, NBFI's guidelines provide that it adopt the voting recommendations of Glass Lewis. NBFI retains final authority and fiduciary responsibility for proxy voting. NBFI believes that this process is reasonably designed to address material conflicts of interest that may arise between NBFI and a client as to how proxies are voted.

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 the NBFI's proxy voting guidelines or in a manner inconsistent with Glass Lewis recommendations, the 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 Committee determines that the voting of a proxy as recommended by the investment professional presents a material conflict of interest between Neuberger Berman and the client or clients with respect to the voting of the proxy, NBFI: (i) takes no further action, in which case Glass Lewis votes such proxy in accordance with the proxy voting guidelines or as Glass Lewis recommends; (ii) discloses such conflict to the client or clients and obtain written direction from the client as to how to vote the proxy; (iii) suggests that the client or clients engage another party to determine how to vote the proxy; or (iv) engages another independent third party to determine how to vote the proxy.

Clients may obtain a copy of the Proxy Voting Policy or obtain information about how NBFI voted their specific proxies by contacting their Client Service Representative.

Class Action Lawsuits—From time to time a security held in a client's Separate Account may become the subject of a class action lawsuit. Generally, the custodian for the Separate Account handles any decision to file a claim to participate in a class action settlement. From time to time, NBFI may directly receive notice of a class action relating to a security held in a Separate

Account. In those cases, NBFI will determine whether it has authority to act with respect to the class action process based on the investment management agreement for the Separate Account.

With respect to registered funds and unaffiliated Private Funds, unless otherwise agreed with NBFI, 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, typically the fund's custodian or other third-party agent engaged by the Private Fund, at the direction of NBFI, will handle the class action process and file claims.

NBFI will not act on behalf of its clients as a lead plaintiff in a class action lawsuit.

Item 18: Financial Information

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

Not Applicable

B. Impairment of Contractual Commitments

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

C. Bankruptcy Petitions

NBFI has not been the subject of a bankruptcy proceeding.

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Neuberger Berman Fixed Income LLC
190 South LaSalle Street Chicago, IL 60603 (312)-325-7700

FORM ADV PART 2B BROCHURE SUPPLEMENT FOR WRAP FEE PROGRAMS

March 27, 2015

This Form ADV Part 2B for Wrap Fee Programs, also called the "Brochure Supplement," provides information about each supervised person providing services on behalf of Neuberger Berman Fixed Income LLC ("NBFI") who makes discretionary investment management decisions or non-discretionary securities recommendations with respect to investment strategies (each, a "Wrap Strategy") offered by third party broker-dealers or other financial intermediaries (each, a "Wrap Sponsor Firm") to you and their other wrap fee program clients.

In general, each Wrap Strategy is managed by a portfolio management team made up of two or more supervised persons. Because many Wrap Sponsor Firms offer multiple Wrap Strategies in their programs, this Brochure Supplement includes information about all Wrap Strategies offered by NBFI and the portfolio management teams responsible for them. Your Wrap Sponsor Firm may not offer all NBFI Wrap Strategies in its programs. In some cases, a portfolio management team described in this Brochure Supplement may include supervised persons who, while not directly involved in managing Wrap Strategies, are responsible for managing the same strategies for other NBFI clients in other business lines.

To help you locate the Wrap Strategy in which your assets are invested, or the portfolio managers responsible for them (referred to as "supervised persons" in this Brochure Supplement), this Brochure Supplement contains two Tables of Contents. The *Table of Contents—Fixed Income Wrap Strategies*, which is located on page ii to this Brochure Supplement, lists all of NBFI's Wrap Strategies alphabetically, along with the names of the portfolio managers responsible for them. In addition, the *Table of Contents—Fixed Income Wrap Strategy Portfolio Managers*, which is located on page iii to this Brochure Supplement, lists the individual portfolio managers responsible for the Wrap Strategies alphabetically and identifies the Wrap Strategies that they manage. Accordingly, you may locate information about your investment by looking in the applicable Table of Contents under the name of either the Wrap Strategy or the name of an individual portfolio manager.

The information in this Brochure Supplement supplements the NBFI ADV Part 2A Brochure. You should have received a copy of that Brochure. You may also obtain it online at www.nb.com/adv_part_2A_nbfi. Please contact us at (312) 325-7700 if you did not receive the NBFI ADV Part 2A Brochure or if you have any questions about the contents of this supplement. Please note that you may receive more than one Brochure Supplement.

For the information about each supervised person provided in this Brochure Supplement:

"**Educational background**" refers to the supervised person's post-high school formal education.

"**Disciplinary information**" refers to legal or disciplinary events that may be material to your evaluation of the supervised person, such as civil lawsuits, proceedings before a government or self-regulatory agency relating to investment activity, or criminal proceedings.

"**Other business activities**" refers to activities where the supervised person is actively engaged in any investment-related business or other occupation other than providing advisory services on behalf of **NBFI**.

"**Additional compensation**" refers to an economic benefit received from someone who is not a client by a supervised person for providing advisory services other than his or her regular salary and regular bonus from NBFI or its affiliates (collectively, "Neuberger Berman").

"**Supervisor**" refers to the person who supervises the supervised person's investment activities on behalf of the firm.

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TAXABLE FIXED INCOME WRAP STRATEGIES

CORE BOND
INTERMEDIATE MATURITY FIXED INCOME
LIMITED MATURITY FIXED INCOME

Supervised Persons

Educational Background & Business Experience

Name	**Richard Grau** *Senior Vice President*
Year of Birth	1967
Educational Background	New York University (New York, NY), MBA Rutgers University (New Brunswick, NJ), BS
Business Experience (last five years only)	January 2010 – Present NBFI, Portfolio Manager Richard Grau is also a Senior Vice President at Neuberger Berman LLC ("NB") and Neuberger Berman Management LLC ("NBM"), which are both affiliates of NBFI.
Professional Designations	None
Disciplinary Information	None
Other Business Activities	Richard Grau is a registered representative of NB, a U.S. registered broker dealer, and NBM, a U.S. registered limited purpose broker dealer. Richard Grau is also an associated person of NB in connection with NB's registration as a Commodity Trading Advisor, Commodity Pool Operator and Futures Commission Merchant. In addition, Richard Grau provides advisory services on behalf of affiliates of NBFI. Those other business relationships may result in certain actual or perceived conflicts from time to time. These conflicts may relate to, among other things, the advice given to clients and the time and resources devoted to clients by supervised persons. These conflicts are managed through compliance with Neuberger Berman's Code of Ethics and other compliance policies and procedures. Please refer to NBFI's Part 2A Brochure for more detailed discussion of these conflicts and how they are managed. Neuberger Berman investment professionals on portfolio management teams receive a fixed salary and are eligible for an annual bonus. The annual bonus for an individual investment professional is paid from a "bonus pool" made available to the portfolio management team with which the investment professional is associated. The amount available in the bonus pool is determined based on a number of factors including, but not limited to, the revenue that is generated by that particular portfolio management team, less certain adjustments. Once the final size of the available bonus pool is determined, individual bonuses are determined based on a number of factors including, but not limited to, the aggregate investment performance of all strategies managed by the individual, utilization of central resources, business building to further the longer term sustainable success of the investment team, effective team/people management, and overall contribution to the success of Neuberger Berman. Neuberger Berman has policies and procedures in place to monitor and manage any conflicts of interest that may arise as a result of this structure. For example, an investment professional may have an incentive to increase the size of the bonus pool by promoting a particular product over another or by taking aggressive investment positions in an effort to generate outsized returns. These policies and procedures are designed to ensure that investment product recommendations are made in the best interests of clients and that investment decisions are consistent with a client's investment mandate and are made in the best interests of the client.
Additional Compensation	None
Supervision	Brad Tank as Chief Investment Officer of Fixed Income is responsible for supervising the advisory activities of Richard Grau and monitoring the investment advice that he provides to the clients of NBFI. Richard Grau is required to comply with Neuberger Berman's Code of Ethics, its compliance policies and procedures and any other policies and procedures adopted by NBFI from time to time. Richard Grau's supervisor is available at 312-627-4301 or Brad.Tank@nb.com.
Requirements for State-Registered Advisors	Not Applicable

TAXABLE FIXED INCOME WRAP STRATEGIES

CORE BOND
INTERMEDIATE MATURITY FIXED INCOME
LIMITED MATURITY FIXED INCOME
Supervised Persons

Educational Background & Business Experience

Name	**Andrew Johnson** *Managing Director*
Year of Birth	1962
Educational Background	University of Chicago (Chicago, IL), MBA Illinois Institute of Technology (Chicago, IL), MS Illinois Institute of Technology (Chicago, IL), BS
Business Experience (last five years only)	January 2010 – Present NBFI, Board Member, Portfolio Manager Andrew Johnson is also a Managing Director at Neuberger Berman LLC ("NB") and Neuberger Berman Management LLC ("NBM"), as well as a Portfolio Manager at Neuberger Berman Trust Company N.A., each of which is an affiliate of NBFI.
Professional Designations	None
Disciplinary Information	None
Other Business Activities	Andrew Johnson is a registered representative of NB, a U.S. registered broker dealer, and NBM, a U.S. registered limited purpose broker dealer. Andrew Johnson is also a Principal, an Associated Person, and a Swap Associated Person of NBFI in connection with NBFI's registration as a Commodity Trading Advisor and Commodity Pool Operator. In addition, Andrew Johnson is an Associated Person and a Swap Associated Person of NB in connection with NB's registration as a Commodity Trading Advisor, Commodity Pool Operator and Futures Commission Merchant. Furthermore, Andrew Johnson provides advisory services on behalf of affiliates of NBFI. Those other business relationships may result in certain actual or perceived conflicts from time to time. These conflicts may relate to, among other things, the advice given to clients and the time and resources devoted to clients by supervised persons. These conflicts are managed through compliance with Neuberger Berman's Code of Ethics and other compliance policies and procedures. Please refer to NBFI's Part 2A Brochure for more detailed discussion of these conflicts and how they are managed. Neuberger Berman investment professionals on portfolio management teams receive a fixed salary and are eligible for an annual bonus. The annual bonus for an individual investment professional is paid from a "bonus pool" made available to the portfolio management team with which the investment professional is associated. The amount available in the bonus pool is determined based on a number of factors including the revenue that is generated by that particular portfolio management team, less certain adjustments. Once the final size of the available bonus pool is determined, individual bonuses are determined based on a number of factors including, but not limited to, the aggregate investment performance of all strategies managed by the individual, utilization of central resources, business building to further the longer term sustainable success of the investment team, effective team/people management, and overall contribution to the success of Neuberger Berman. Neuberger Berman has policies and procedures in place to monitor and manage any conflicts of interest that may arise as a result of this structure. For example, an investment professional may have an incentive to increase the size of the bonus pool by promoting a particular product over another or by taking aggressive investment positions in an effort to generate outsized returns. These policies and procedures are designed to ensure that investment product recommendations are made in the best interests of clients and that investment decisions are consistent with a client's investment mandate and are made in the best interests of the client.
Additional Compensation	None
Supervision	Brad Tank as Chief Investment Officer of Fixed Income is responsible for supervising the advisory activities of Andrew Johnson and monitoring the investment advice that he provides to the clients of NBFI. Andrew Johnson is required to comply with Neuberger Berman's Code of Ethics, its compliance policies and procedures and any other policies and procedures adopted by NBFI from time to time. Andrew Johnson's supervisor is available at 312-627-4301 or Brad.Tank@nb.com.
Requirements for State-Registered Advisors	Not Applicable

CORE BOND
INTERMEDIATE MATURITY FIXED INCOME
LIMITED MATURITY FIXED INCOME

Supervised Persons

Educational Background & Business Experience

Name	**Thomas Sontag** *Managing Director*
Year of Birth	1959
Educational Background	University of Wisconsin (Madison, WI), MBA University of Wisconsin (Madison, WI), BBA
Business Experience (last five years only)	January 2010 – Present NBFI, Portfolio Manager Thomas Sontag is also a Managing Director at Neuberger Berman LLC ("NB") and Neuberger Berman Management LLC ("NBM"), as well as a Portfolio Manager at Neuberger Berman Trust Company N.A., each of which is an affiliate of NBFI.
Professional Designations	None
Disciplinary Information	None
Other Business Activities	Thomas Sontag is a registered representative of NB, a U.S. registered broker dealer, and NBM, a U.S. registered limited purpose broker dealer. Thomas Sontag is also an Associated Person and a Swap Associated Person of NB in connection with NB's registration as a Commodity Trading Advisor, Commodity Pool Operator, and Futures Commission Merchant. In addition, Thomas Sontag provides advisory services on behalf of affiliates of NBFI. Those other business relationships may result in certain actual or perceived conflicts from time to time. These conflicts may relate to, among other things, the advice given to clients and the time and resources devoted to clients by supervised persons. These conflicts are managed through compliance with Neuberger Berman's Code of Ethics and other compliance policies and procedures. Please refer to NBFI's Part 2A Brochure for more detailed discussion of these conflicts and how they are managed. Neuberger Berman investment professionals on portfolio management teams receive a fixed salary and are eligible for an annual bonus. The annual bonus for an individual investment professional is paid from a "bonus pool" made available to the portfolio management team with which the investment professional is associated. The amount available in the bonus pool is determined based on a number of factors including the revenue that is generated by that particular portfolio management team, less certain adjustments. Once the final size of the available bonus pool is determined, individual bonuses are determined based on a number of factors including, but not limited to, the aggregate investment performance of all strategies managed by the individual, utilization of central resources, business building to further the longer term sustainable success of the investment team, effective team/people management, and overall contribution to the success of Neuberger Berman. Neuberger Berman has policies and procedures in place to monitor and manage any conflicts of interest that may arise as a result of this structure. For example, an investment professional may have an incentive to increase the size of the bonus pool by promoting a particular product over another or by taking aggressive investment positions in an effort to generate outsized returns. These policies and procedures are designed to ensure that investment product recommendations are made in the best interests of clients and that investment decisions are consistent with a client's investment mandate and are made in the best interests of the client.
Additional Compensation	None
Supervision	Brad Tank as Chief Investment Officer of Fixed Income is responsible for supervising the advisory activities of Thomas Sontag and monitoring the investment advice that he provides to the clients of NBFI. Thomas Sontag is required to comply with Neuberger Berman's Code of Ethics, its compliance policies and procedures and any other policies and procedures adopted by NBFI from time to time. Thomas Sontag's supervisor is available at 312-627-4301 or Brad.Tank@nb.com.
Requirements for State-Registered Advisors	Not Applicable

TAXABLE FIXED INCOME WRAP STRATEGIES

CORE BOND
INTERMEDIATE MATURITY FIXED INCOME
LIMITED MATURITY FIXED INCOME

Supervised Persons

Educational Background & Business Experience

Name	**Theodore Vogel** *Senior Vice President*
Year of Birth	1958
Educational Background	Seton Hall University (South Orange, NJ), MA Boston University (Boston, MA), BS, BA
Business Experience (last five years only)	January 2010 – Present NBFI, Product Specialist Theodore Vogel is also a Senior Vice President at Neuberger Berman LLC ("NB"), which is an affiliate of NBFI.
Professional Designations	None
Disciplinary Information	None
Other Business Activities	Theodore Vogel is a registered representative of NB, a U.S. registered broker dealer. In addition, Theodore Vogel provides advisory services on behalf of affiliates of NBFI. Those other business relationships may result in certain actual or perceived conflicts from time to time. These conflicts may relate to, among other things, the advice given to clients and the time and resources devoted to clients by supervised persons. These conflicts are managed through compliance with Neuberger Berman's Code of Ethics and other compliance policies and procedures. Please refer to NBFI's Part 2A Brochure for more detailed discussion of these conflicts and how they are managed. Neuberger Berman investment professionals on portfolio management teams receive a fixed salary and are eligible for an annual bonus. The annual bonus for an individual investment professional is paid from a "bonus pool" made available to the portfolio management team with which the investment professional is associated. The amount available in the bonus pool is determined based on a number of factors including the revenue that is generated by that particular portfolio management team, less certain adjustments. Once the final size of the available bonus pool is determined, individual bonuses are determined based on a number of factors including, but not limited to, the aggregate investment performance of all strategies managed by the individual, utilization of central resources, business building to further the longer term sustainable success of the investment team, effective team/people management, and overall contribution to the success of Neuberger Berman. Neuberger Berman has policies and procedures in place to monitor and manage any conflicts of interest that may arise as a result of this structure. For example, an investment professional may have an incentive to increase the size of the bonus pool by promoting a particular product over another or by taking aggressive investment positions in an effort to generate outsized returns. These policies and procedures are designed to ensure that investment product recommendations are made in the best interests of clients and that investment decisions are consistent with a client's investment mandate and are made in the best interests of the client.
Additional Compensation	None
Supervision	Brad Tank as Chief Investment Officer of Fixed Income is responsible for supervising the advisory activities of Theodore Vogel and monitoring the investment advice that he provides to the clients of NBFI. Theodore Vogel is required to comply with Neuberger Berman's Code of Ethics, its compliance policies and procedures and any other policies and procedures adopted by NBFI from time to time. Theodore Vogel's supervisor is available at 312-627-4301 or Brad.Tank@nb.com.
Requirements for State-Registered Advisors	Not Applicable

TAX-EXEMPT FIXED INCOME WRAP STRATEGIES:

TAX-EXEMPT CORE
TAX-EXEMPT EXTENDED CORE
TAX-EXEMPT INTERMEDIATE MATURITY FIXED INCOME
TAX-EXEMPT LIMITED MATURITY FIXED INCOME
TAX-EXEMPT LONG MATURITY FIXED INCOME

Supervised Persons

Educational Background & Business Experience

Name **Year of Birth** **Educational Background** **Business Experience (last five years only)** **Professional Designations**	**James Iselin** *Managing Director* 1970 Denison University (Granville, OH), BA July 2010 – Present NBFI, Portfolio Manager James Iselin is also a Managing Director at Neuberger Berman LLC ("NB") and Neuberger Berman Management LLC ("NBM"), which are both affiliates of NBFI. None
Disciplinary Information	None
Other Business Activities	James Iselin is a registered representative of NB, a U.S. registered broker dealer, and NBM, a U.S. registered limited purpose broker dealer. In addition, James Iselin provides advisory services on behalf of affiliates of NBFI. Those other business relationships may result in certain actual or perceived conflicts from time to time. These conflicts may relate to, among other things, the advice given to clients and the time and resources devoted to clients by supervised persons. These conflicts are managed through compliance with Neuberger Berman's Code of Ethics and other compliance policies and procedures. Please refer to NBFI's Part 2A Brochure for more detailed discussion of these conflicts and how they are managed. Neuberger Berman investment professionals on portfolio management teams receive a fixed salary and are eligible for an annual bonus. The annual bonus for an individual investment professional is paid from a "bonus pool" made available to the portfolio management team with which the investment professional is associated. The amount available in the bonus pool is determined based on a number of factors including the revenue that is generated by that particular portfolio management team, less certain adjustments. Once the final size of the available bonus pool is determined, individual bonuses are determined based on a number of factors including, but not limited to, the aggregate investment performance of all strategies managed by the individual, utilization of central resources, business building to further the longer term sustainable success of the investment team, effective team/people management, and overall contribution to the success of Neuberger Berman. Neuberger Berman has policies and procedures in place to monitor and manage any conflicts of interest that may arise as a result of this structure. For example, an investment professional may have an incentive to increase the size of the bonus pool by promoting a particular product over another or by taking aggressive investment positions in an effort to generate outsized returns. These policies and procedures are designed to ensure that investment product recommendations are made in the best interests of clients and that investment decisions are consistent with a client's investment mandate and are made in the best interests of the client.
Additional Compensation	None
Supervision	Brad Tank as Chief Investment Officer of Fixed Income is responsible for supervising the advisory activities of Thomas Sontag and monitoring the investment advice that he provides to the clients of NBFI. Thomas Sontag is required to comply with Neuberger Berman's Code of Ethics, its compliance policies and procedures and any other policies and procedures adopted by NBFI from time to time. Thomas Sontag's supervisor is available at 312-627-4301 or Brad.Tank@nb.com.
Requirements for State-Registered Advisors	Not Applicable

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TAX-EXEMPT LONG MATURITY FIXED INCOME

Supervised Persons

Educational Background & Business Experience

Name **Year of Birth** **Educational Background** **Business Experience (last five years only)** **Professional Designations**	**Stephen Leone** *Senior Vice President* 1967 State University of New York at Oswego (Oswego, NY), BS July 2010 – Present NBFI, Portfolio Manager Stephen Leone is also a Senior Vice President at Neuberger Berman LLC ("NB"), which is an affiliate of NBFI. None
Disciplinary Information	None
Other Business Activities	Stephen Leone is a registered representative of NB, a U.S. registered broker dealer. In addition, Stephen Leone provides advisory services on behalf of affiliates of NBFI. Those other business relationships may result in certain actual or perceived conflicts from time to time. These conflicts may relate to, among other things, the advice given to clients and the time and resources devoted to clients by supervised persons. These conflicts are managed through compliance with Neuberger Berman's Code of Ethics and other compliance policies and procedures. Please refer to NBFI's Part 2A Brochure for more detailed discussion of these conflicts and how they are managed. Neuberger Berman investment professionals on portfolio management teams receive a fixed salary and are eligible for an annual bonus. The annual bonus for an individual investment professional is paid from a "bonus pool" made available to the portfolio management team with which the investment professional is associated. The amount available in the bonus pool is determined based on a number of factors including the revenue that is generated by that particular portfolio management team, less certain adjustments. Once the final size of the available bonus pool is determined, individual bonuses are determined based on a number of factors including, but not limited to, the aggregate investment performance of all strategies managed by the individual, utilization of central resources, business building to further the longer term sustainable success of the investment team, effective team/people management, and overall contribution to the success of Neuberger Berman. Neuberger Berman has policies and procedures in place to monitor and manage any conflicts of interest that may arise as a result of this structure. For example, an investment professional may have an incentive to increase the size of the bonus pool by promoting a particular product over another or by taking aggressive investment positions in an effort to generate outsized returns. These policies and procedures are designed to ensure that investment product recommendations are made in the best interests of clients and that investment decisions are consistent with a client's investment mandate and are made in the best interests of the client.
Additional Compensation	None
Supervision	Brad Tank as Chief Investment Officer of Fixed Income is responsible for supervising the advisory activities of Stephen Leone and monitoring the investment advice that he provides to the clients of NBFI. Stephen Leone is required to comply with Neuberger Berman's Code of Ethics, its compliance policies and procedures and any other policies and procedures adopted by NBFI from time to time. Stephen Leone's supervisor is available at 312-627-4301 or Brad.Tank@nb.com.
Requirements for State-Registered Advisors	Not Applicable

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Supervised Persons

Educational Background & Business Experience

Name **Year of Birth** **Educational Background** **Business Experience (last five years only)** **Professional Designations**	**Peter Moukios** *Senior Vice President* 1966 St. John's University (New York, NY), BS July 2010 – Present NBFI, Portfolio Manager Peter Moukios is also a Senior Vice President at Neuberger Berman LLC ("NB"), which is an affiliate of NBFI. None
Disciplinary Information	None
Other Business Activities	Peter Moukios is a registered representative of NB, a U.S. registered broker dealer. In addition, Peter Moukios provides advisory services on behalf of affiliates of NBFI. Those other business relationships may result in certain actual or perceived conflicts from time to time. These conflicts may relate to, among other things, the advice given to clients and the time and resources devoted to clients by supervised persons. These conflicts are managed through compliance with Neuberger Berman's Code of Ethics and other compliance policies and procedures. Please refer to NBFI's Part 2A Brochure for more detailed discussion of these conflicts and how they are managed. Neuberger Berman investment professionals on portfolio management teams receive a fixed salary and are eligible for an annual bonus. The annual bonus for an individual investment professional is paid from a "bonus pool" made available to the portfolio management team with which the investment professional is associated. The amount available in the bonus pool is determined based on a number of factors including the revenue that is generated by that particular portfolio management team, less certain adjustments. Once the final size of the available bonus pool is determined, individual bonuses are determined based on a number of factors including, but not limited to, the aggregate investment performance of all strategies managed by the individual, utilization of central resources, business building to further the longer term sustainable success of the investment team, effective team/people management, and overall contribution to the success of Neuberger Berman. Neuberger Berman has policies and procedures in place to monitor and manage any conflicts of interest that may arise as a result of this structure. For example, an investment professional may have an incentive to increase the size of the bonus pool by promoting a particular product over another or by taking aggressive investment positions in an effort to generate outsized returns. These policies and procedures are designed to ensure that investment product recommendations are made in the best interests of clients and that investment decisions are consistent with a client's investment mandate and are made in the best interests of the client.
Additional Compensation	None
Supervision	Brad Tank as Chief Investment Officer of Fixed Income is responsible for supervising the advisory activities of Peter Moukios and monitoring the investment advice that he provides to the clients of NBFI. Peter Moukios is required to comply with Neuberger Berman's Code of Ethics, its compliance policies and procedures and any other policies and procedures adopted by NBFI from time to time. Peter Moukios' supervisor is available at 312-627-4301 or Brad.Tank@nb.com.
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Supervised Persons

Educational Background & Business Experience

Name	**Theodore Vogel** *Senior Vice President*
Year of Birth	1958
Educational Background	Seton Hall University (South Orange, NJ), MA Boston University (Boston, MA), BS, BA
Business Experience (last five years only)	January 2010 – Present NBFI, Product Specialist Theodore Vogel is also a Senior Vice President at Neuberger Berman LLC ("NB"), which is an affiliate of NBFI.
Professional Designations	None
Disciplinary Information	None
Other Business Activities	Theodore Vogel is a registered representative of NB, a U.S. registered broker dealer. In addition, Theodore Vogel provides advisory services on behalf of affiliates of NBFI. Those other business relationships may result in certain actual or perceived conflicts from time to time. These conflicts may relate to, among other things, the advice given to clients and the time and resources devoted to clients by supervised persons. These conflicts are managed through compliance with Neuberger Berman's Code of Ethics and other compliance policies and procedures. Please refer to NBFI's Part 2A Brochure for more detailed discussion of these conflicts and how they are managed. Neuberger Berman investment professionals on portfolio management teams receive a fixed salary and are eligible for an annual bonus. The annual bonus for an individual investment professional is paid from a "bonus pool" made available to the portfolio management team with which the investment professional is associated. The amount available in the bonus pool is determined based on a number of factors including the revenue that is generated by that particular portfolio management team, less certain adjustments. Once the final size of the available bonus pool is determined, individual bonuses are determined based on a number of factors including, but not limited to, the aggregate investment performance of all strategies managed by the individual, utilization of central resources, business building to further the longer term sustainable success of the investment team, effective team/people management, and overall contribution to the success of Neuberger Berman. Neuberger Berman has policies and procedures in place to monitor and manage any conflicts of interest that may arise as a result of this structure. For example, an investment professional may have an incentive to increase the size of the bonus pool by promoting a particular product over another or by taking aggressive investment positions in an effort to generate outsized returns. These policies and procedures are designed to ensure that investment product recommendations are made in the best interests of clients and that investment decisions are consistent with a client's investment mandate and are made in the best interests of the client.
Additional Compensation	None
Supervision	Brad Tank as Chief Investment Officer of Fixed Income is responsible for supervising the advisory activities of Theodore Vogel and monitoring the investment advice that he provides to the clients of NBFI. Theodore Vogel is required to comply with Neuberger Berman's Code of Ethics, its compliance policies and procedures and any other policies and procedures adopted by NBFI from time to time. Theodore Vogel's supervisor is available at 312-627-4301 or Brad.Tank@nb.com.
Requirements for State-Registered Advisors	Not Applicable

FACTS

WHAT DOES NEUBERGER BERMAN DO WITH YOUR PERSONAL INFORMATION?

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: ■ Social Security number and account balances ■ income and transaction history ■ credit history and credit scores When you are *no longer* our customer, we continue to share your information as described in this notice.
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Neuberger Berman chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Neuberger Berman share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes— information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes— information about your creditworthiness	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?	Call 800.223.6448

Who we are	
Who is providing this notice?	Entities within the Neuberger Berman family of companies, mutual funds, and private investment funds.

What we do	
How does Neuberger Berman protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. We restrict access to customer information to those employees who need to know such information in order to perform their job responsibilities.
How does Neuberger Berman collect my personal information?	We collect your personal information, for example, when you ■ open an account or provide account information ■ seek advice about your investments or give us your income information ■ give us your contact information We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only ■ sharing for affiliates' everyday business purposes—information about your creditworthiness ■ affiliates from using your information to market to you ■ sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. ■ *Our affiliates include companies with a Neuberger Berman name; financial companies, such as investment advisers, broker dealers; mutual funds, and private investment funds.*
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. ■ *Nonaffiliates we share with can include companies that perform administrative services on our behalf (such as vendors that provide data processing, transaction processing, and printing services) or other companies such as brokers, dealers, or counterparties in connection with servicing your account.*
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. ■ *Neuberger Berman doesn't jointly market.*