Neuberger Berman Annual Report

June 2021

NEUBERGER BERMAN

Neuberger Berman, founded in 1939, is a private, independent, employee-owned investment manager. The firm manages a range of strategies—including equity, fixed income, quantitative and multi-asset class, private equity, real estate and hedge funds—on behalf of institutions, advisors and individual investors globally. With offices in 25 countries, Neuberger Berman's diverse team has over 2,300 professionals. For seven consecutive years, the company has been named first or second in *Pensions & Investments'* Best Places to Work in Money Management survey (among those with 1,000 employees or more). In 2020, the PRI named Neuberger Berman a Leader, a designation awarded to fewer than 1% of investment firms for excellence in Environmental, Social and Governance (ESG) practices. The PRI also awarded Neuberger Berman an A+ in every eligible category for our approach to ESG integration across asset classes. The firm manages $402 billion in client assets as of March 31, 2021. For more information, please visit our website at www.nb.com.

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GEORGE H. WALKER
Chairman and Chief Executive Officer

A Message From Our CEO

Each year I enjoy reading annual letters from the leaders of the companies I most admire. My favorite this year was Jeff Bezos' farewell note, in which he identifies the beneficiaries of the value created by Amazon over the past year, from shareholders and employees to shoppers and cloud-computing customers.[1] I encourage you to read it.

As my colleagues know, I relish turning any test on ourselves—whether it's a rigorous financial test, an environmental or social screen, a "Best Places to Work" competition or even a peppery corporate athletic challenge—and so I've been thinking about how to follow Bezos' example by broadly quantifying the value that Neuberger Berman created in 2020.

In its simplest terms, as we started 2020, our clients had entrusted us with $356 billion of their irreplaceable assets. We managed those funds through a truly exceptional period—a virtual simultaneous global shutdown of material portions of the economy due to a pandemic that few of us had foreseen, even months earlier. During the year clients added almost $13 billion of net additional funds to our care and, through strong investment returns, the firm ended the year with assets under management up 14% at $405 billion, dwarfing the 54 basis points clients paid in management fees of roughly $2 billion.

Long-term returns versus active peers and passive strategies remained strong—collectively, 96% of institutional-oriented equity and fixed income AUM outperforming benchmarks since inception.[2]

It was a remarkable period for the firm. What I'd like to explore briefly is how we used these fees, how we earned them and the impact our efforts had on the communities in which we operate.

Revenues Reinvested to Strengthen the Firm

To start, it's important to remember that not a single one of our roughly $2 billion in revenue was paid to unaffiliated shareholders or a corporate parent. It was all paid to our employees, vendors/partners on whom we rely, taxes and otherwise reinvested in our business to drive future investment returns and help us better deliver on our mission.

About 60% of revenues were distributed to employees in compensation, 15% were allocated to other expenses and 25% were distributed to employee-owners in profits.[3] Our employees of course also pay income taxes on their compensation and firm earnings, which are material given that the majority of our employees are based in jurisdictions with relatively high taxation such as New York City, London, Tokyo and Shanghai. Local, state and federal governments rank just behind employees as recipients of

[1]Jeff Bezos, 2020 Letter to Shareholders, at https://www.aboutamazon.com/news/company-news/2020-letter-to-shareholders.
[2]See footnote 7 on page 8 of this publication.
[3]As of December 31, 2020, 94% of profits distributions were paid to current employees (as well as their permitted transferees, as applicable) and 6% to retired shareholders who sell their equity back to the firm over a finite period after their departure.

these revenues and we count on them to enable us to operate effectively on clients' behalf. Civic engagement has become an increased focus for our employees, and we have worked to help make their voices heard.

Other expenses include the resources that our employees use: last year, for example, we spent $170 million on the technology, data and infrastructure that we need to do our job well. In a year when virtually our entire workforce needed our help to work safely and efficiently from home, our investments in technology and infrastructure were particularly critical. We were among the first firms to operate fully remotely in 2020—a remarkable test of our capabilities and culture—and by any measure have done so successfully, benefiting both our clients and our employees and their families.

We continue to invest in the franchise. As markets change, we embrace the opportunities created for clients: strategies launched within the past five years account for approximately 14% of our revenues, a level of success that reassures us that we are expanding our capabilities to give clients the exposures they seek.

As I speak to industry peers, I realize how unusual this position is. For a few years now, mergers and acquisitions have been a feature of asset management as companies struggle to compete in a world of low return outlooks and margin compression. According to Refinitiv, there was a new record of 270 U.S. asset management mergers in 2020, valued at more than $200 billion. The investment bank Piper Sandler has estimated that only half of the industry's companies will still be around by 2030. The coronavirus crisis piled on more pressure. For some, the ability to remain independent is slipping away. Neuberger Berman is committed to its independence, enjoying growth across all of its businesses, focusing on delivering value and innovating in every asset class.

Equities: Innovation and Sustainability

In prior letters I have focused on our Small Cap efforts, given that it is the largest segment of the platform. But each segment has shined. Our U.S. Large Cap Value strategy, for example, delivered double-digit absolute and excess returns in 2020, during a market rally driven by a handful of technology growth stocks. We think this exemplifies the added value that our investment in people and research can generate. The team's success was not built on smuggling growth stocks into a value portfolio—all too tempting for some managers after a decade of value underperforming—but rather on disciplined single-stock conviction and the confidence to rotate into more cyclical value names after the market pullback in March. Crucially, by helping our value investing clients stay ahead of the market during a long, tough time for the style, the team also kept them in the game for what many anticipate could be a substantial comeback for value stocks as the economy continues to re-open.

Fundamental research is the engine of a strategy like Large Cap Value, and research is a key beneficiary of our constant reinvestment. New research capabilities create new opportunities to deliver client returns: we have introduced approaches that draw specifically on the insights of our Data Science platform, for example, as well as an evolving set of thematic equity strategies that originate directly from our equity research platform. Clients are responding positively to approaches that harness cutting-edge research methods and look through market cycles to generate excess returns in a world of compressed risk premia.

We are also helping clients invest more sustainably—a test where too many managers are focused more on box-checking than material outcomes. We believe we stand out with our focus on materiality (paying attention to environmental, social and governance factors that are most financially material to a company) and engagement (working with companies to enhance their sustainability). We prioritize those two things because we believe capitalism works best and generates good and sustainable outcomes when shareholders truly act like owners.

Institutional Equities Capabilities[4]

ESG Integrated Strategy — ESG Integrated Sustainable or Impact Strategy

U.S. LARGE CAP & ALL CAP

- Research Opportunity†
- Large Cap Disciplined Growth
- Large Cap Value
- Large Cap Core
- Multi-Cap Opportunities
- U.S. Equity Impact†
- Sustainable Equity

$12.9bn

1.4% ann. Gross Median Excess Return

16% Median Peer Rank

U.S. SMALL & MID CAP

- Small Cap Core
- Small Cap Intrinsic Value
- Mid Cap Intrinsic Value
- Small Cap Growth
- Mid Cap Growth

$25.1bn

3.5% ann. Gross Median Excess Return

18% Median Peer Rank

GLOBAL & INTERNATIONAL

- International/International Select
- Global Sustainable†/European Sustainable†
- Japan Equity Engagement
- Data-Science Integrated (GEDI)†/Focus†
- Global Concentrated Opportunistic†
- International ACWIxUS/Small Cap†

$7.4bn

2.3% ann. Gross Median Excess Return

19% Median Peer Rank

EMERGING MARKETS

- Emerging Markets/Emerging Markets Select
- China A Equity†
- Strategic India†

$7.9bn

1.9% ann. Gross Median Excess Return

52% Median Peer Rank

THEMATIC

- Next Gen Connectivity†‡/Connectivity Asia†‡
- Autonomous Vehicles†
- Global FinTech†
- Next Gen Mobility†‡
- Digital Transformation
- Disrupters All Cap

$11.8bn

8.0% ann. Gross Median Excess Return

32% Median Peer Rank

ALTERNATIVES

- Equity Long Short
- Principal Strategies Group
- Opportunistic Capital Solutions
- PRIMA (Pre-IPO)

$7.2bn

REAL ESTATE & INCOME

- Real Estate Securities/Global REIT
- Equity Income
- Almanac Realty Public Securities*†

$3.8bn

1.5% ann. Gross Median Excess Return

46% Median Peer Rank

QUANTITATIVE

- U.S. PutWrite/Global PutWrite†
- Global Sustainable Value
- Canada Multi-Factor†
- Integrated Large Cap†

$8.0bn

2.2% ann. Gross Median Excess Return

19% Median Peer Rank

Source: Neuberger Berman, as of March 31, 2021.

[4] Gross Median Excess Return for each grouping includes only the strategies shown (other than those denoted with an asterisk [*]) and is calculated by taking the difference between (a) the since inception returns for each strategy within each grouping and (b) each strategy's benchmark return for the same period of time, and then calculating the median number of all such excess returns. This calculation includes strategies with less than one year of history. Returns longer than one year have been annualized. Returns are gross of fees (and do not reflect the deduction of investment advisory fees, trading cost or any other expenses (which would reduce the referenced returns) and reflect reinvestment of dividends and distributions. Indices are unmanaged and are not available for direct investment. Median Peer Rank percentage is calculated by taking a strategy's eVestment or Morningstar universe ranking since inception, and then calculating the median number of all the eVestment or Morningstar rankings for the strategies within a grouping. Strategies listed that have no eVestment or Morningstar peer ranking (denoted with an obelisk [†]) are not included in the calculation. Each of the strategies in a grouping have different inception dates and are managed materially differently. Gross Median Excess Return and Median Peer Ranks are not a prediction of the future performance of any strategy. **Past performance is no guarantee of future results.** Gross Median Excess Return and Median Peer Rank percentage are shown to highlight relative performance to competitors. AUM as of March 31, 2021. AUM includes the firm's equity ISA, Registered Funds, Private Funds and MAG offerings as well as proprietary accounts and does not include HNW assets. Strategies denoted with a diesis (‡) indicate a Febelfin sustainability designation. See additional disclosures at the end of this publication, which are an important part of this material and contain additional information regarding Febelfin sustainability designations and ESG Integrated, Sustainable, and Impact strategies.

On climate risk, we continue to seek to reduce climate risk in our investment portfolios and better align them with the transition to net-zero emissions by 2050. In 2020, our aggregated equity book has an estimated climate value-at-risk (CVaR) of -6.04% over the next 15 years under a 2-degree scenario compared to -9.32% for the MSCI ACWI. We were delighted to be included in the Leaders Group of the UN-backed Principles for Responsible Investment (PRI) in the year when the Leaders' theme was climate reporting. The Leaders Group showcases just 20 PRI signatories "at the cutting edge of responsible investment" from more than 2,100 asset managers worldwide. Neuberger Berman is proud to be a Leader.

On proxy voting, too, we are leading. Our NB Votes initiative saw us publish our voting intentions in advance of 31 shareholder meetings in 2020, and we intend to double that number in 2021. This shows our peers and fellow shareholders how we are thinking, across nine different material business and ESG topics, when it comes to the voting of our clients' positions.

And again, this is not a box-checking exercise—it's leadership, working to improve the companies in which our clients invest. We are the only large[5] U.S. asset manager to pre-announce our voting intentions in this way, and we think it shows our commitment to being engaged owners.

Our voting record is also differentiating. We are not a traditional activist manager—we look to invest in companies with management teams we admire, and we seek to be a supportive shareholder generally with longer holding periods than most. But we take our role as fiduciaries seriously and are prepared to challenge the status quo. In 2020 and 2021, we supported shareholder proposals in opposition of management around half of the time, while many of the behemoths who are most known for their ESG practices support few. And remember, these are all companies we choose to invest in—our votes would be far tougher if we also voted on those securities we avoid!

GOVERNANCE AND ENGAGEMENT PRINCIPLES

STRATEGY	INCENTIVES	BOARD INDEPENDENCE
TRANSPARENCY AND COMMUNICATIONS	SHAREHOLDER REPRESENTATION	CAPITAL DEPLOYMENT
RISK MANAGEMENT	ENVIRONMENTAL ISSUES	SOCIAL ISSUES

[5] "Large" is defined here as an AUM of $100B or greater.

ANDREW A. JOHNSON
Senior Diversity and Inclusion Leader

ROBERT L. NEWMAN III
EID Program Manager

Equity, Inclusion and Diversity

At its core, equity requires a corporate environment where difference is acknowledged and embraced, where each individual's strengths are emphasized, and development needs are met and where everyone can contribute and advance based on talent, skill and effort without facing obstacles tied to bias. Diversity builds on the simple but compelling idea that we reach better outcomes as a group when we are able to tap into a full range of unique ideas and perspectives. Inclusion means ensuring that each person has a voice in the decision-making process.

As part of our global Equity, Inclusion and Diversity (EID) effort, we introduced two proprietary tools to benchmark our progress: a Diversity Index based on gender, ethnicity and seniority within the firm, which challenges us to have our workforce represent the diversity of our communities, not merely comparing ourselves to industry benchmarks; and an Equity & Inclusion Index that takes the same information and compares employee satisfaction around enablement, training and mentoring, meritocracy and cultural inclusion, which targets comparable levels of satisfaction regardless of gender and ethnicity.

Our U.S. business heads were the first in our firm to structure EID programs that look at attributes beyond gender diversity, and we are extending those efforts to Europe and Asia. Naturally, what diversity "looks like" in New York may be very different from Tokyo or London, so a tailored approach is crucial while recognizing the importance of global mindset.

2020 was a year of deep challenges, in which impacts of inequality became a focal point for society. At our firm, we reinforced our commitment to foster an equitable, diverse and inclusive workplace. Our efforts around last year's reckoning with social injustice reflected our continued drive to address and not shy away from challenging topics. We sought to offer resources and support to our employees, with outreach including focus groups and training on racial equity. The firm, its employees and directors donated more than $1 million to the NAACP Legal Defense Fund—the single largest fundraising campaign in our history.

During 2020, the firm's Employee Resource Groups were crucial in maintaining internal dialogue around key issues. There are now seven of these grass-roots coalitions at our firm, tied to race, gender, sexual identity and other categories. We also maintained our external commitment to diversity. We have developed a vendor/supplier policy tied to pay distribution, advancement/retention and sourcing for hiring. Our efforts also include an array of programs to foster opportunity for underrepresented groups, with a particular focus on education.

In terms of corporate undertakings, we signed the CEO Action for Diversity & Inclusion pledge, where CEOs agree to cultivate environments in which diverse experiences and perspectives are welcomed. We took part in the Human Rights Campaign Corporate Equality Index, a benchmarking tool on corporate practices pertinent to the LGBTQ+ community, and were honored to be named a Best Place to Work for LGBTQ Equality. In addition, we were named a *Financial Times* 2021 Diversity Leader in the publication's second annual European Diversity Leaders ranking. More than 15,000 companies participated in the 2020 survey, with only 850 earning this recognition.

As we look ahead, maintaining our momentum is crucial. This will include further refining EID initiatives globally, with attention to locally prevailing customs and practices; encouraging business partners and vendors to support our goals around EID; deepening our recruitment across broader talent pools; and expanding employee dialogue to ensure equal access to opportunity. We understand that this is a long-term effort, but we want to make sure we are attracting and hiring the most talented people and nurturing a system and culture that will enable them to succeed.

The firm, its employees and directors donated more than $1 million to the NAACP Legal Defense Fund.

JONATHAN BAILEY
Head of ESG Investing

CAITLIN MCSHERRY
Director of Investment Stewardship

ESG Investing: An Accelerating Imperative

The events of 2020 reinforced our longstanding belief that assessing material environmental, social and governance factors can be highly valuable in assessing key challenges facing businesses and society at large. We continue to drive innovation and enhance our capabilities to deliver client outcomes enhanced by ESG analysis and investment.

A signatory of the UN-supported Principles for Responsible Investment (PRI) since 2012, we were named to the 2020 PRI Leaders' Group for our efforts to assess, manage and disclose climate risk and opportunity across our investment strategies—one of only 20 asset managers so designated. We also obtained the highest score, A+, for ESG integration across every asset class and for our overarching approach to ESG strategy and governance.

Throughout the year, we continued to integrate ESG analysis across our firm, not only in traditional public equity and fixed income strategies, but in alternative offerings. More than 80% of firm assets are now ESG-integrated, compared with 60% in January 2020 and 25% in 2016. We also expanded our proprietary ESG rating system, the NB ESG Quotient, which leverages the deep fundamental knowledge of our research analysts and unique insights from our Data Science team to assess thousands of equity and fixed income issuers.

With surging demand for ESG investing, we introduced new strategies, including one focused on Japan, where the managers identify "hidden gem" companies: those with the potential for improvement on ESG-related risks, and that employ engagement to drive change. Another strategy invests in global high yield securities with engagement objectives aligned with the UN Sustainable Development Goals. A third strategy is U.S.-focused, investing in companies with the potential to deliver significant positive social and environmental solutions. We also brought in an established team of managers based in the Netherlands to spearhead global and European equity investing with an emphasis on sustainability.

Drawing on insights from our Climate Value-at Risk scenario analysis, we reaffirmed our growing concern about thermal coal from an environmental and financial perspective. In October, we introduced a new Thermal Coal Involvement Policy covering our co-mingled U.S.-registered mutual funds and closed-end funds, as well as UCITS portfolios, which prohibits the initiation of new investment positions in securities issued by companies that have more than 25% of revenue derived from thermal coal mining or are expanding new thermal coal power generation. We plan to revisit the policy on an annual basis.

Last year was also the first in which our firm systematically announced our voting intentions in advance of the annual general meetings, through our NB Votes initiative. We hope to enhance the level of transparency around our proxy voting decisions, improve corporate practices of companies we invest in, and encourage our large asset manager peers to begin pre-announcing proxy votes as well. Over the course of 2020, we had 3,666 engagements (fixed income and public equity), up from 2,265 in 2019, demonstrating the importance of ongoing dialogue and the strong relationships our teams have built with companies over the years.

More broadly, we will continue to strengthen our processes and to introduce new and innovative strategies across asset classes and solutions. We are excited to be partnering with our clients on innovative solutions, from net-zero to Impact, that address their needs and strengthen their potential for risk-adjusted return. With the world's renewed consensus around solving for climate change, inequality and accountability, we believe that our focus on ESG factors across portfolios will provide compounding benefits over time.

More than 80% of firm assets are now ESG-integrated, compared with 60% in January 2020 and 25% in 2016.

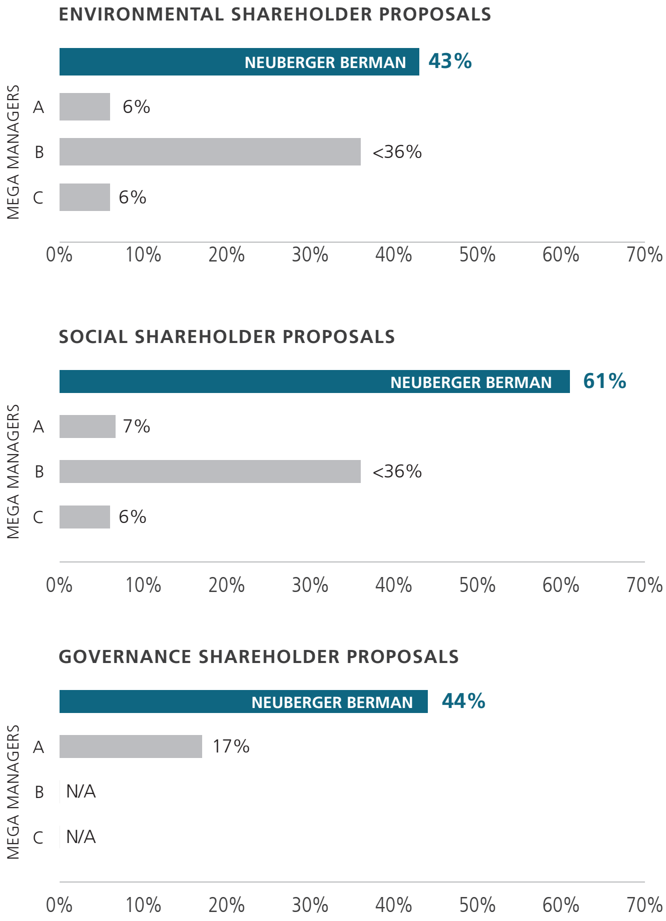
Through voting of client proxies, we are trying to call balls and strikes—as owners/investors should—and do so humbly, appreciating that there are often different points of view. Our most controversial pre-announced vote this year was likely our opposition to certain Berkshire Hathaway nominees. We have owned the stock for decades, revere management and admire the Board individually and collectively. But we also believe—as fiduciaries—public firms that have combined the Chairman and CEO role need a strong lead Director, especially when their leader is 90 years old and doesn't have a named successor, a position we communicated over the years. Hopefully voicing that position in advance of the meeting for others to consider was constructive.

Engagement is integrated into virtually all of our equity and credit strategies.[6] It is also increasingly a core aspect of many of our newer capabilities. We launched a number of new impact strategies over the past year, in public and private equity and in credit. Both of our core global equity strategies, including the one managed by our new global equities team that joined us in The Hague, come with sustainability baked in as a defining feature. ESG and engagement is at the heart of our new Japan small- and mid-cap equity team's approach, bringing this investment approach to a market where it has not been prevalent and where it can therefore have greater potential impact—on both companies' performance and our clients' outcomes. One notable recent decision by that team, pre-announced as part of NB Votes, was to withdraw support from four company directors at sports clothing and equipment maker Asics, including the Chair and President, after it set aside our recommendation to improve corporate governance. We will be pre-announcing more proxy voting intentions in Japan and other important global markets to try to help improve those firms and the system.

Ultimately, we believe that positive change is part of our responsibility as investors, and that it is best achieved by working with companies to enhance their governance and sustainability—and by extension, the environmental, social and financial sustainability of our clients' portfolios.

Our Equities franchise is thriving and delivering for clients.

PERCENT OF VOTES IN OPPOSITION TO MANAGEMENT



Source: Company Stewardship Reports, 2020.

[6] As of March 31, 2021, approximately 80% of assets are ESG integrated. This is based on AUM, including strategies in late or final stages of approval by firm's ESG committee.

NEUBERGER BERMAN

AT-A-GLANCE*

OFFICES IN

25

COUNTRIES
(+1, TEL AVIV, ISRAEL – OPENED FEBRUARY 2021)

INVESTMENT PROFESSIONALS

653
(+34 IN 2020)

CLIENT PROFESSIONALS

595
(+63 IN 2020)

PROPORTION OF INSTITUTIONAL-ORIENTED MANDATE ASSETS OUTPERFORMING BENCHMARKS SINCE INCEPTION:[7]

EQUITIES
90%

FIXED INCOME
96%

PRIVATE EQUITY
86%

* As of December 31, 2020 vs. December 31, 2019, unless otherwise noted.

Fixed Income: Diversity, Flexibility and Customization

In fixed income, we started 2020 with $160 billion under management, and added about $8 billion more from clients and roughly $11 billion more from investment returns by the end of the year. Roughly 96% of our institutional-oriented fixed income assets under management have outperformed their respective benchmarks since inception and 90% have outperformed for the three-year period ending December 31, 2020.[7]

Low bond yields and tight credit spreads can make the approximately 7% annual return target of many institutions seem like an impossible ideal. Yet this is precisely the kind of environment in which our capabilities really shine, particularly in fixed income. Our team's current theme of "income without duration" draws heavily on our exceptionally broad credit capabilities. We manage roughly $133 billion of assets in investment grade and high yield bonds. It's perhaps less well known that we manage a total of approximately $7 billion in, for example, corporate hybrid securities, residential mortgages and consumer lending. We think that the combination of private and public markets in fixed income portfolios is likely to be one of the defining investment themes of the coming decade, and it's one that we have consciously positioned on our platform over recent years. We see, and expect, client interest in these combined portfolios, both as a response to the low-yield environment and as an approach that can yield greater portfolio efficiencies and outcomes. These are just a few of the building blocks that enable us to construct more diverse and more flexible solutions in multi-sector credit and multi-asset class income, which are critical for our clients in a punishingly low-yield environment.

When yields and spreads are so tight, customization also becomes a more important tool for institutional investors in particular, enabling them to take an appropriate amount of additional risk to meet their return targets. We have built our integrated global fixed income platform in part to facilitate this kind of customization, and we find more and more clients asking for this service in the current environment. But we also find clients with existing relationships looking for additional bespoke solutions for their fixed income portfolios, particularly the integration of ESG research and company engagement into credit portfolios.

[7] Institutional-oriented equity and fixed income assets under management ("AUM") includes the firm's equity and fixed income institutional separate account ("ISA"), registered fund, and managed account/wrap ("MAG") offerings and are based on the overall performance of each individual investment offering against its respective benchmark. High net worth/private asset management ("HNW") AUM is excluded. If HNW AUM were included, the percentage of AUM outperforming the benchmark since inception period would have been 85% for equities and 96% for fixed income. Equity and Fixed Income AUM outperformance results are asset-weighted so individual offerings with the largest amount of assets under management have the largest impact on the results. Please see additional disclosures for important information regarding Private Equity methodology. All performance data for NB Private Equity funds, private equity indices data is as of December 31, 2020. Results are shown gross of fees. Individual offerings may have experienced negative performance during certain periods of time. See additional disclosures for additional information regarding the outperformance statistics shown (including 3-, 5- and 10-yr statistics for institutional-oriented equity and fixed income). Indexes are unmanaged and are not available for direct investment. Investing entails risks, including possible loss of principal. **Past performance is no guarantee of future results.**

Global Fixed Income Capabilities[8]

ESG Integrated Strategy   ESG Integrated Sustainable or Impact Strategy

MULTI-SECTOR & OPPORTUNISTIC

- Opportunistic Credit*
- Opportunistic Fixed Income
- Global Opportunistic Fixed Income
- Euro Absolute Return†
- Short Duration Opportunistic*†
- Fixed Maturity Portfolios*†
- Diversified Currency†
- Securitized Credit

$20.3bn

2.8% ann. Gross Median Excess Return
31% Median Peer Rank

INVESTMENT GRADE

- Core/Core Plus
- European Fixed Income
- Global Fixed Income
- Enhanced Cash/Short Duration
- Liability-Driven†/Long Duration
- Passive†/Enhanced Index
- Investment Grade Credit (U.S./European/Global)
- Corporate Hybrids
- Securitized
- Rates & Inflation-Linked

$80.5bn

0.3% ann. Gross Median Excess Return
39% Median Peer Rank

NON-INVESTMENT GRADE

- High Yield (U.S./European/Global)
- Short Duration High Yield*
- Quality Bias High Yield
- Global High Yield Sustainable Action*‡
- Senior Floating Rate Loans (U.S./European†/Global)
- CLO Debt & Equity
- Crossover Credit

$40.9bn

0.4% ann. Gross Median Excess Return
29% Median Peer Rank

EMERGING MARKETS

- Blend
- Sustainable Investment Grade Blend†‡
- Hard Currency
- Local Currency
- Corporates
- Short Duration
- Asian Debt Hard Currency
- China Bond Total Return
- China Bond Core

$28.3bn

0.6% ann. Gross Median Excess Return
50% Median Peer Rank

MUNICIPALS

- Full Market†
- Impact
- High Income
- Core/Extended Core/Short Core
- Enhanced Cash†
- Ultra Short†
- Short Duration
- Taxable Municipals†

$12.7bn

0.1% ann. Gross Median Excess Return
54% Median Peer Rank

PRIVATE CREDIT

- Residential Loans
- Special Situations
- Specialty Finance
- Private Debt
- Credit Opportunities
- European Private Loans
- Catastrophe Bonds

$10.2bn

Source: Neuberger Berman, as of March 31, 2021.

[8] Gross Median Excess Return for each grouping includes only the strategies shown (other than those denoted with an asterisk **[*]**) and is calculated by taking the difference between (a) the since inception returns for each strategy within each grouping and (b) each strategy's benchmark return for the same period of time, and then calculating the median number of all such excess returns. This calculation includes strategies with less than one year of history. Returns longer than one year have been annualized. Returns are gross of fees and do not reflect the deduction of investment advisory fees, trading cost or any other expenses (which would reduce the referenced returns) and reflect reinvestment of dividends and distributions. Indices are unmanaged and are not available for direct investment. Median Peer Rank percentage is calculated by taking a strategy's eVestment or Morningstar universe ranking since inception, and then calculating the median number of all the eVestment or Morningstar rankings for the strategies within a grouping. Strategies listed that have no eVestment or Morningstar peer ranking (denoted with an obelisk **[†]**) are not included in the calculation. Each of the strategies in a grouping have different inception dates and are managed materially differently. Gross Median Excess Return and Median Peer Ranks are not a prediction of the future performance of any strategy. **Past performance is no guarantee of future results.** Gross Median Excess Return and Median Peer Rank percentage are shown to highlight relative performance to competitors. AUM as of March 31, 2021. AUM includes the firm's equity ISA, Registered Funds, Private Funds and MAG offerings as well as proprietary accounts and does not include HNW assets. Strategies denoted with a diesis **(‡)** indicate a Febelfin sustainability designation. See additional disclosures at the end of this publication, which are an important part of this material and contain additional information regarding Febelfin sustainability designations and ESG Integrated, Sustainable and Impact strategies.

One new point of client focus is on portfolio emissions reduction, where we are among the pioneers in fixed income. Due to our firmwide rejection of most thermal coal investments, our long history of ESG integration in fixed income and newer tools such as our "Climate Value-at-Risk" (CVaR) model, we find that we are often able to cut emissions by half in a typical portfolio relative to a client's bespoke credit benchmark. We can generally cut a further 20% with modest sector-level reallocations for no loss of yield, largely due to the high-conviction style of our flexible credit approach, which focuses on our analysts' "best-in-class" picks for both risk-adjusted yield and emissions. That still leaves a long way to go for the "net-zero" emissions targets that more and more clients are aiming for, but it does underscore the importance of company engagement in our fixed income processes.

Our credit teams conducted more than 1,150 engagement meetings between July 2019 and June 2020, with more than 170 addressing the topics of climate change and green investment opportunities. We believe lenders have significant potential influence on this issue in particular. For many companies, the transition to a low-carbon economy implies substantial long-term capital renewal and expenditure plans, which can require years of fresh financing. Credit investors are frequently the source of that financing, and primary debt issuance offers great opportunities to make our clients' priorities known. Our teams report excellent progress, particularly in the auto industry, where the electrification trend is gathering momentum, and the energy and utilities sector, where many providers are making the transition from thermal coal to natural gas and renewable power generation.

Alternatives: Evolution and Expansion

Across our liquid and private-markets alternatives business, while benchmarks are more challenging to define, approximately 85% of our private equity funds outperformed their vintage-year benchmarks, as of September 30, 2020. New initiatives in liquid alternatives, such as our uncorrelated strategies and insurance-linked strategies, delivered positive, diversifying returns through the turmoil of the coronavirus crisis.

We occupy a unique position in the private markets' ecosystem, which represents 17% of our assets under management. During 2020, we and our clients invested close to $10 billion of capital into small businesses worldwide, directly and through our private markets' partners. We are proud to have built a platform that can give investors a wide choice of niche markets and strategies, from Italian buyouts to consumer brand royalties, but also supports a number of world-class, multibillion-dollar institutional private markets programs encompassing primary funds, secondaries, co-investments and private debt. We think it's notable that as of March 31, 2021, nearly 40% of the private markets capital we manage, for approximately 75 clients, is in customized managed accounts rather than fund products.

Our largest business remains primary fund investments, where we currently find a home for more than $25 billion[9] in a stable of more than 550 active funds, ranging from emerging general partners (GPs) to some of the hardest to access household names in the industry.

Our over $20 billion co-investment business, $13 billion secondaries business and $6 billion private credit platform are all unique because they draw extensively on the sizable GP network we have built over more than three decades.[9] The platform leverages the network for deal flow—which explains how we have long been involved in the latest private equity development, "GP-led secondaries"— but also for return potential, as we can design capital and liquidity solutions alongside GPs that we have known closely for years.

We continued to expand our capabilities in 2020 with the acquisition of the Almanac private equity real estate team, and newly listed Special Purpose Acquisition Companies (SPACs), co-sponsored with CC Capital, which allows our investors to participate in the economics of the underlying companies and the fees earned by the alternative asset managers themselves. The

[9] As of March 31, 2021. Represents aggregate committed capital since inception in 1987, including commitments in the process of documentation or finalization. Includes estimated allocations of dry powder for diversified portfolios consisting of primaries, secondaries and co-investments. Therefore, amounts may vary depending on how mandates are invested over time.

coming year will see our first move into infrastructure investing, beginning with 10 institutional anchor investors from Japan, the U.S. and Germany.

One of our most successful efforts has been the creation of Dyal Capital Partners, the specialist provider of capital to private alternative asset management businesses, which grew to represent more than 5% of Neuberger Berman's assets under management and 15% of its revenues as of December 31, 2020. On May 19, 2021 Dyal combined with one of its partner managers, Owl Rock Capital Group, and became a publicly listed company, Blue Owl Capital Inc. We believe Blue Owl brings together two industry leaders, led by the two firms' founders and with unchanged investment processes. Blue Owl will be focused on two of the fastest-growing areas of alternative asset management: Direct Lending, Owl Rock's forte, and GP Capital Solutions, where Dyal has been a leader and innovator since inception a decade ago. We are excited to be a meaningful investor and partner in the new business.

Private Wealth Management: A Steadying Hand

One area where we added particularly important value for our clients was in Private Wealth Management (PWM). Whereas institutions generally measure our performance versus benchmarks and peers and over a variety of time periods, often short, private clients tend to focus on absolute returns and have a longer perspective. We know from history that asset allocation is most determinative of their long-term returns.

The clients I worry most about are those who reach for return without fully appreciating their own real tolerance for risk. All too often, they reduce risk during the worst of a downturn and fail to participate in the recovery. Last year, we saw U.S. equities plummet by more than 30% in a single month and hit a new record high just 20 weeks later, a near worst-case scenario for this wealth-destroying dynamic.

But years of hard work meant our clients came into the crisis well prepared and we were able to keep them as a whole invested through the cycle, ending the year with roughly $7 billion more in AUM than we started with in 2020. Our advisors delivered: 10 of our advisors were named to *Barron's* Top 1,200 State-by-State Financial Advisors in 2020, including four of the Top 100 Women Financial Advisors in the United States.

On the capability front, we continue to invest in TaxM™, our tax-managed separate account capability designed to outperform index funds over time through systematic tax-loss harvesting and active outperformance. It has grown now to include 15 unique investment strategies, which we plan to increase materially in 2021.

And we launched private equity access funds to make the firm's private equity offerings more widely accessible to both professional and retail investors. Private markets are an important tool in a world of low yields and low return outlooks, but while the typical institutional investor might target anywhere from 20 – 30% of its portfolio to these areas, the typical individual remains under-invested, with less than 5% allocated.[10] We recently launched two new registered private market funds, one U.S.-focused and one Europe-focused, which should make a difference and help clients reduce the gap.

In the Toughest of Circumstances, Neuberger Berman Delivered

While 2020 was an extraordinary year, we believe we still delivered for clients, employees and the communities in which we operate. The numbers speak for themselves. And they explain why the firm continues to grow, attracting additional irreplaceable capital from our clients and premier investment professionals to our ranks.

In the toughest of circumstances, we delivered for our employees, the firm's most valued asset. We ranked second among companies with 1,000

[10] Source: Preqin, Cap Gemini World Wealth Report 2019. HNWI penetration based on Cerulli 2019 Alternative Investments Report.

employees or more in the 2020 "Best Places to Work in Money Management" survey by *Pensions & Investments*—our seventh year running in first or second place. We are determined to regain the top spot! Employee survey responses, a key component of the ranking's methodology, highlighted our goal of providing "best-in-class" retirement and deferred compensation programs that align employee compensation with client returns so that our employees and our clients prosper—or struggle—together; our employee ownership; our diversity initiatives; and our commitment to empowering the voice of our staff through the unique challenges of the pandemic. Our 96% retention rate among senior investment staff is a testament to these efforts.[11]

We engaged with companies to make them more responsible operators and, where necessary, challenged them. We try to be a force for good in the markets in which we operate and the companies in whom we invest.

Finally, we believe we delivered for our wider communities. Despite the constraints of the pandemic and its lockdowns, we maintained many of our corporate volunteering and social outreach initiatives, which have become so important to our culture. And in the most challenging year our societies have faced for a long time, we are proud to have pooled our resources together as a firm to make our largest-ever philanthropic gift to the NAACP Legal Defense Fund (LDF).

In sum, the pandemic year of 2020 was a remarkable one, both in the world as well as for our clients and the firm. While following a very different path than Amazon, we delivered in significant ways to clients, employees, markets, companies and the communities in which we operate. We are proud, and humbled, that you chose to work, invest and add value with us. Whether it be virtual or in person, we thank you again, wish you and your families good health, and look forward to partnering with you through 2021 and beyond.

George

2020

AUM (Dec 31, 2020): $405bn
Fixed Income $179bn
Equities $117bn
Alternatives $110bn (incl. commitments)

Adjusted EBITDA: $488m

Net AUM Flow: +$13bn

2019

AUM (Dec 31, 2019): $356bn
Fixed Income $160bn
Equities $106bn
Alternatives $98bn (incl. commitments)

Adjusted EBITDA: $425m

Net AUM Flow: +$11bn

[11] Includes senior investment professionals at MD and SVP level since becoming an independent company in 2009.

$402 billion

Assets Under Management Globally

100% Independent, Employee-owned Structure

25 Countries 36 Cities

Named to PRI 2020 Leaders' Group

A designation awarded to fewer than 1% of investment managers globally, for our efforts on climate change*

A+

Awarded Top Score

In the most recent U.N.-backed Principles for Responsible Investment (PRI) assessment report for its overarching approach to ESG strategy and governance and integration across asset classes*

600+

Investment Professionals

80%

Assets managed with consistent and demonstrable ESG integration*

96%

Annualized retention rate of senior investment professionals at MD and SVP level since becoming an independent company in 2009

Equity, Inclusion and Diversity

Received a score of 100 on the Human Rights Campaign Foundation's (HRC) 2021 Corporate Equality Index (CEI)

Top-ranked

Ranked 2nd (among organizations with over 1,000 employees) by *Pensions & Investments* in their 2020 "Best Places to Work in Money Management" survey, where we have finished in the top two since 2014

NB VOTES 31 vote intentions published in advance of select shareholder meetings in 2020

Firm AUM as of March 31, 2021; excluding Dyal assets, which consisted of $26bn in private equity and $1bn in private credit. All other information is as of March 31, 2021 unless otherwise noted.
*Please refer to disclosures on page 36, which are an important part of this publication.

Our Business Principles

1. Our clients come first
2. We are passionate about investing
3. We invest in our people
4. We motivate through alignment
5. We continuously improve and innovate
6. Our culture is key to our long-term success

These principles embody the value system that our founder Roy Neuberger instilled in Neuberger Berman from its inception. They have grounded us in service to our clients and our communities, and continue to guide us in our commitment to delivering innovative investment results.

Our clients come first

- Our only business is managing our clients' irreplaceable capital.
- We build enduring partnerships grounded in our clients' trust in our judgment, experience and integrity.
- We seek to add real value beyond investment performance, by delivering insights and service that make a difference.

We are passionate about investing

- We are an investment-focused firm, deeply committed to independent thought, rigorous research, robust risk management and discipline through market cycles.
- We believe that responsible investing generates both financial and societal value, and that active investing requires active engagement.
- Our investment performance over time determines our success.

We invest in our people

- We prize the diversity of cultures, backgrounds and experiences of our employees.
- We empower them by providing the opportunity and resources to achieve their professional and personal goals.
- Employee ownership drives greater alignment with our clients, as well as strong partnerships among our colleagues.

We motivate through alignment

- We connect the interests of our clients, our employees and the firm—we are truly in this together.
- Our employee ownership enables us to prioritize serving our clients, to manage our business and retain our talent for the long term, to protect our legacy, and to promote a partnership mindset.

We continuously improve and innovate

- We constantly enhance our skillsets, tools, technologies and knowledge.
- We collaborate globally, leveraging insights across teams, asset classes and roles.
- Our approach to innovation prioritizes long-term value generation for our clients over short-term commercial gain for us.
- We continually look to raise our own standards and, as stewards, seek to enhance the standards of those in whom we invest.

Our culture is key to our long-term success

- We prize authenticity and collegiality.
- We build a stronger firm by challenging ourselves and each other, and seeking additional voices.
- We value a focus on performance and a passion for work, not organizational hierarchy.
- We are committed to the communities in which we work and live.

Our Investment Platform

FIRM ASSETS UNDER MANAGEMENT $402bn*

MULTI-ASSET CLASS SOLUTIONS

	EQUITIES	FIXED INCOME	HEDGE FUNDS & LIQUID ALTERNATIVES	REAL ESTATE
PUBLIC MARKETS $333bn	**FUNDAMENTAL** Global U.S. EAFE / Japan Emerging Markets – China Thematic Strategies MLPs **QUANTITATIVE** Global U.S. Emerging Markets Custom Beta	Global Investment Grade Global Non-Investment Grade Emerging Markets Municipals Multi-Sector Currency	**FUNDAMENTAL** Hedge Funds Liquid Alternatives **QUANTITATIVE** Commodities Options Global Macro Risk Parity Risk Premia	Global U.S. Long/Short – Almanac
	$123bn	$184bn	$23bn	$2bn
PRIVATE MARKETS $69bn	**PRIVATE EQUITY** Primaries Co-Investments Secondaries Specialty Strategies	**PRIVATE CREDIT** Private Debt Credit Opportunities Special Situations Residential Loans Specialty Finance European Private Loans	**SPECIALTY ALTERNATIVES** Insurance-Linked Strategies Late Stage Pre-IPO SPACs	**PRIVATE REAL ESTATE** Private Real Estate – Almanac Real Estate Secondaries
	$51bn	$10bn	$3bn	$4bn

ESG INTEGRATION | GLOBAL RESEARCH CAPABILITIES | DATA SCIENCE

*Firm AUM as of March 31, 2021; excludes Dyal assets, which consisted of $26bn in private equity and $1bn in private credit.

JOSEPH V. AMATO
President and Chief Investment Officer—Equities

ERIK L. KNUTZEN, CFA, CAIA
Chief Investment Officer—Multi-Asset Class

BRAD C. TANK
Chief Investment Officer—Fixed Income

ANTHONY D. TUTRONE
Global Head of Alternatives

Closing the Return Gap

Helping investors move from getting exposure to generating return opportunities

As we begin to see the prospect of some relief from the coronavirus pandemic, it is worth remembering that prevailing investment conditions are in one sense much the same as they were a year ago and in another completely different. Government bond yields are low and equity market index valuations high. And yet we appear to be starting a new cycle for the first time in over a decade, flush with enormous fiscal as well as monetary stimulus, with potentially stronger economic growth and higher inflation than we have become used to, at least temporarily, and momentum behind rising rates.

Investors therefore could still face a potential "return gap": what they expect from traditional asset classes is not enough to meet their liabilities or objectives. On the other hand, we believe they also have a more interesting set of opportunities to close that gap than for many years. As Erik Knutzen put it, "Return gaps are calculated using 'betas', they do not tell us what might be achieved by investing more actively."

The growing extent of that opportunity can be seen in our own performance as an active manager over the past 12 – 18 months, a period during which we have been firing on all cylinders, exceeding targets and attracting flows across all asset classes, public and private. We think conditions favor and require active investment—not just in the narrow sense of taking a little risk against benchmark indices, but in the holistic sense of flexibility (in terms of the markets we invest in), reach (in terms of the regions we explore and the time horizons we work to) and engagement (generating return opportunities with companies rather than merely getting exposure to them).

"There has been a lot of development across all four of our business platforms over the past year. It all has two things in common: building on our longstanding strengths; and finding creative ways to generate attractive long-term return opportunities in a world that is ultimately still likely to have relatively low rates and low growth." – Joe Amato

Here we explain how these principles underpinned the developments in our respective businesses over the past year.

Be Flexible: More Markets and More Latitude

When traditional asset classes leave you with a return gap, you may need to be more flexible in how and where you invest.

"That means moving towards solutions rather than specific products tied to specific market benchmarks," said Brad Tank. "It often means multi-sector solutions in credit and fixed income and multi-asset solutions, and that usually means giving your asset manager more latitude."

The solution can be related to an investor's liabilities or regulatory obligations, or to a particular objective. Our fixed income team's theme of "income without duration" is an example of the latter, which has informed new mandates and products, as well as our overall investment strategy, over recent months. Our new credit and diversified income strategies embody the idea, adopting the flexibility to seek out income across investment grade, high yield, structured products, hybrid securities and semi-liquid credit markets, and drawing on our exceptionally broad capabilities in these areas. The addition of a risk retention capability to our U.S. structured products business opens up yet another niche for the more flexible investor to explore. As with other recent additions, such as corporate hybrids and European bank loans, our aim is to open up markets that are niche and under-explored, yet scalable enough to be genuinely workable solutions for our clients, and where we have specific expertise.

We also encourage investors to open up to less liquid and private markets in multi-sector credit and multi-asset portfolios. The flexibility to potentially add consumer lending, residential mortgages, small business lending and even private equity-sponsored private debt can bring more opportunity for income without duration, potentially boosted by liquidity and complexity premiums. We think portfolios that explore the full spectrum of public to private markets will be a significant trend, particularly in credit investing.

For many non-institutional investors, private markets as a whole are relatively unexplored and inaccessible. We have been working hard to change that with the launch of various fund structures that are designed to deliver strategies focused on co-investments and secondaries for improved liquidity and cash-flow profiles and come with lower minimum investment levels and simpler administration than traditional private equity funds.

For institutional investors with long experience of buyout and growth investing, we are constantly looking for private markets that are under-served, less competitive and more attractively valued. We manage a number of existing strategies based on the premise that equity investment may not always be the best capital solution for a private company or the General Partner that owns it: preferred stock or private debt may be the answer. We believe that can often deliver more attractive risk-adjusted return opportunities for the investor, particularly when equity is as highly valued as it is today.

During 2020 we added a series of unique capabilities: our Almanac team, working in the still under-developed private real estate company universe; a fund for consumer, small-business and fintech financing; a closed-ended vehicle bringing Italian private equity to the listed market; an approach to taking equity stakes in companies preparing to go public; and our first Special Purpose Acquisition Companies (SPACs), co-sponsored with CC Capital.

As we mentioned, flexibility is not only about where you invest, but how you invest. Giving your asset managers more latitude generally means more flexibility to allocate to liquid alternative strategies, and to take advantage of tactical opportunities across both liquid and illiquid markets.

"Private equity is all about what investment managers do with their businesses after they buy them, creating value with operating and strategic enhancements." – Tony Tutrone

This can be as simple as responding in a timely way to market dislocations such as those during 2020, or the volatility and equity market-style rotations one might anticipate in the early-cycle conditions of the next 12 – 18 months. We enhanced our capabilities in this area last year by welcoming Robert Surgent to the Multi-Asset Class team, to lead the development of our fundamental macro views across global markets. But being tactical with an eye to long-term value could also encompass insurance-linked strategies, a genuinely uncorrelated asset class where valuations are currently very attractive following three years of high insurance industry losses; or brand royalties, where the retail distress of 2020 is opening up pockets of value; or private equity secondaries, where General Partner-led transactions are introducing an entirely new dynamic.

Look Further: More Regions and Longer Time Horizons

Looking further is in one sense an extension of our first principle: be flexible enough to look further than your home markets.

Last year, one of the biggest emerging opportunities was China's onshore bond market. This vast and diverse fixed income universe not only offered highly attractive yields, it also avoided the extreme volatility that swept through other fixed income markets—including U.S. Treasuries. We are looking to expand our established suite of China onshore bond strategies, with a focus on China A-shares. Our multi-asset class team has been working with clients on solutions that bring the two markets together in order to provide A-share exposure with less volatility and to take advantage of the fact that Chinese equities and bonds are surprisingly distinct, diversifying against one another as well as broader global markets.

Outside of China, we have been expanding our strategies' regional footprint with the introduction of our Tokyo-based Japan equity engagement team, who focus on seeking out

"One of the most memorable aspects about managing risk during the pandemic was the speed at which events happened. Faced with Central Bank policy moves or corresponding market corrections, we needed agility to understand the implications and respond accordingly. It was extremely helpful to have playbooks for managing risks like portfolio liquidity, and we enhanced these as they were tested in real life. Seamless communication was also essential, as reactions in one market could inform exposures in others—and in some ways, the move to virtual made our communication processes more deliberate and effective."

ANNE F. BRENNAN
Chief Risk Officer

"While unprecedented fiscal and monetary stimulus has raised market valuations, it also creates dispersion and alpha opportunities. Our platform is designed to give our portfolio managers in-depth resources to identify those opportunities: 50+ analysts, data science capabilities, innovative ESG thinking, and a culture of open debate and exchange of ideas. Many of our clients are looking to maintain risk, but they also recognize that a rapidly changing world may warrant new lenses for investing. Our range of market-cap benchmarked strategies is built for scale, but we meet growing demand for thematic ideas and new ways to address the market with niche strategies that bigger firms often avoid."

J. DOUGLAS KRAMER
Head of Institutional Equities and Multi-Asset Class

the "hidden gems" of Japan's small- and mid-cap market. We also plan to expand our equity and options strategies into emerging markets, specifically in India among others.

But looking further is also about time horizon (looking through and beyond the current cycle in search of return opportunities), and our conceptual framework (looking further than the usual sector, style and size boxes that have defined equity investing for so long).

"Return gaps are calculated using 'betas', they do not tell us what might be achieved by investing more actively." – Erik Knutzen

These are the principles behind our thematic research platform, which helped to deliver attractive return profiles and AUM growth for us during 2020. In our view, the critical nature of digital communications and 5G connectivity, which are at the center of a number of our thematic strategies, has never been more obvious. But there is much more to the client demand than that. Thematic investors look at the opportunity set in a distinctive way. Seeking out not only the disruptors that can spark a new and sustained industrial or consumer trend, but also the companies geared to that trend or able to adapt quickly to it generally requires a deep understanding of value chains that are far removed from the growth theme itself. We are used to hearing about how the Internet of Things is going to bring us smart refrigerators and automated warehouses—but who thinks about the specialist insurance companies that underwrite the warranties for more sophisticated and expensive smartphones? This is how thematic investing takes us out of the traditional sector stories we are used to. In doing so, it helps us identify attractively valued, full-cycle growth opportunities in a world where growth is scarce and therefore generally expensive—and often highly sensitive to changes in interest rates. In today's environment, those characteristics tick a lot of boxes for many investors.

A similar philosophy guides our new Global Sustainable Equity team based in The Hague, led by Hendrik-Jan Boer, Alex Zuiderwijk and Jeroen Brand. They and their team of four analysts search for sustainable growth in the form of "quality compounders" and "transition winners", informed by a thematic approach that does not easily map onto the traditional sector, region or factor categories, and looks through the ups and downs of the business cycle.

As the name suggests, they recognize sustainability and best practice on environmental, social and governance (ESG) issues as markers of a "transition winner." That is another reason why the team is such a good fit with Neuberger Berman. Long-term sustainability, and both the risks and the opportunities associated with ESG factors, have come to the fore during the pandemic. We believe the crisis has highlighted clear environmental risks, revealed and exacerbated social inequalities, and tested the responsiveness of companies' governance structures. But these issues have long been at the heart of our firm's investment processes, which are rooted in rigorous fundamental research—because in our view ESG issues have always been fundamental issues. We believe that is why ESG has had unusually equal prominence across our equities, fixed income, multi-asset and private markets businesses. It is also why ESG has never been an "add-on" for Neuberger Berman, but rather a fundamental research effort focused on financially material risks or opportunities, in the service of the real needs of investors and fiduciaries. We believe it was this approach that led us to be named in the United Nations Principles for Responsible Investing (UNPRI) Leaders' Group for 2020.[1]

More than 80% of firm assets are now ESG-integrated.[2] Over the course of the past 12 months, we have enhanced our ESG capabilities by, among other things: developing our multi-asset ESG modelling and our Climate Value-at-Risk measure; introducing a formal Thermal Coal Investment Policy; expanding our proprietary NB ESG Quotient rating system, which leverages

[1] The year 2020 represents the first year that asset managers became eligible for PRI Leader designation, which formerly included asset owners only. The new designation was awarded to only 20 of the 2,100+ investment manager PRI signatories. The Leaders' Group showcases signatories at the cutting edge of responsible investment, and highlights trends in what they are doing. PRI uses signatories' reporting responses and assessment data to identify those that are doing excellent work in responsible investment—across their organizations and with a focus on a given theme each year. The 2020 theme is climate reporting. Information about PRI Leader is sourced entirely from PRI and Neuberger Berman makes no representations, warranties or opinions based on that information.

[2] Based on AUM as of December 31, 2020, including strategies in late or final stages of approval by firm's ESG committee.

our fundamental research and data science insights to assess thousands of equity and fixed income issuers, and taking our analytical framework for emerging markets sovereign ESG and enhancing it for application to global sovereign credit analysis. We firmly believe that these initiatives can help to enhance risk-adjusted return outlooks and make them sustainable over the long term.

Get Active: Fundamental Research and Engagement

For Neuberger Berman, active management is about building high-conviction portfolios based on fundamental research, and about building well-diversified multi-asset and quantitative investment portfolios that draw on the best insights from both our systematic and our fundamental analyses. It's about having the flexibility to be tactical as well as strategic in multi-sector and multi-asset portfolios. But it's also about much more than that. It's also about working actively with portfolio companies rather than merely being exposed to them.

We think this is one reason why more and more investors, of all types, are looking to increase their allocations to private equity. When valuations are stretched, one way to make the price you pay for a company more palatable is to work to make it better. As Tony Tutrone said: "Private equity is all about what investment managers do with their businesses after they buy them, creating value with operating and strategic enhancements."

> "Investors are moving towards solutions rather than specific products tied to specific market benchmarks. That often means multi-sector solutions in credit and fixed income and multi-asset solutions, and it usually also means giving your asset manager more latitude." – Brad Tank

Investors can achieve a lot even as minority investors through shareholder engagement. Our NB Votes initiative, which saw us publish our voting intentions in advance of 31 shareholder meetings during 2020, its first full year, offers a flavor of what can be achieved through this kind of constructive collaboration. This collaboration goes much deeper than just proxy voting—indeed, we have always believed that bondholders, who have no voting rights but, like private equity managers, hand over new capital and exercise some sway over the use of those proceeds, are in just as strong a position to engage with companies as public shareholders. Despite restrictions to travel, during 2020 we conducted 3,666 engagements as both fixed income and public equity investors, up from 2,265 in 2019.

In addition to welcoming our new equity engagement team in Tokyo, our major initiative in this area over the past 12 months has been the creation of a number of impact-oriented investment strategies. The longstanding integration of ESG factors into our equity and credit research, and our history as actively engaged shareholders and bondholders, gives us a solid foundation to respond to the fast-growing demand for these solutions. Our existing municipal bonds impact strategy is now complemented by strategies in private equity, U.S. public equities and high yield bonds, which aim to invest in companies whose goods and services are supportive of the U.N. Sustainable Development Goals (SDGs), and, critically, to engage positively with companies that have potential in these areas.

As well as enhancing the long-term earnings potential of companies we engage with, we believe that the intervention of an active investor such as ourselves can lead to companies being quickly re-rated and re-priced by the market. Moreover, this re-pricing can be substantial; it is part of what has driven the performance of our Japan Equity Engagement strategy, which, in our view, has performed remarkably well since its inception last year.

A New Cycle

"There has been a lot of development across all four of our business platforms and their respective asset classes over the past year," as Joe Amato summarized. "It all has two things in common: building on our longstanding strengths as an asset manager; and finding creative ways to generate attractive long-term return opportunities in a world that is ultimately still likely to have relatively low interest rates and low economic growth."

For many years, now, beating the market has been a matter of staying exposed to declining rates and the growing dominance of U.S. mega-cap growth and technology stocks. As we start what appears to be a new cycle, we welcome a return to what we consider real investing: wide-ranging, selective, research-driven, fundamentals-based, long-term-oriented and engaged. These are Neuberger Berman's strengths, and 2020 was another year in which we worked hard to build upon them.

“We are emerging into a post-pandemic market in which our clients are more engaged with us, more demanding of us, and better aware of the full range of our capabilities.”

ANDREW S. KOMAROFF
Chief Operating Officer and Head of Global Client Coverage

PERSPECTIVES FROM CLIENT COVERAGE LEADERSHIP

Client Engagement in the Year of Lockdown

Our Client Coverage leaders from around the world reflect on nurturing relationships during the pandemic, trends in client demand and the next big challenges and opportunities for our firm.

The year 2020 presented our Client Coverage platform with perhaps the biggest challenge it will ever face. While the deepest and fastest market drawdown and recovery in living memory unfolded, in-person meetings to offer reassurance, guidance and strategy reorientation were impossible. Even getting into the office was difficult—for client and manager alike. The potential for panic and hasty decisions was enormous. Instead, the vast majority of our clients navigated the turmoil safely, due to our mutual preparedness, the depth of our relationships, the robustness and efficiency of our investing infrastructure and communications technology, and sheer hard work on all sides.

Even so, 2020 was not all about coronavirus. Business as usual was as demanding as ever—whether that was dealing with the squeeze in yields and return outlooks, finding ways to access new and diversifying markets, nurturing new business and rolling out new products and solutions, or adapting to evolving rules and regulations.

We spoke to our Client Coverage leaders about the potential lasting impact of lockdowns on their relationships, the latest developments and current focus among their clients, as well as Neuberger Berman’s key differentiators and next big challenge in each channel. There were a lot of common themes. But, as one might expect from a business whose clients include everyone from insurance companies in China to financial advisors in Florida, every channel in every region has a distinct story to tell.

The Lasting Impact of Lockdowns on Client Interaction

The speed and efficiency with which both we and our clients shifted to digital and virtual communication were remarkable. The appetite for communications and content in new formats is clear to us from how quickly our podcast audience has grown, but even so, this felt like the entire industry suddenly stepping into the 21st century.

We believe it was driven by a need to make sense of the impact of the virus on the economy, markets and portfolios, and by a hunger for insights to inform decision-making. Many channels report enhanced and more thoughtful client engagement with our content, even as the volume of content increased; information was at a premium, but clients also had more time to consider it.

Having built up the capabilities to customize the client journey in the last several years, our teams were able to deliver content that met our clients' needs in both form and function. The impact was significant: Whether participating in fireside chats with political leaders and CEOs or exploring a playbook of investment opportunities for a post-COVID recovery, our clients engaged with Neuberger Berman content at record levels.

"The concept of Co-Innovation has continued to grow in intermediary space, as clients turned to Neuberger Berman for our innovative ESG approach and Alternatives experience."

SCOTT KILGALLEN
Head of North American Intermediary

Continuity in communication was critical to client success. Many of our portfolio management teams navigated the steep drawdown and fast recovery well—but that would have meant little had we not been available to guide our clients to stay invested and to rotate among strategies where appropriate. This was particularly true in Private Wealth Management (PWM), where hard work has been done over the past several years to emphasize planning and alignment of asset allocation with long-term investment objectives. The result was less panic in March than in previous financial crises, which helped PWM clients to remain invested through the volatility and position for recovery.

Along with continuity was a deepening of communication and relationships through 2020. As noted above, this was partly because digitalization gave us more client-engagement

data to analyze. More importantly, it was because the portfolio-manager roadshows that traditionally provide regular points of contact gave way to conversations that, while remote and often shorter, have also been more client-specific and immediately value-additive. Client Coverage quickly recognized that senior leaders across our platforms were suddenly much more accessible to a much wider part of our client-base than ever before.

"Leadership in ESG is now considered a baseline expectation for many EMEA consultants."

JAMIE WONG
Head of Consultant Relations EMEA

The whole experience brought home the value of turning to asset managers as genuine partners. In our intermediary channels, it appears to have accelerated the trend for financial advisors to maintain fewer but more meaningful relationships, and to engage in the type of "Co-Innovation" that can potentially facilitate better outcomes in areas of increasing importance for individual investors, including Environmental, Social and Governance (ESG) and alternatives. We have seen something similar in Japan, but with very different investors and for very different reasons. In the U.S., it is common for institutions to manage international private equity allocations in-house, but travel restrictions made it much more difficult to conduct on-site due diligence and get good insights into secondary market and co-investment opportunities. As a result, many asset owners have been looking at which of their global private equity managers are well positioned to become more of a "gatekeeper" or strategic partner. We believe Neuberger Berman's longstanding emphasis on training and knowledge transfer, and deep-seated commitment to trust and transparency, helped us stand out from other players in the region.

Thus, relationships were maintained and deepened—but remote networking helped to broaden them, too. In the digital world, the constraints of time and geography associated with travel fell away. We saw this effect across a range of channels, particularly through the reach of virtual summits and conferences. As a virtual event in January 2021, our flagship EMEA conference, "Solving for 2021," attracted almost three times the normal number of delegates, was much less London-centric and packed in more content. We hosted a pan-Asian insurance roundtable that would have been a daunting logistical task to organize live, yet in our view proved an invaluable networking and knowledge-sharing opportunity for an otherwise geographically dispersed group of clients.

The communications revolution of 2020 was felt differently in different channels. Regionally, lockdown was a very different experience in China than it was in Europe or North America. Institutional investors that demand rigorous and detailed due diligence were more affected than individual investors or advisors, particularly now that there is so much more focus on selection factors that need to be experienced first-hand, such as firm culture and diversity. On the other hand, allocators that would normally be difficult to pin down due to their extensive travel schedules, such as consultants, have been more accessible—and many are implementing new processes for remote investment and operational diligence. In PWM, we think the sea change in communications validates recent investments in the digitalization of our client interfaces. Importantly, it also positions our firm to provide solutions to a changing demographic of investors, as wealth transitions will likely see more women and younger people, with new engagement preferences, joining the core of the client base.

Overall, necessity has been the mother of innovation, much of which we believe will be carried over into hybrid, post-pandemic practice. We all learned together that this form of interaction is not only possible, but also has benefits.

"Our number-one challenge is to find income without interest-rate risk, which means continued focus on alternative credit markets is likely."

MATTHEW MALLOY
Global Head of Insurance Solutions and Head of North America Institutional

Latest Developments and Current Focus for Clients

We believe the number-one challenge for all client types is to find income without interest-rate risk in a low-yield environment. While this challenge is not new, it was exacerbated by the pandemic. A close second, and a related issue, is how and where to take risk when market valuations appear so high. Both add up to a harder struggle to close potential return gaps.

"Travel restrictions made it difficult for Japanese investors to conduct on-site due diligence, leading many to look at which private equity partners have already earned the trust to evolve into strategic partners."

RYO OHIRA
Head of East Asia

The most common response is for our clients to add credit, liquidity and complexity risk to fixed income portfolios in place of longer duration. This approach has played to our growing strengths in alternative and private credit markets, and particularly our ability to build portfolios that mix public and private credit. Judging from the volume of engagement on this topic, we expect this solution to see greater demand in the coming years, and are well positioned to meet it. Finally, as inflation has come to the fore more recently, we also hear renewed discussion of real assets.

More than ever, we believe clients understand what constitutes true alpha-generation opportunities, and what is merely beta masquerading as alpha. Genuine alpha potential, in the form of higher-conviction active management, is therefore a sharpening focus for clients. A comprehensive range of passive tools is now available to express views on region, style and market cap, which means the active proposition has to be clearer-cut and less defined by the traditional-style buckets. Our thematic equity strategies, as well as investment approaches supported by data science, can offer a genuinely different way to think about alpha-generation opportunities by looking through the traditional business cycle and across the traditional sectors. We believe that is why they have enjoyed meaningful success this past year with Asian, Australian and European client groups in the accumulation phase, and why U.S. investors are increasingly focusing here as well. These solutions have added momentum to private banking and retail partnerships that we have been seeking to deepen. Appetite here is spreading to include more institutional investors as they recognize structural changes in the economy that make themes and technological disruption more prominent. In these markets, we are getting more and more inquiries about what's coming next in our thematic pipeline.

To that end, it helped that the pandemic lockdowns shone such a bright spotlight on 5G connectivity themes, from the virtual communications revolution to the arrival of the sterile, fully automated factory and warehouse. Similarly, coronavirus appears to have raised ESG issues up the agenda for many clients. This is partly about rising awareness of these issues and their material impact, due to things like the number of investment institutions and corporations making net-zero carbon emissions commitments in 2020. It is also another facet of the search for idiosyncratic, research-based alpha—which we've seen in client interest in our Japan small and mid-cap equity team, with its central focus on shareholder engagement. In Consultant Relations, particularly, it's about a more intense focus on our own business. Most of our clients prefer to work with firms that treat their people well, and the pandemic and work-from-home shift brought that into the open. In the U.S., attention to firm diversity and inclusion has risen dramatically in questionnaires. We are hearing from clients that they appreciate our near 50-50 male-to-female employee ratio in Japan and Korea and see it as a diversity and inclusion target for the firm as a whole.

As always, the past year has brought a number of important channel-specific developments.

In Australia, large wealth management groups continue to fragment even as its influential Super Funds continue to consolidate. The Super Funds also embarked on a regulatory overhaul in 2020, which will include benchmarking performance against listed indices and potentially the closure of underperformers. We think these are broadly positive moves, but they could incentivize over-reliance on passive approaches to investment and make it difficult to hold more illiquid assets.

"Among consultants, attention to firm diversity and inclusion has risen dramatically."

LESLEY NURSE
Head of North America Consultant Relations

For PWM and North American Intermediary clients, it is widely assumed that higher taxes are on the way in the U.S. to help pay for the fiscal support the economy has received throughout the pandemic, leading to an emphasis on both tax planning and active tax-managed investment capabilities. Here, too, alternatives will likely play an increasingly prominent role as traditional return sources face strains. We are working hard to bring new vehicles designed to make private markets more accessible to a broader base of individual investors, through our intermediary relationships in both North America and Europe.

"As a truly active manager, it is our job to help clients solve for genuine alpha-generation opportunities, moving beyond investments where beta may masquerade as alpha."

ALAN ISENBERG
Head of Product Strategy & Marketing

Finally, China saw the arrival, in April 2020, of Chinese mutual fund license applications for global asset managers. Neuberger Berman was among the first to apply, and the potential is vast: Earning a license will allow us to build a full-fledged onshore asset management platform to build and promote investment solutions to the Chinese mass market. It comes at a time of great opportunity as the onshore asset management industry is going through a transformational phase that could set it up to become one of the largest markets globally, both as an investment destination and a funding source.

Clients' Views on Our Key Differentiators

Clients' perceptions of Neuberger Berman—our key strengths, differentiators, business model and culture—continue to evolve, not only in regions and channels where we are relatively new, but also in markets where we are long-established.

We see growing recognition of our capabilities in solutions and as a strategic partner. Our engagement with institutional clients increasingly encompasses a range of analytics and solutions, including asset allocation, asset-liability management and risk factor studies. We are proud to be seen as unbiased in our asset and strategy allocation advice, applying these capabilities across our extensive public and private market platforms. The COVID-19 financial crisis has helped to spotlight these capabilities: both institutional investors and their consultants turned to asset management partners for timely insights and advice, and then judged them on the quality and speed of their responses and the level of engagement they offered throughout their organizations. We see the accessibility of senior professionals cited as a differentiator in every market.

This move to solutions underpinned by diverse, high-quality investment components is evident among intermediary and individual clients, too. PWM clients look for comprehensive wealth planning that is fully integrated with their customized investment solutions, which draws upon our cross-generation client-relations experience, as well as the wealth planning, trust and estate planning experience of our Trust company and the innovations of our investment platforms. Few other wealth managers can offer clients comprehensive planning as well as direct access to some of the most experienced portfolio management teams and cutting-edge global capabilities, across public and private markets.

"Earning a mutual fund license in China can enable us to more comprehensively serve our clients."

PATRICK LIU
General Manager, China

In markets such as Asia and Europe, where our Client Coverage footprint has expanded meaningfully over the past five years, we see this perception of our firm as an innovative solutions provider evolving hand-in-hand with a more channel-specific approach to client relations—speaking 'insurance' to insurance clients in Germany, for example, or focusing on intermediary needs in order to make private equity more accessible for that channel. That dynamic implies a more disciplined set of relationship priorities for each channel, set quarter-by-quarter, which can balance the firm's pace of product innovation and enable us to scale the strategies to which clients can be most responsive. Importantly, we believe this approach dovetails with regulators' increasingly rigorous client-suitability tests, which often warrant asset managers to explain why a new product is launching.

"Few other asset managers can offer direct access to some of the most experienced portfolio management teams and cutting-edge global capabilities, across public and private markets, alongside comprehensive wealth planning."

STEPHANIE LUEDKE
Head of Private Wealth Management

The perception of Neuberger Berman's offering is becoming more rounded in several markets. We have enjoyed a reputation for innovation and specialty strategies for a long time, and we still stand out for our creativity in thematic equities, credit, private markets and the creation of public-private portfolios, in particular. One consultant partner selected us for our entrepreneurial spirit, because it believes in the alpha-generating potential of product ideas that emerge directly from within our investment teams. And our podcast, focusing on (and titled) *Disruptive Forces in Investing*, was honored by *Fund Intelligence* in 2020 as asset manager podcast of the year,[1] with devoted listeners in more than 106 countries.

While innovative capabilities and thought leadership will always be a goal of the firm, we also continue to institutionalize our core capabilities. We now have a truly global fixed income platform in place, including European bonds and loans, and new global equity capabilities in The Hague and via our research strategies. This creates a sense of greater opportunity to address clients' core and satellite portfolios, particularly in markets outside North America. It complements the growing footprint of our investment teams in Europe and Asia, which in turn reinforces the appreciation of Neuberger Berman as a truly global firm, committed to local presence.

Meeting the Post-Pandemic Challenge

Continuing to meet the client expectations that come with these perceptions is the firm's next big challenge—and opportunity. Customizing solutions in all channels and addressing more individual and retail investors outside of the U.S. through our intermediary partners can help broaden and strengthen our franchise. We believe both efforts will require further infrastructure investment at the same time as industry forces are driving changes in the structure and level of client fees. But as George says in his "Message from Our CEO," we appear to be among a dwindling number of medium-sized to large asset management firms whose profitability and independence enable us to make these investments and continue to innovate.

We are emerging into a post-pandemic market in which our clients are more engaged with us, more demanding of us, better aware of the full range of our capabilities, and focused almost as much on our business and culture as on our investment performance. Across the business, we have raised the bar on communication through the pandemic. Now, our challenge is to maintain the same timeliness, relevance and depth in our insights and our interactions as we move into the new environment—one that is more familiar to us all, but can never be quite the same as before.

"With a more global fixed income platform and new global equity capabilities now in place, there is a greater opportunity to address clients' core as well as their satellite portfolios."

DIK VAN LOMWEL
Head of EMEA and Latin America

[1] This award has been reprinted with permission from *Fund Intelligence*. Information regarding the award submission and judging process is available at www.mutualfundindustryawards.awardstage.com.

In Memoriam

We lost some very special individuals in 2020 whose professionalism, care and integrity inspired those around them and made our firm a better place.

Bobby Conti, our former President, Mutual Funds (with the firm from 1980 – 2018), personified the firm's ideals. Friendly and selfless, he was deeply interested in his colleagues and dedicated to the success of our clients.

Rose Cozzarelli, Executive Administrator for The Straus Group (with the firm from 1963 – 2015), looked upon Neuberger Berman as her extended family, giving her all for clients and colleagues. She took pride in ensuring the accuracy and quality of our work, and was always fair and honest in sharing her opinion.

Lori Holland, Multi-Asset Class Advisor, QMAC (with the firm from 1981 – 2019), was a founding member of our fixed income business, serving in various leadership positions over the years. Lori impacted colleagues and clients with her stewardship, warmth and compassion.

Lee Klingenstein, a former Investment Manager (with the firm from 1969 – 2000), cared deeply about all his colleagues and the clients he served. He will be remembered for his positive attitude, mentorship and extraordinary kindness.

Walter Luhr, Supervisor, Operations (with the firm from 2005 – 2015), was kind to everyone around him. One of the leaders of the early punk rock movement (and a member of *Johnny Thunder and the Heartbreakers*), he shared his talents and many wonderful stories with co-workers.

Phil Maronilla, Senior Client Associate, The Messinger Group (with the firm from 2003 – 2020), fostered strong relationships and friendships across multiple departments as well as with his clients.

Carl Randolph, General Counsel (with the firm from 1971 – 2000), was known for his steadfast focus on maintaining the firm's reputation. At the time, one of the few African-American partners on Wall Street, he held colleagues to the highest standards in serving clients.

Maureen Ryan, Senior Project Manager, Global Technology (with the firm from 2005 – 2020), inspired colleagues with her determination, optimism and professionalism, as well as her unfailing interest in the welfare of those around her.

Board Members

George H. Walker
Chairman and Chief Executive Officer, Neuberger Berman

Joseph V. Amato
President, Neuberger Berman; Chief Investment Officer—Equities

Grainne Alexander
Independent Non-Executive Director of the Board

Formerly Chief Executive, F&C Management (F&C Ireland)

Sharon Bowen
Director, Intercontinental Exchange, Inc.

Michael J. Cosgrove
Formerly Executive, General Electric Company and Trustee, GE's Pension and Benefits Plan

Robert W. D'Alelio
Portfolio Manager, Small Cap

Alex Duncan
Director, Operations and Infrastructure, Neuberger Berman

Marc Gary
Formerly Executive Vice President and General Counsel, Fidelity Investments

Martha C. Goss
Formerly Corporate Treasurer and Enterprise Risk Officer, The Prudential Insurance Company of America

Michelle S. Green
General Counsel of EMEA and Latin America, Neuberger Berman

Steven A. Kandarian
Formerly Chairman, President and CEO, MetLife

Formerly Executive Director, Pension Benefit Guaranty Corporation (PBGC)

Michael M. Knetter
President and CEO, University of Wisconsin Foundation

Formerly Dean, School of Business, University of Wisconsin

Deborah C. McLean
Adjunct Professor, Columbia University School of International and Public Affairs

George W. Morriss
Formerly Executive Vice President and CFO, People's Bank, CT

Tom D. Seip
Independent Non-Executive Chairman of the Board

Formerly Senior Executive, The Charles Schwab Corporation

James G. Stavridis
Operating Executive, The Carlyle Group

Formerly Admiral, United States Navy

Candace L. Straight
Director, Montpelier Re

Formerly Principal, Head and Partners

Peter P. Trapp
Formerly Ford Motor Company Executive

Formerly President, Sentry Life Insurance Company

Richard B. Worley
Founder, Managing Director and Partner, Permit Capital Group, LLC

Formerly CEO and CIO, Morgan Stanley Investment Management

Lawrence Zicklin
Clinical Professor, New York University Stern School of Business

Chairman, Rand Center for Corporate Ethics and Governance

Not pictured:

Naomi Daly
Independent Non-Executive Director of the Board
Formerly Independent Director and Senior Executive, MPMF Fund Management (Ireland) Limited

Tom Finlay
Independent Non-Executive Director of the Board
Formerly Bank of Ireland Asset Management
Formerly a Barrister by profession

Board of Directors UCITS Board '40 Act MF Board

Committee Members

Joseph V. Amato ● | Robert J. Arancio ● | William A. Arnold ● | Jonathan H. Bailey ● | William A. Braverman ● | Anne F. Brennan ● | Brad E. Cetron ● | Jose Cosio ○ | Timothy F. Creedon ●

Robert W. D'Alelio ○ | Kenneth deRegt ● | Margaret E. Gattuso ● | Richard J. Glasebrook ○ | Nick J. Hoar ● | Alan L. Isenberg ● | Charles C. Kantor ○ | Matthew W. Kaplan ● | Gregory J. Khost ●

Scott E. Kilgallen ● | Lawrence J. Kohn ● | Andrew S. Komaroff ● | J. Douglas Kramer ● | Jacques G. Lilly ● | Patrick Liu ● | Patrick C. Lomelo ● | Stephanie B. Luedke ●○ | Joseph Lynch ○

Matthew H. Malloy ● | Richard S. Nackenson ○ | Lesley D. Nurse ● | Ryo Ohira ● | Vanessa M. Rosenthal ● | Conrad A. Saldanha ○ | Marvin C. Schwartz ○ | Brien P. Smith ● | David Stonberg ○

Brad C. Tank ● | Anthony D. Tutrone ●○ | Dik van Lomwel ● | Gorky Urquieta ○ | Judith M. Vale ○ | Francis Verdier ● | George H. Walker ● | Heather P. Zuckerman ●

● Operating Committee ○ Partnership Committee

Neuberger Berman Foundation Board Members

The Neuberger Berman Foundation's mission is commitment to helping at-risk children and youth achieve their potential through educational enrichment and support programs that promote academic success, independence and economic sustainability.

Maria Angelov
Vice President, Corporate Social Responsibility Lead (and Foundation President)

Chrystelle M. Charles-Barral
Managing Director, Head of Investment Risk EMEA & Asia,

Brian C. Jones
Managing Director, Portfolio Manager, REIT Group

Jennifer Laird
Senior Vice President, Client Service Manager, North America Institutional NBIA

David Pedowitz
Managing Director, Senior Portfolio Manager, Bolton Group (and Foundation Treasurer)

Allison J. Saloy
Senior Vice President, Relationship Manager, Broker Dealer NBIA

Sean Williamson
Managing Director, Head of Employee Platform

Stephen Wright
Managing Director, Head of Operational Risk & AMGO

Patricia Miller Zollar
Managing Director, Private Equity

Heather P. Zuckerman
Managing Director, Chief of Staff

Neuberger Berman's Newest Managing Directors

Alex Bacu
Private Wealth - NY

Mauricio Barreto
Client Coverage – BOG

Hendrik-Jan Boer
Global Equities – HAG

Jeroen Brand
Global Equities – HAG

Gabriel Cahill
Principal Strategies – CHI

John Carr
Equity Research – NY

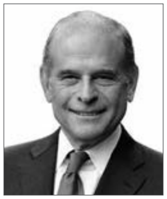
Andre Chan
Equity Research – NY

Chrystelle Charles-Barral
Risk – LON

Gilles Drukier
Client Coverage – LON

Raman Gambhir
U.S. Equities – NY

José Luis González Pastor
PIPCO – LON



Michael Jacoby
Private Wealth – CHI

Fumi Kato
QMAC – NY

Gregory J. Khost
Private Wealth – NY

Michael King
Private Wealth – CHI

Akihiro Koide
Client Coverage – TYO

Michael Magee
Finance – NY

Christopher Miller
Non-Investment Grade – NY

Yutaro Nishihara
Client Coverage – TYO

Hirotaka Okada
Product – TYO

Olumide Owolabi
Investment Grade – CHI

Suzanne F. Peck
Private Wealth – NY

Will Proctor
Private Credit – NY

Kaveh Samie
Client Coverage – DXB

Charlie Schwartz
Private Wealth – NY

Michael Schwartz
Private Credit – NY

Jennifer Signori
ESG Investing – NY

Alan Tsang
Equity Research – HK

Rich Wesolowski
U.S. Equities – NY

Sean Williamson
Employee Platform – NY

Alex Zuiderwijk
Global Equities – HAG

Note: this includes newly hired and newly appointed Managing Directors from August 2020 through June 2021.

WILLIAM A. ARNOLD
Chief Financial Officer

Dedication to Financial Risk Management

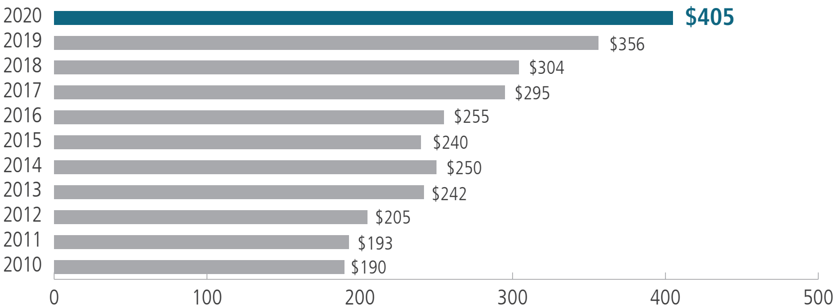
The preservation of a secure financial foundation is essential to our ability to serve the interests of clients. We take a strategic and long-term perspective, seeking to keep our balance sheet liquid and our capital structure conservative.

Our approach has enabled us to invest prudently in our business, our platform and our people. We have broadened our capabilities, increased our resources, improved technology and built a more diversified and stable investment platform. We believe these steps will drive greater long-term stability and provide opportunities for deeper client relationships.

In the context of the pandemic, we built on our previous digital infrastructure and technology investments to seamlessly transition to work-from-home arrangements without impacting the quality of our investment strategies and client service. As the world gradually reopens, we will assess how to weigh safety and security in the context of our mission, and seek to learn from our experience to reinforce our financial strength in the years ahead.

Importantly, as we focus on protecting the firm and investing for the future, we do so by understanding the objectives and long-term strategy of our investment, client coverage, operating and support teams. This collaboration ensures we are properly allocating our resources and capital to initiatives that will ultimately serve our clients well.

ASSETS UNDER MANAGEMENT*
(U.S. Dollars in Billions)



*Firm AUM as of December 31, 2020, including Dyal assets, which consisted of $26bn in private equity and $1bn in private credit.

SUMMARY FINANCIAL INFORMATION
(U.S. Dollars in Millions) Dec. 2020

Cash and Cash Equivalents	755.9
Investments	521.2
Receivables	435.5
Goodwill and Other Intangibles	748.6
Other Assets	197.6
Total Assets	**$2,658.8**
Senior Notes Payable	600.0
Accrued Compensation and Benefits	758.4
Accrued Expenses and Other Liabilities	634.3
Total Liabilities	**$1,992.6**
Equity[1]	666.2
Total Liabilities and Equity	**$2,658.8**
Net Revenues	**$1,956.1**

[1]Equity includes $97.2M of non-controlling interests from employee investments held indirectly by employees.

All information is as of March 31, 2021, unless otherwise indicated.

Firm assets under management (AUM) includes $125.5 billion in Equity assets, $183.7 billion in Fixed Income assets and $92.6 billion in Alternatives assets. Firm AUM excludes Dyal assets, which consisted of $26bn in private equity and $1bn in private credit.

This material is provided for informational purposes only and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. This material is general in nature and is not directed to any category of investors and should not be regarded as individualized, a recommendation, investment advice or a suggestion to engage in or refrain from any investment-related course of action. Neuberger Berman is not providing this material in a fiduciary capacity and has a financial interest in the sale of its products and services. Neuberger Berman, as well as its employees, does not provide tax or legal advice. You should consult your accountant, tax adviser and/or attorney for advice concerning your particular circumstances. Information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. All information is current as of the date of this material and is subject to change without notice. Any views or opinions expressed may not reflect those of the firm as a whole. The firm, its employees and advisory accounts may hold positions of any companies discussed. This material may include estimates, outlooks, projections and other "forward-looking statements." Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed. Neuberger Berman products and services may not be available in all jurisdictions or to all client types. Investing entails risks, including possible loss of principal. Investments in hedge funds and private equity are speculative and involve a higher degree of risk than more traditional investments. Investments in hedge funds and private equity are intended for sophisticated investors only. Indexes are unmanaged and are not available for direct investment. **Past performance is no guarantee of future results.**

Discussions of any specific sectors and companies are for informational purposes only. The firm, its employees and advisory accounts may hold positions of any companies discussed. Specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. Any discussion of environmental, social and governance (ESG) factor and ratings are for informational purposes only and should not be relied upon as a basis for making an investment decision. ESG factors are one of many factors that may be considered when making investment decisions.

The allocation views expressed herein are generally those of the Neuberger Berman Multi-Asset Class (MAC) team or Neuberger Berman's Asset Allocation Committee. The Asset Allocation Committee is comprised of professionals across multiple disciplines, including equity and fixed income strategists and portfolio managers. The Asset Allocation Committee reviews and sets long-term asset allocation models, establishes preferred near-term tactical asset class allocations and, upon request, reviews asset allocations for large diversified mandates. Tactical asset allocation views are based on a hypothetical reference portfolio. Any currency outlooks are not against the U.S. dollar but stated against the other major currencies. As such, the currency outlooks should be seen as relative value forecasts and not directional U.S. dollar pair forecasts. Currency outlooks are shorter-term in nature, with a duration of one to three months. Regional equity and fixed income views reflect a one-year outlook. Asset Allocation Committee members are polled on asset classes and the positional views are representative of an Asset Allocation Committee consensus. The views of the MAC team or the Asset Allocation Committee may not reflect the views of the firm as a whole and Neuberger Berman advisers and portfolio managers may take contrary positions to the views of the MAC team or the Asset Allocation Committee. The MAC team and the Asset Allocation Committee views do not constitute a prediction or projection of future events or future market behavior.

The information in this material may contain projections, market outlooks or other forward-looking statements regarding future events, including economic, asset class and market outlooks or expectations, and is only current as of the date indicated. There is no assurance that such events, outlook and expectations will be achieved, and actual results may be significantly different than that shown here. The duration and characteristics of past market/economic cycles and market behavior, including any bull/bear markets, is no indication of the duration and characteristics of any current or future be market/economic cycles or behavior. Information on historical observations about asset or sub-asset classes is not intended to represent or predict future events. Historical trends do not imply, forecast or guarantee future results. Information is based on current views and market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. Models are discussed for informational and educational purposes only, and are based on various assumptions, projections or other information. Actual results can be significantly different than those predicted by the models.

Nothing herein constitutes a prediction or projection of future events or future market or economic behavior. The duration and characteristics of past market/economic cycles and market behavior, including length and recovery time of past recessions and market downturns, is no indication of the duration and characteristics of any current or future market/economic cycles or behavior. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed or any historical results.

A bond's value may fluctuate based on interest rates, market conditions, credit quality and other factors. You may have a gain or loss if you sell your bonds prior to maturity. Of course, bonds are subject to the credit risk of the issuer. If sold prior to maturity, municipal securities are subject to gain/losses based on the level of interest rates, market conditions and the credit quality of the issuer. Income may be subject to the alternative minimum tax (AMT) and/or state and local taxes, based on the investor's state of residence. High-yield bonds, also known as "junk bonds," are considered speculative and carry a greater risk of default than investment-grade bonds. Their market value tends to be more volatile than investment-grade bonds and may fluctuate based on interest rates, market conditions, credit quality, political events, currency devaluation and other factors. High yield bonds are not suitable for all investors and the risks of these bonds should be weighed against the potential rewards. Neither Neuberger Berman nor its employees provide tax or legal advice. You should contact a tax advisor regarding the suitability of tax-exempt investments in your portfolio. Investing in the stocks of even the largest companies involves all the risks of stock market investing, including the risk that they may lose value due to overall market or economic conditions. Small- and mid-capitalization stocks are more vulnerable to financial risks and other risks than stocks of larger companies. They also trade less frequently and in lower volume than larger company stocks, so their market prices tend to be more volatile. Investing in foreign securities involves greater risks than investing in securities of U.S. issuers, including currency fluctuations, interest rates, potential political instability, restrictions on foreign investors, less regulation and less market liquidity. The properties held by REITs could fall in value for a variety of reasons, such as declines in rental income, poor property management, environmental liabilities, uninsured damage, increased competition, or changes in real estate tax laws. There is also a risk that REIT stock prices overall will decline over short or even long periods because of rising interest rates. The sale or purchase of commodities is usually carried out through futures contracts or options on futures, which involve significant risks, such as volatility in price, high leverage and illiquidity.

Barron's 2020 Financial Advisor Rankings: The rankings were based on assets under management, revenue generated for the advisors' firms, and the quality of the advisors' practices. Investment performance isn't an explicit factor because clients have varied goals and risk tolerances. In evaluating advisors, Barron's examined regulatory records, internal company documents, and 100-plus points of data provided by the advisors themselves. Third-party accolades referenced do not reflect the experiences of any Neuberger Berman client and readers should not view such information as representative of any particular client's experience or assume that they will have a similar investment experience as any previous or existing client. Third-party accolades are not indicative of the past or future performance of any Neuberger Berman product or service.

Institutional-Oriented Equity and Fixed Income AUM Benchmark Outperformance Note: Institutional-oriented equity and fixed income assets under management ("AUM") includes the firm's equity and fixed income institutional separate account ("ISA"), registered fund and managed account/wrap ("MAG") offerings, and are based on the overall performance of each individual investment offering against its respective benchmark offerings. High net worth/private asset management ("HNW") AUM is excluded. For the period ending March 31, 2021, the percentage of total institutional-oriented equity AUM outperforming the benchmark was as follows: Since Inception: 90%; 10-year: 87%; 5-year: 90%; and 3-year: 77%; and total institutional-oriented fixed income AUM outperforming was as follows: Since Inception: 95%, 10-year: 77%; 5-year: 68%; and 3-year: 84%. If HNW AUM were included, total equity AUM outperforming the benchmark would be as follows: Since Inception: 87%; 10-year: 59%; 5-year: 68%; and 3-year: 62%; and total fixed income AUM outperforming would be as follows: Since Inception: 95%; 10-year: 75%; 5-year: 67%; and 3-year: 83%. Equity and Fixed Income AUM outperformance results are asset weighted so individual offerings with the largest amount of assets under management have the largest impact on the results. As of 03/31/2021, six equity teams/strategies accounted for approximately 52% of the total firm equity (ISA, MAG and mutual fund combined) assets reflected, and nine strategies accounted for approximately 51% of the total firm fixed income (ISA, MAG and mutual fund combined) assets reflected. Performance for the individual offerings reflected are available upon request. AUM for multi-asset class, balanced and alternative (including long-short equity or fixed income) offerings, as well as AUM for hedge fund, private equity and other private investment vehicle offerings are not reflected in the AUM outperformance results shown. AUM outperformance is based on gross of fee returns. Gross of fee returns do not reflect the deduction of investment advisory fees and other expenses. If such fees and expenses were reflected, AUM outperformance results would be lower. Investing entails risk, including possible loss of principal. **Past performance is no guarantee of future results.**

ESG Thematic, Sustainable or Impact Strategy: ESG Thematic strategies have been identified as meeting the Febelfin Quality Standard for Financial Products. For more information please visit https://www.towardssustainability.be/en/quality-standard. Sustainable strategies seek to improve financial return through ESG considerations and focus on sustainability leaders, while Impact strategies seek financial returns and positive social and environmental outcomes.

ESG Integrated Strategy: These strategies consider the valuation implications of ESG risks and opportunities alongside traditional factors in the investment process.

Febelfin Sustainability Designation: Febelfin is a quality standard for socially responsible financial products that seeks to provide a practical interpretation of what it could mean for a financial product to be called socially responsible or sustainable. In doing so, it determines a floor (minimum norm) for all such products and an aspirational and prominent label. For more information on Febelfin, refer to this link: https://www.febelfin.be/sites/default/files/2019-02/quality_standard_-_sustainable_financial_products.pdf.

Private Equity Outperformance Note: The performance information includes all funds, both commingled and custom, managed by NB Alternatives Advisers LLC with vintage years of 2007 – 2017, with the exception of a closed-end, public investment company registered under the laws of Guernsey (the "Funds"). Accounts that are only monitored are excluded. Vintage years post 2017 are excluded as benchmark information is not yet available. Please note that funds without a comparable benchmark are excluded (this includes certain commingled funds with unique investment objectives, specialty strategies, and private debt funds).

Percentages are based on the number of funds, calculated as the total number of funds whose performance exceeds their respective benchmarks divided by the total number of all funds with vintage years of 2005 through 2016. Performance is measured by net IRR, MOIC, and DPI and is compared to the respective index's median net IRR, MOIC and DPI, respectively. The Cambridge Secondary Index was used for secondary-focused funds; the Cambridge Buyout and Growth Equity for U.S. and Developed Europe was used for co-investment-focused funds; the Cambridge Fund of Funds Index was used for commingled funds and custom portfolios comprised of primaries, secondaries and co-investments; and the Cambridge Global Private Equity was used for strategies focused on minority stakes in asset managers fund and healthcare credit.

PRI grades are based on information reported directly by PRI signatories, of which investment managers totaled 1,924 for 2020, 1,119 for 2019, 1,120 for 2018 and 935 for 2017. All signatories are eligible to participate and must complete a questionnaire to be included. The underlying information submitted by signatories is not audited by the PRI or any other party acting on its behalf. Signatories report on their responsible investment activities by responding to asset-specific modules in the Reporting Framework. Each module houses a variety of indicators that address specific topics of responsible investment. Signatories' answers are then assessed, and results are compiled into an Assessment Report. The Assessment Report includes indicator scores – summarizing the individual scores achieved and comparing them to the median; section scores – grouping similar indicator scores together into categories (e.g. policy, assurance, governance) and comparing them to the median; module scores – aggregating all the indicator scores within a module to assign one of six performance bands (from E to A+). Awards and ratings referenced do not reflect the experiences of any Neuberger Berman client and readers should not view such information as representative of any particular client's experience or assume that they will have a similar investment experience as any previous or existing client. Awards and ratings are not indicative of the past or future performance of any Neuberger Berman product or service. Moreover, the underlying information has not been audited by the PRI or any other party acting on its behalf. While every effort has been made to produce a fair representation of performance, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for damage caused by use of or reliance on the information contained within this report.

The year 2020 represents the first year that asset managers became eligible for PRI Leader designation, which formerly included asset owners only. The new designation was awarded to only 20 of the 2100+ investment manager PRI signatories. The Leaders' Group showcases signatories at the cutting edge of responsible investment, and highlights trends in what they are doing. PRI uses signatories' reporting responses and assessment data to identify those that are doing excellent work in responsible investment—across their organizations and with a focus on a given theme each year. The 2020 theme is climate reporting. Information about PRI Leader is sourced entirely from PRI and Neuberger Berman makes no representations, warranties or opinions based on that information.

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