

# Jacksonville Police & Fire Pension Fund

Core Plus Trust

June 28, 2018



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FIRM OVERVIEW



## Employee-Owned Investment Manager

Partnering with clients to achieve their unique objectives

### Alignment of Interests

Portfolio managers invest alongside clients

### Breadth of Independent Perspectives

570 investment professionals connected across public and private markets, equity, fixed income and alternatives

### Experienced and Stable Teams

25+ year average industry experience for lead PMs; 96% annualized retention rate of senior investment professionals at MD and SVP level since becoming an independent company in 2009

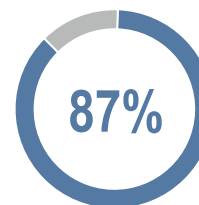
### Deep Resources

Extensive fundamental research, access to management, innovative ESG research, and sophisticated risk management

### Innovative Investment Solutions

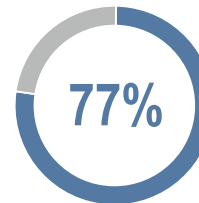
A track record of client partnerships and long-term performance

### Long-term Outperformance<sup>1</sup>



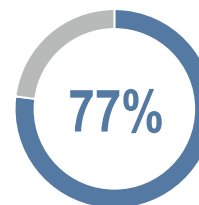
#### Institutional-oriented equity

Percentage of institutional-oriented AUM outperforming benchmark 10-Year Period Ended March 31, 2018



#### Institutional-oriented fixed income

Percentage of institutional-oriented AUM outperforming benchmark 10-Year Period Ended March 31, 2018



#### Private equity

Percentage of NB Private Equity funds raised between 2005 – 2015 (since inception performance) outperforming benchmark Net IRR

1. 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 for the 10-year period would have been 63% for equities and 77% 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, public and private indices data is as of September 30, 2017. 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- and 5-yr statistics for 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.**

## Employee Ownership Fosters Team Stability and Alignment with Clients

Industry-leading experience, retention and culture

### Ownership Structure

100%

independent,  
employee-owned

### Manager Experience

96%

of clients' assets managed by  
lead PMs who have 20+ years  
of industry experience

### Alignment With Clients

~\$3bn

invested by Neuberger Berman employees  
alongside clients<sup>1</sup>

100%

deferred cash compensation directly linked to team  
and firm strategies

### Retention Levels For Senior Investment Professionals

	Managing Directors (includes retirements)	Managing Directors (competitor departures only)
2013	98%	100%
2014	98%	99%
2015	99%	100%
2016	91%	99%
2017	94%	100%

### Our Culture



2013



2014



2016



2017



2015

1. Employee assets include current and former employees and their family members.

# Investment Platform

## Breadth of independent perspectives across asset classes

	EQUITY	FIXED INCOME	ALTERNATIVES
AUM \$299bn <sup>1</sup>	\$102bn	\$135bn	\$70bn <small>AUM and Committed Capital</small>
Investment Professionals	225	160	142
Fundamental	<ul style="list-style-type: none"> <li>Global/EAFE</li> <li>U.S. Value/Core/Growth</li> <li>Emerging Markets</li> <li>Regional EM, China</li> <li>Sustainable Equity</li> <li>Income Strategies                             <ul style="list-style-type: none"> <li>– MLP</li> <li>– REITs</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Global Investment Grade</li> <li>Global Non-Investment Grade</li> <li>Emerging Markets, Regional EM, China</li> <li>Opportunistic/Unconstrained</li> <li>Municipals</li> <li>Specialty Strategies                             <ul style="list-style-type: none"> <li>– CLO Mezzanine</li> <li>– Currency</li> <li>– Corporate Hybrids</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Private Equity:                             <ul style="list-style-type: none"> <li>– Primaries</li> <li>– Co-Investments</li> <li>– Secondaries</li> <li>– Specialty Strategies</li> <li>– Minority stakes in alternative firms/DYAL</li> </ul> </li> <li>Alternative Credit:                             <ul style="list-style-type: none"> <li>– Private Credit</li> <li>– Residential Loans</li> <li>– Special Situations</li> </ul> </li> <li>Hedge Funds:                             <ul style="list-style-type: none"> <li>– Multi-Manager</li> <li>– Equity Long/Short</li> <li>– Credit Long/Short</li> <li>– Event Driven</li> </ul> </li> </ul>
Quantitative	<ul style="list-style-type: none"> <li>Global</li> <li>U.S.</li> <li>Emerging Markets</li> <li>Custom Beta</li> </ul>		<ul style="list-style-type: none"> <li>Risk Premia</li> <li>Options</li> <li>Global Macro</li> <li>Commodities</li> </ul>
<b>Integration of Environmental, Social and Governance Factors</b>			
<b>MULTI-ASSET CLASS SOLUTIONS AND STRATEGIC PARTNERSHIPS</b>			
	<ul style="list-style-type: none"> <li>Fundamental</li> </ul>	<ul style="list-style-type: none"> <li>Global Relative &amp; Absolute Return</li> <li>Income Focused</li> <li>Inflation Management</li> <li>Liability Aware</li> </ul>	<ul style="list-style-type: none"> <li>Quantitative</li> </ul>
			<ul style="list-style-type: none"> <li>Risk Parity</li> <li>Global Tactical Asset Allocation</li> </ul>

1. As of March 31, 2018. Firm assets under management (AUM) includes \$101.9 billion in Equity assets, \$135.4 billion in Fixed Income assets and \$61.8 billion in Alternatives assets. Alternatives "AUM and Committed Capital" includes assets under management for non-Private Equity businesses and Committed Capital since inception for the Private Equity businesses. Committed Capital since inception reflects all contractual commitments, including those still in documentation, to fund investments, including those which have since been realized, advised by NB Alternatives Advisers LLC and its affiliates or predecessors (the oldest mandate of which was founded in 1981).

## Fixed Income Platform Overview

\$135bn across a spectrum of investment styles

### Breadth and depth of capabilities

- Consistency of leadership: 100% assets managed by lead PMs who have 20+ years of industry experience
- 162 investment professionals with sector specialization; 6 global locations<sup>1</sup>
- Best in class capabilities across global universe, public and private markets

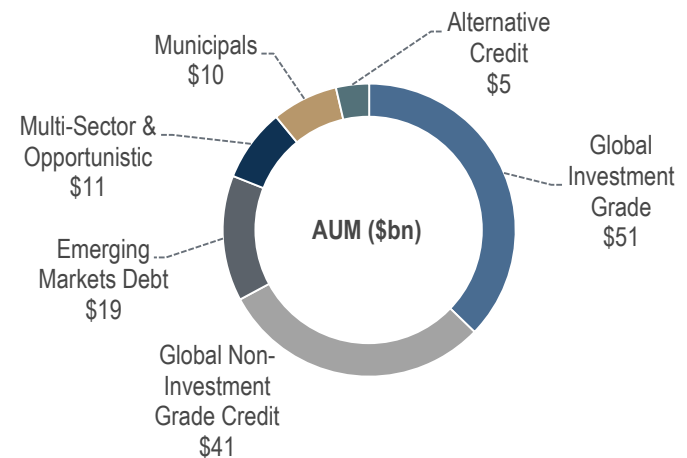
### Global integrated platform

- Investment teams share insights and information across a global platform
- Multi-site platform ensures local perspective incorporated into portfolios
- Rigorous risk management framework includes independent oversight

### Fundamental research driven approach

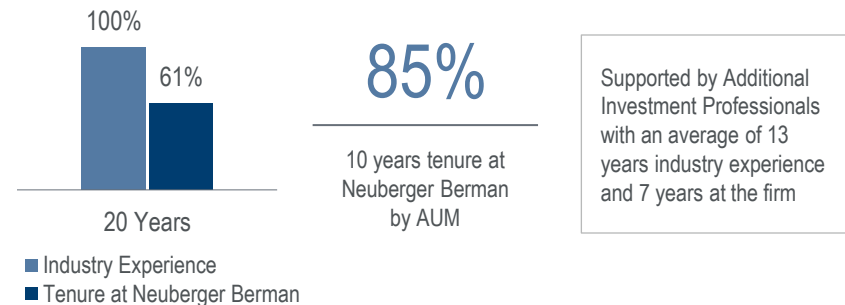
- Proprietary tools drive portfolio construction; examples include State Space analysis, Credit Best Practices (proprietary credit analysis framework), Torpedo Monitoring (credit deterioration risk management) and Everest (identify, select and monitor portfolio positions)

### Broad Style Range<sup>1</sup>



### Highly Experienced Managers<sup>2</sup>

Percentage of client assets under management by experienced Lead Portfolio Manager



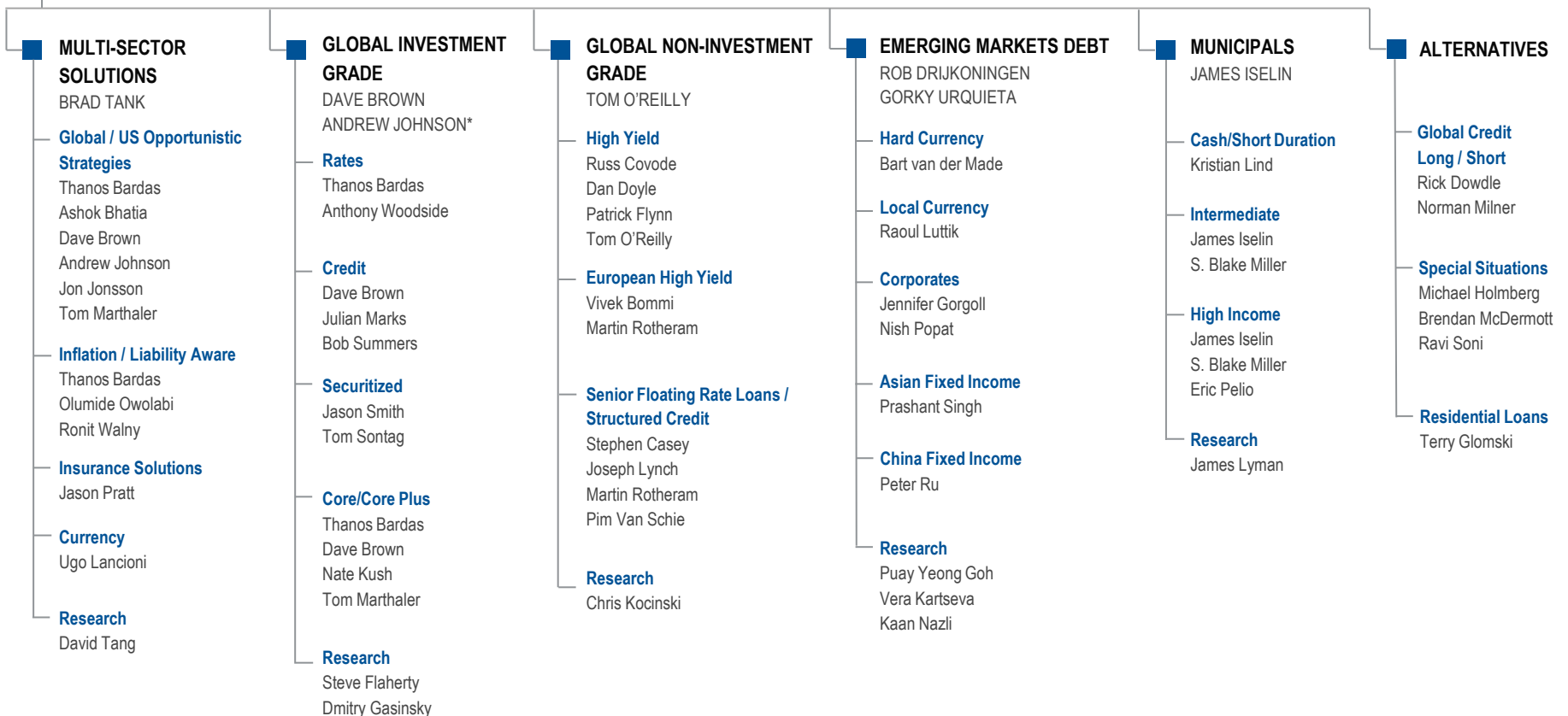
1. Fixed Income assets under management excludes fixed income assets (\$2 bn) managed by equity investment teams and includes alternative credit assets (\$4 bn).

2. "Lead Portfolio Managers" are defined as those individuals who head a Fixed Income investment team. Percentages are rounded to the whole number. "Additional Investment Professionals" include Fixed Income research analysts, traders, product specialists, and team-dedicated economists/strategists.

# Fixed Income Organization

Supported by over 150 US and Global Money Managers, Research Analysts and Associates

## GLOBAL FIXED INCOME BRAD TANK



As of March 31, 2018

Combined investment professionals of the firm and affiliated investment management entities.

\*As previously announced Andy will be retiring at the end of 2018 and will transition his portfolio management responsibilities to a group of senior portfolio managers across Global Investment Grade and the Multi-Sector Fixed Income Group. Given our team-based approach, each account will continue to be managed by portfolio managers that have a deep understanding of each portfolio and the client's unique objectives.



## Core Plus Portfolio Management Team

Experienced investment team with access to all fixed income sectors

### CORE PLUS PORTFOLIO MANAGERS

**Thanos Bardas**

20 Years Investment Experience  
PhD, SUNY – Stony Brook

**Nathan Kush**

17 Years Investment Experience  
MBA, University of Chicago

**David M. Brown, CFA**

27 Years Investment Experience  
MBA, Northwestern University

**Thomas J. Marthaler, CFA**

37 Years Investment Experience  
MBA, Loyola University

**Andrew A. Johnson**

29 Years Investment Experience  
MBA, University of Chicago

### SECTOR-SPECIALTY INVESTMENT RESOURCES<sup>1</sup>

**Global Investment  
Grade Credit**

36 Investment Resources

**Municipal Bonds**

16 Investment Resources

**Global Developed  
Markets Governments**

9 Investment Resources

**Securitized Products**

18 Investment Resources

**Diversified Currency**

9 Investment Resources

**Emerging Market Debt**

31 Investment Resources

**Global High Yield & Global Senior Floating Rate Loans /  
CLOs<sup>2</sup>**

44 Investment Resources

*As of March 31, 2018.*

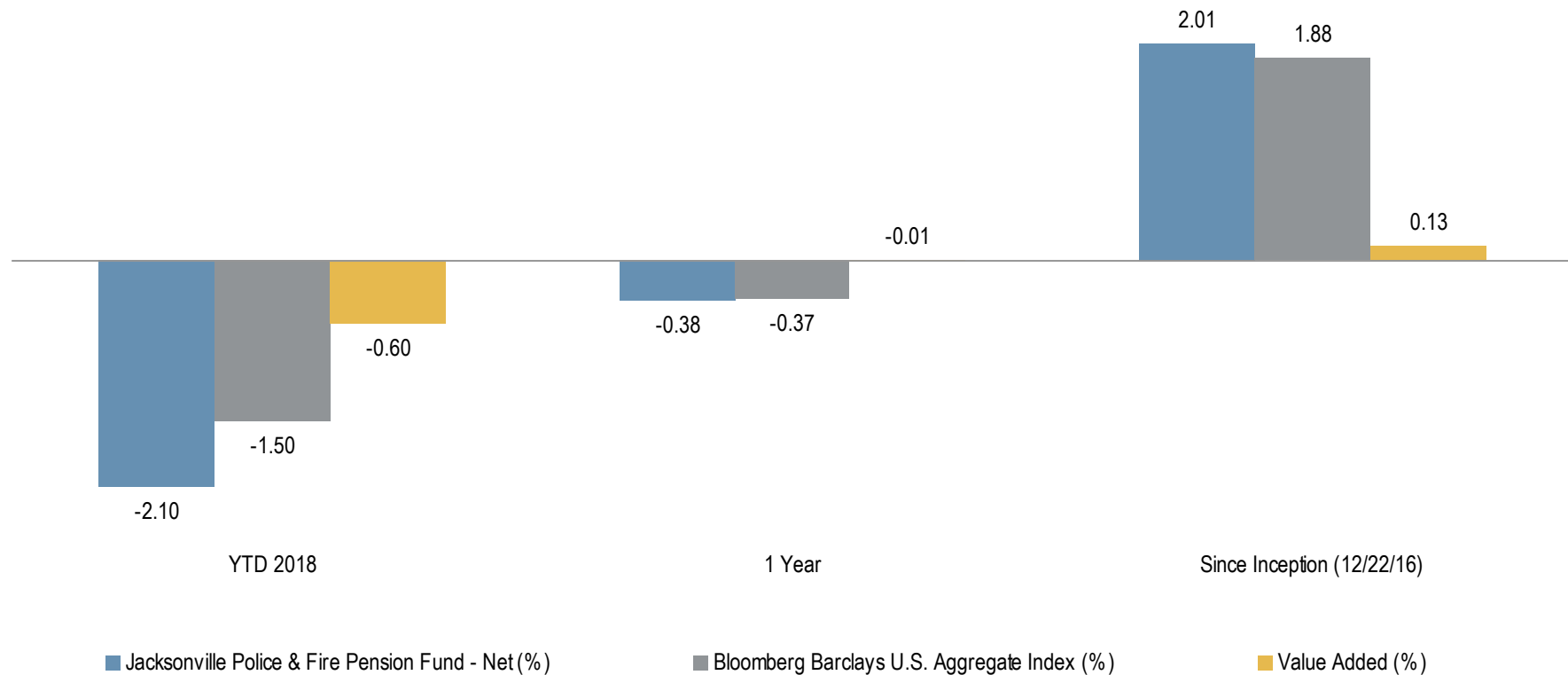
- Research and Trading professionals can be shared across multiple teams and may be counted more than once.*
- Distressed Debt team consists of six resources. Not included in the resources count.*



## Investment Performance

As of May 31, 2018

### ANNUALIZED RATES OF RETURN (% Net of Fees)<sup>1</sup>



Source: Neuberger Berman as of May 31, 2018. Past performance is no guarantee of future results. Please see attached additional GIPS notes and disclosures, which are required as part of this presentation. For client use only. The information on this page is being provided to the client or prospective client at the client's request. This presentation has not been filed with FINRA, and may not be reproduced, shown or quoted to, or used with, members of the public. Further, the information is intended only for the recipient to whom it has been distributed, is strictly confidential and may not be reproduced or redistributed in whole or in part under any circumstances without the prior written consent of Neuberger Berman. The information set forth herein does not purport to be complete and is subject to change. This report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such.

## Performance Attribution

As of May 31, 2018

### ATTRIBUTION<sup>1</sup>

(bp)	YTD 2018	2017
Duration	+17	-11
U.S. TIPS	+16	+8
Agencies	+1	+5
Agency MBS	-5	-2
Non-Agency RMBS	+9	+36
ABS/CMBS	-1	+4
Investment Grade Credit	+8	+4
High Yield	+4	+50
Emerging Markets	-22	+1
Global Sovereign	-68	+9
Pricing Differences	-12	+6
Fees	-7	-17
<b>Total</b>	<b>-60</b>	<b>+93</b>

Source: Neuberger Berman.

1. Preliminary returns; not yet reconciled. Gross returns do not reflect the deduction of advisory fees and other expenses, which will reduce returns. This supplemental report is provided for informational purposes only; please refer to your account statement(s) or other statement provided by your custodian for the official records of your account(s). Investing entails risks, including possible loss of principal. Past performance is no guarantee of future results. See Additional Disclosures at the end of this presentation.

## Positioning Themes

As of May 31, 2018

		KEY EXPOSURES (ACTIVE WEIGHT)				
Interest Rate Duration	Duration Contribution	USD	Core EURO	Peripheral EURO	GBP	ZAR
		-0.5 yrs	-0.8 yrs	+0.4 yrs	-0.2 yrs	+0.1 yrs
Inflation Linked Bonds	Market Value	U.S. TIPS				
		+7.8%				
Securitized	Market Value	Non-Agency RMBS	ABS	Agency MBS	CMBS	
		+6.4%	+6.1%	+3.3%	+3.1%	
Credit	Market Value	Financial	Industrial	Utilities	Non-Corporate	
		+0.8%	+0.8%	-1.3%	-4.4%	
Extended Sectors	Market Value	High Yield	Emerging Markets			
		+7.5%	+7.2%			

Source: Neuberger Berman.

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## Portfolio Characteristics

As of May 31, 2018

### PORTFOLIO STATISTICS

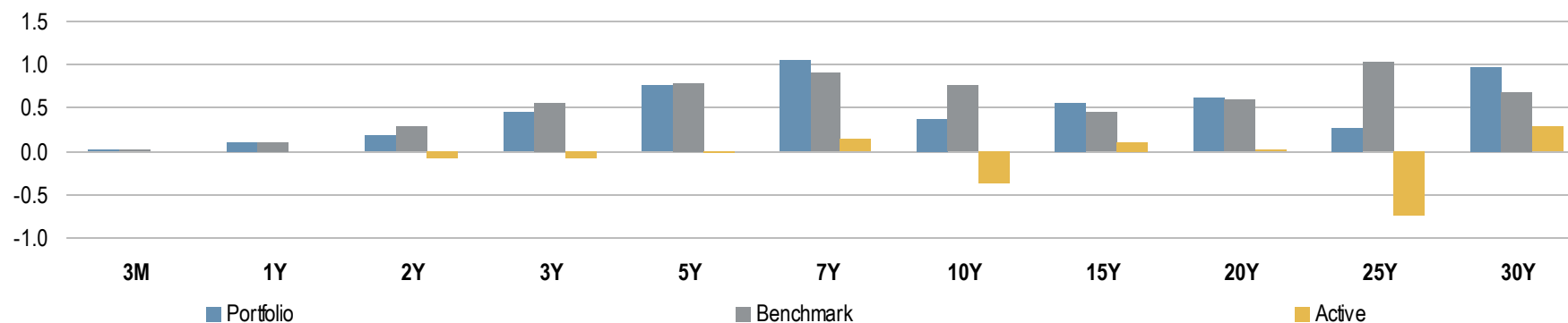
	Jacksonville Police & Fire Pension Fund	Bloomberg Barclays U.S. Aggregate Index
Duration (yrs)	5.28	6.12
Spread Duration (yrs)	5.57	4.00
Yield to Worst (%)	4.07	3.22
OAS (bp)	114	43
S&P Rating	A+	AA

Portfolio Market Value	\$219,086,322
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### PORTFOLIO CREDIT QUALITY<sup>1</sup>

(%)	Jacksonville Police & Fire Pension Fund	Bloomberg Barclays U.S. Aggregate Index
AAA Rated	56.26	72.37
AA Rated	2.02	3.09
A Rated	9.03	11.37
BBB Rated	24.01	13.17
BB Rated and Below	16.60	0.00
Not Rated	0.03	0.01
Cash / Cash Equivalents	-7.96	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### KEY RATE DURATION CONTRIBUTION



1. Barclays generic quality rating based on the conservative average of Moody's, S&P, and Fitch expressed in Moody's nomenclature. If Moody's, S&P and Fitch all provide a credit rating, the Index Rating is the median of the three agency ratings. If only two agencies provide ratings, the Index Rating is the more conservative rating. If only one agency provides a rating, the Index Rating reflects that agency's rating.

Source: Blackrock Aladdin. Portfolio characteristics are as of the date indicated and subject to change without notice. Components are rounded to 2 decimal places and may incorporate immaterial rounding differences as a result. This is provided for informational purposes only. Investing entails risks, including possible loss of principal. Past performance is no guarantee of future results. See Additional Disclosures at the end of this presentation.

## Detailed Asset Allocation

As of May 31, 2018

	Market Value %				Duration Contribution				Spread Duration Contribution			
	Portfolio	Benchmark	Active	3M Δ Active	Portfolio	Benchmark	Active	3M Δ Active	Portfolio	Benchmark	Active	3M Δ Active
Government Related	17.41	39.24	-21.83	-4.52	0.53	2.40	-1.87	-0.68	0.11	0.06	0.04	-0.02
Agencies	0.88	1.67	-0.79	-0.74	0.11	0.06	0.05	-0.09	0.11	0.06	0.05	-0.09
Treasuries	12.40	37.57	-25.17	-7.92	0.72	2.33	-1.61	-0.73	-	-	-	-
Treasury Bullets	4.63	37.57	-32.94	-6.51	0.30	2.33	-2.04	-0.53	-	-	-	-
U.S. TIPS	7.77	-	7.77	-1.41	0.64	-	0.64	-0.15	-	-	-	-
U.S. Treasury Futures	0.00	-	0.00	0.00	-0.21	-	-0.21	-0.05	-	-	-	-
Global Sovereign	4.14	-	4.14	4.14	-0.31	-	-0.31	0.14	0.00	-	0.00	0.07
Core Europe	0.00	-	0.00	0.00	-0.84	-	-0.84	-0.38	-0.41	-	-0.41	-0.33
Peripheral Europe	2.08	-	2.08	2.08	0.42	-	0.42	0.42	0.40	-	0.40	0.40
U.K.	0.00	-	0.00	0.00	-0.20	-	-0.20	-0.20	-	-	-	-
Asia-Ex Japan	1.11	-	1.11	1.11	0.21	-	0.21	0.21	-	-	-	-
South Africa	0.94	-	0.94	0.94	0.09	-	0.09	0.09	-	-	-	-
Securitized	49.53	30.62	18.92	0.58	1.83	1.55	0.28	-0.03	2.49	1.77	0.71	0.01
Agency MBS	31.38	28.10	3.27	-0.27	1.51	1.43	0.08	-0.09	1.82	1.66	0.16	-0.03
TBAs	9.07	-	9.07	-0.86	0.42	-	0.42	-0.12	0.51	-	0.51	-0.06
Agency Fixed	22.30	28.10	-5.80	0.59	1.10	1.43	-0.34	0.04	1.31	1.66	-0.35	0.03
Non-Agency RMBS	6.44	-	6.44	-0.48	0.00	-	0.00	0.00	0.32	-	0.32	-0.01
CMBS	5.03	1.90	3.13	1.17	0.25	0.10	0.14	0.05	0.25	0.10	0.14	0.05
ABS	6.70	0.55	6.15	0.16	0.07	0.01	0.06	0.00	0.10	0.01	0.09	0.01
Covered Bonds	-	0.06	-0.06	0.00	-	0.00	0.00	0.00	-	0.00	0.00	0.00
Investment Grade Credit	26.10	30.14	-4.05	5.03	2.23	2.17	0.06	0.41	2.21	2.16	0.05	0.41
Corporate	25.45	25.14	0.31	4.53	2.20	1.88	0.32	0.40	2.18	1.87	0.31	0.40
Financial	8.94	8.15	0.78	1.66	0.59	0.48	0.11	0.12	0.59	0.48	0.11	0.12
Industrial	15.98	15.21	0.77	3.30	1.57	1.22	0.35	0.35	1.55	1.21	0.34	0.35
Utilities	0.53	1.78	-1.25	-0.43	0.04	0.18	-0.14	-0.08	0.04	0.18	-0.13	-0.08
Non-Corporate	0.65	5.00	-4.35	0.49	0.03	0.29	-0.26	0.01	0.03	0.29	-0.26	0.01
Derivatives	0.17	-	0.17	-0.01	-0.13	-	-0.13	-0.05	-0.06	-	-0.06	-0.05
High Yield	7.54	-	7.54	0.04	0.27	-	0.27	-0.01	0.28	-	0.28	-0.02
Emerging Market	7.21	-	7.21	2.91	0.55	-	0.55	0.21	0.54	-	0.54	0.21
Cash / Cash Equivalents	-7.96	-	-7.96	-4.03	0.00	-	0.00	-0.05	0.00	-	0.00	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>-0.04</b>	<b>5.28</b>	<b>6.12</b>	<b>-0.84</b>	<b>-0.18</b>	<b>5.57</b>	<b>4.00</b>	<b>1.57</b>	<b>0.56</b>

Source: Neuberger Berman.

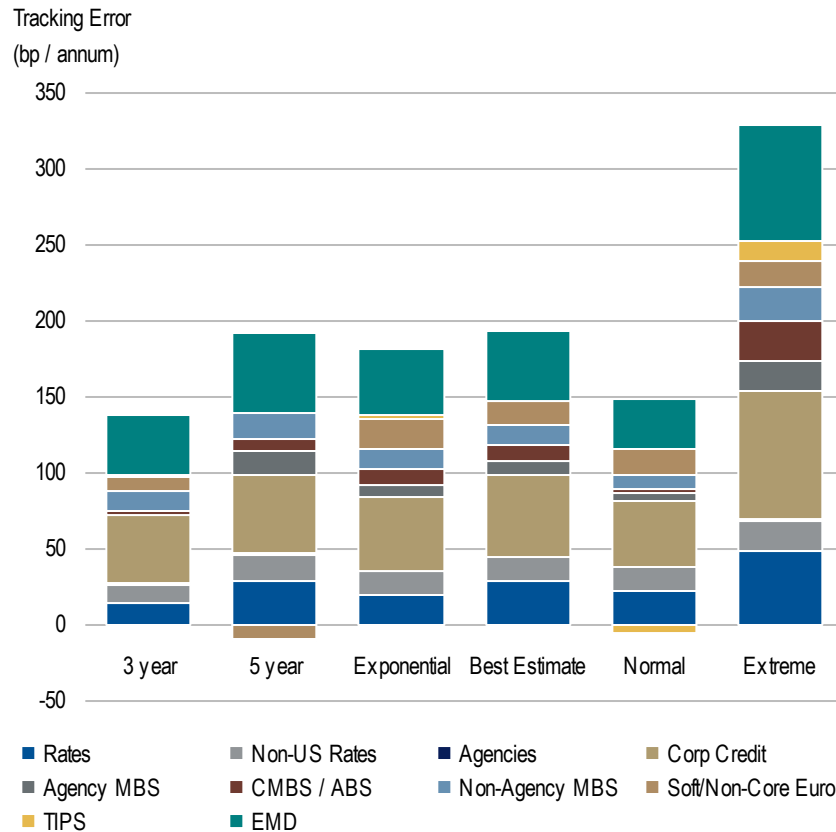
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# Risk Management Snapshot

Multi-faceted risk management with a focus on tail events

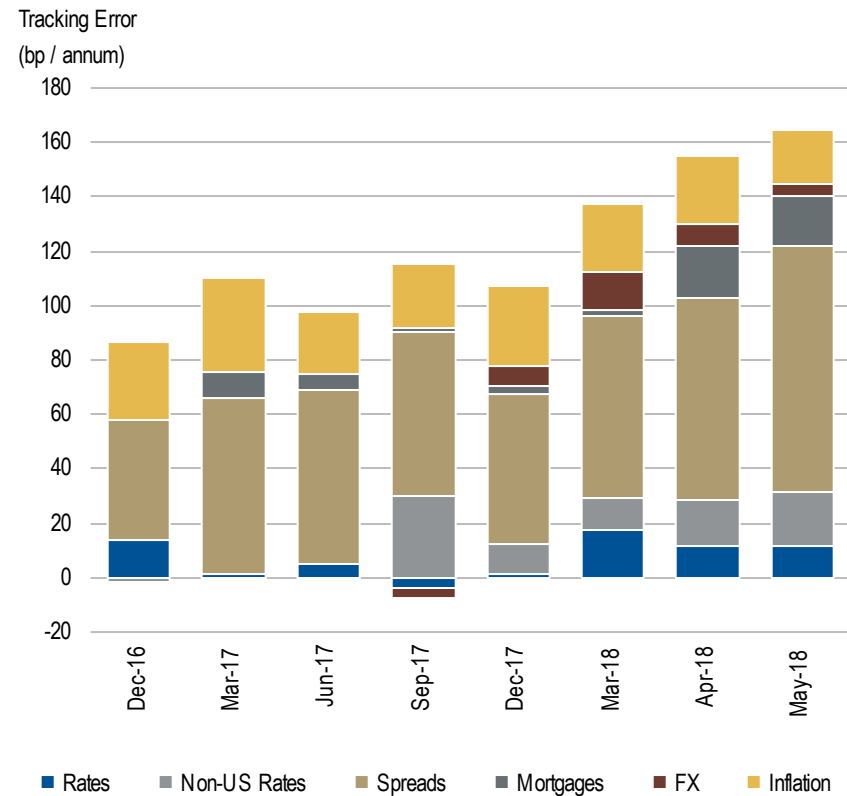
## PROPRIETARY RISK MODEL

- Proprietary model used to evaluate tracking error, VaR and CVaR across various historical time horizons and under different market environments



## ALADDIN RISK MODEL

- Third-party system used as a supplementary method for monitoring risk, including tracking error and scenario analysis



Source: Neuberger Berman. As of May 31, 2018.





## 2Q 2018: Key Macroeconomic and Fixed Income Themes

*As Financial market volatility continues to rise, driven by:*

- Plateauing, but continued strong, global growth
- Rising impact of central bank unwind policies
- Increasing monetary and fiscal policy divergences

*We believe Fixed Income market themes will center on:*

**More range-bound, but continued rising interest rates**

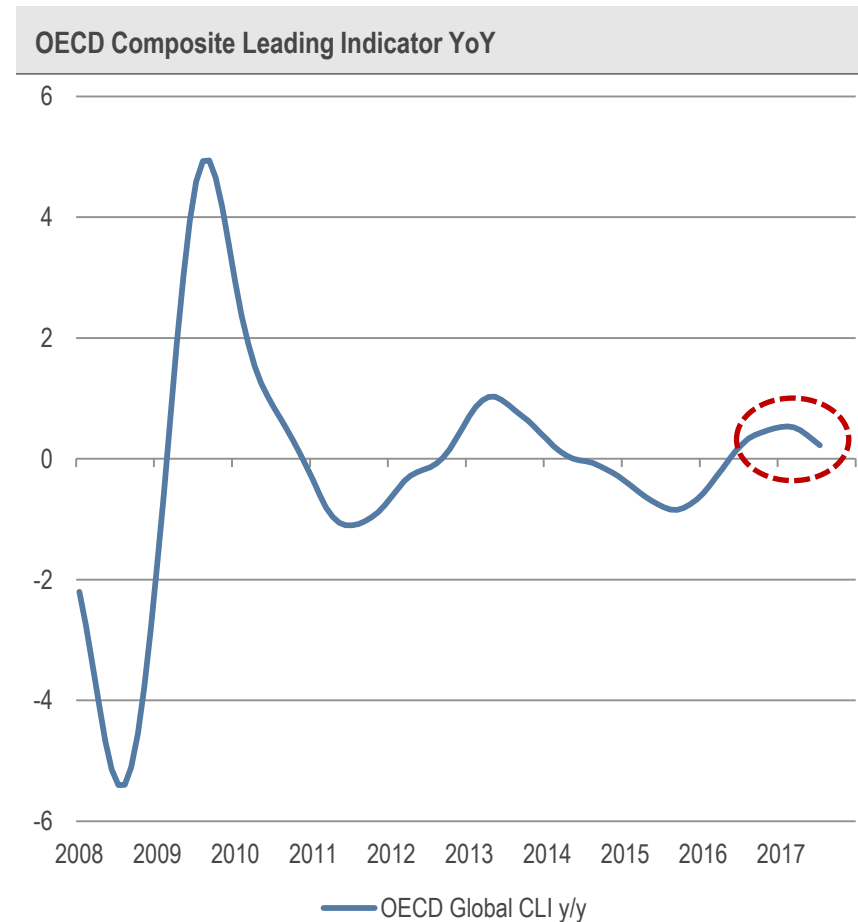
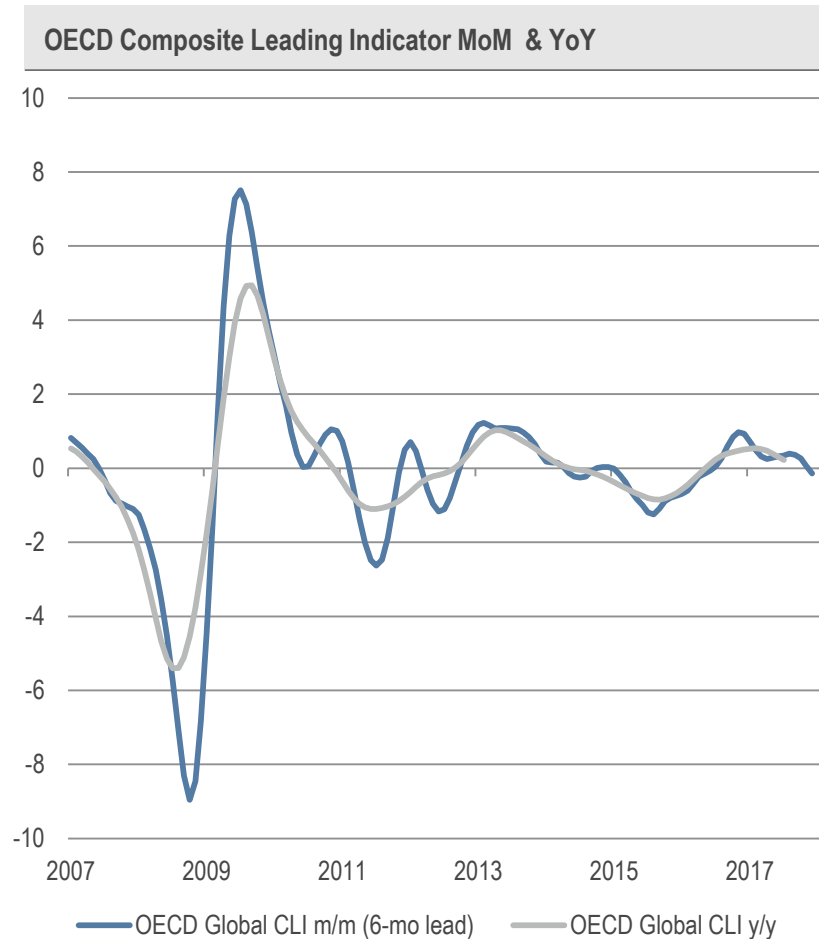
**Outperformance of short duration credit, including floating rate instruments**

**Increased yield curve volatility, with rising potential for curve steepening**

**Increased volatility in currency markets**

## Leading Indicators Suggest a Cyclical Peak in Growth Rates is Developing

A modest transition in the global growth environment, from acceleration in growth to stability in growth, is likely developing

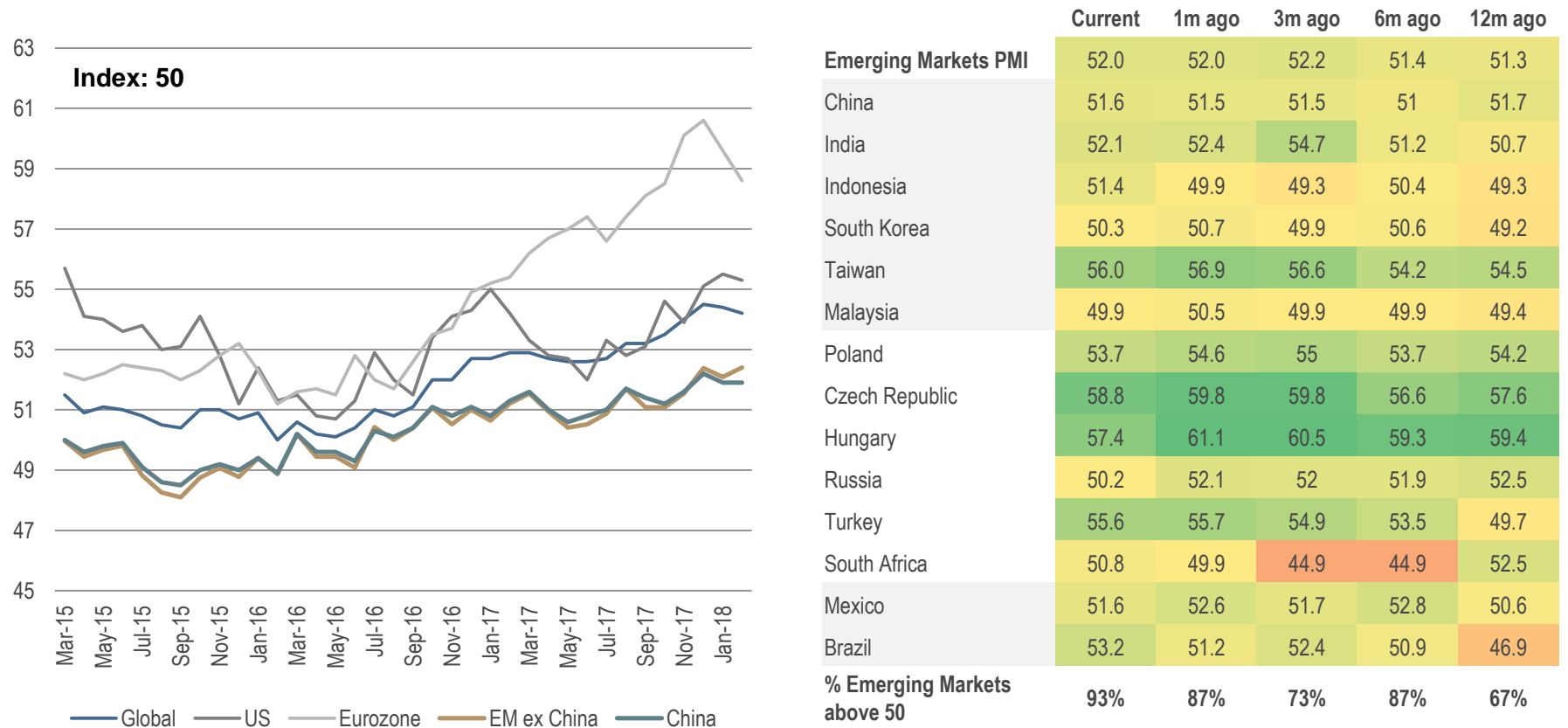


Source: OECD, FactSet, Neuberger Berman. Data as of 12/31/2017. For illustrative and discussion purposes only. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. This material is not intended as a formal research report and should not be relied upon as a basis for making an investment decision. Investing entails risks, including possible loss of principal. Past performance is no guarantee of future results.

## Global PMIs Also Suggestive of a Near Term Peak in Growth Rates

While still at high levels, acceleration in PMIs in both Developed and Emerging Markets seems likely to be ending

Purchasing Managers' Index

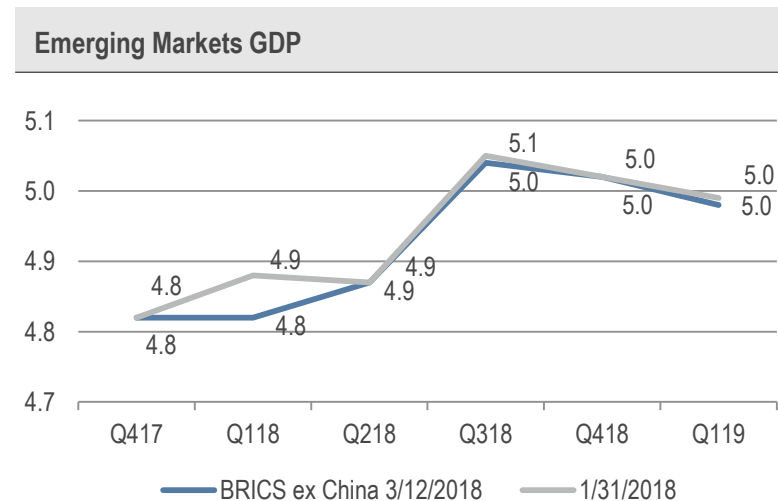
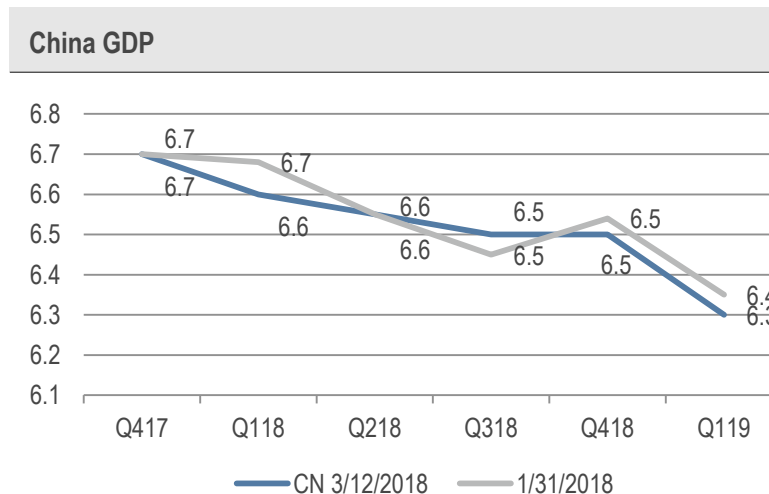
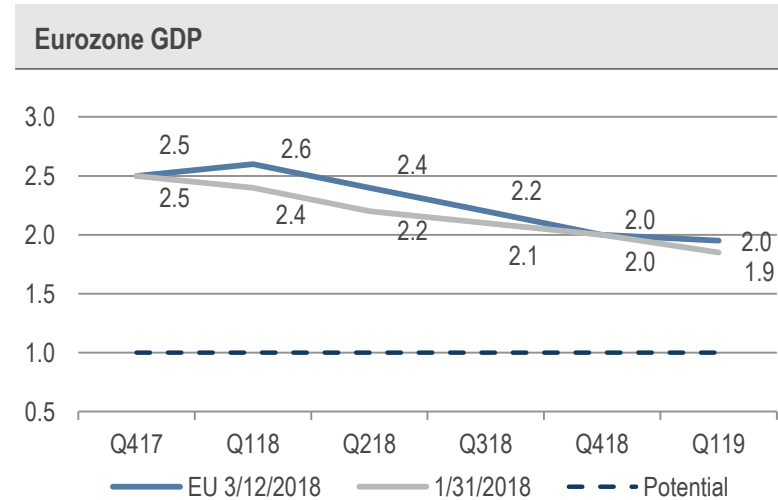
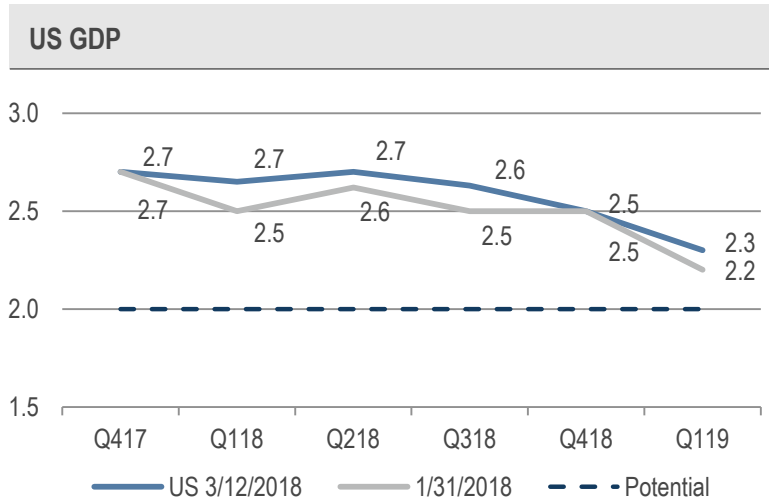


Source: Bloomberg

For illustrative and discussion purposes only. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. Expectations may not materialize.

## Global Growth Expected to Remain Well Above Potential

Fiscal policy changes likely to support growth in the U.S.

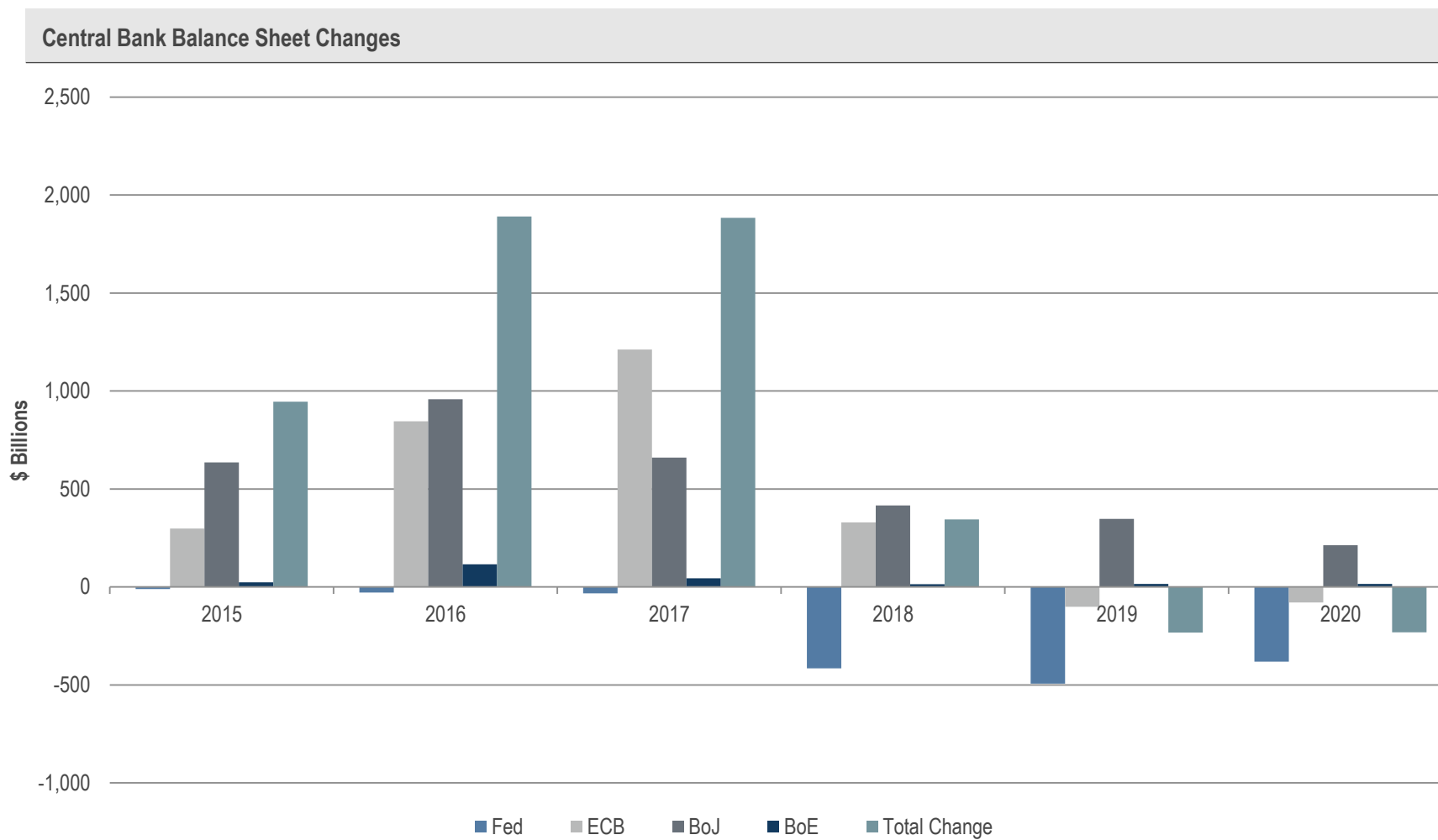


Source: Bloomberg

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## Monetary Policy in Motion: Balance Sheet Policies

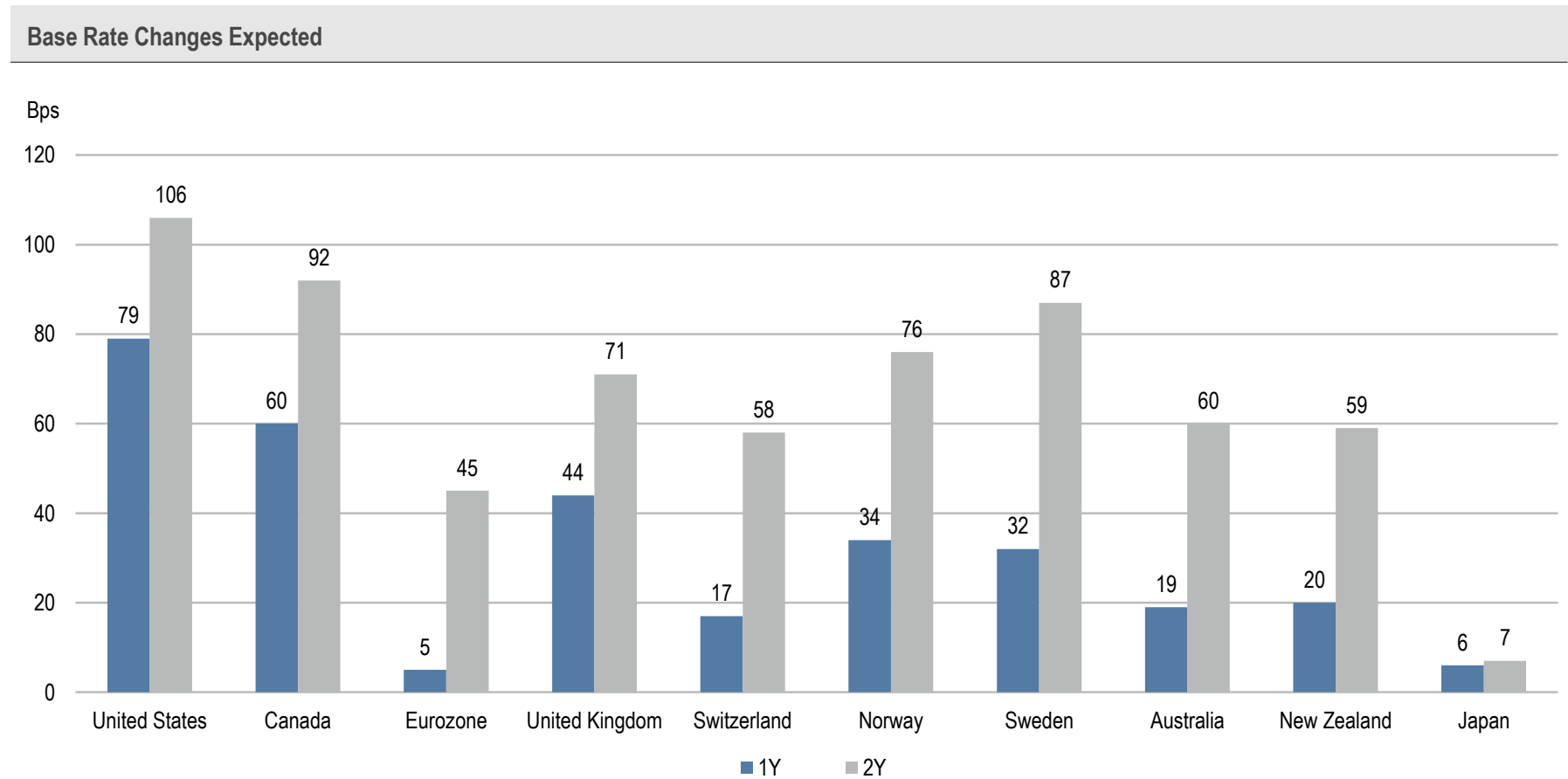
Beginning with the Federal Reserve later in 2018, central bank balance sheet policy is set to change



Source: Bloomberg, Neuberger Berman

## Monetary Policy in Motion: Policy Rate Changes

Rate normalization remains in early stages, with global bond markets priced for tightening policy through 2019



Data as of March 7, 2018.  
Source: Bloomberg, Neuberger Berman.

# Path of the Credit Cycle

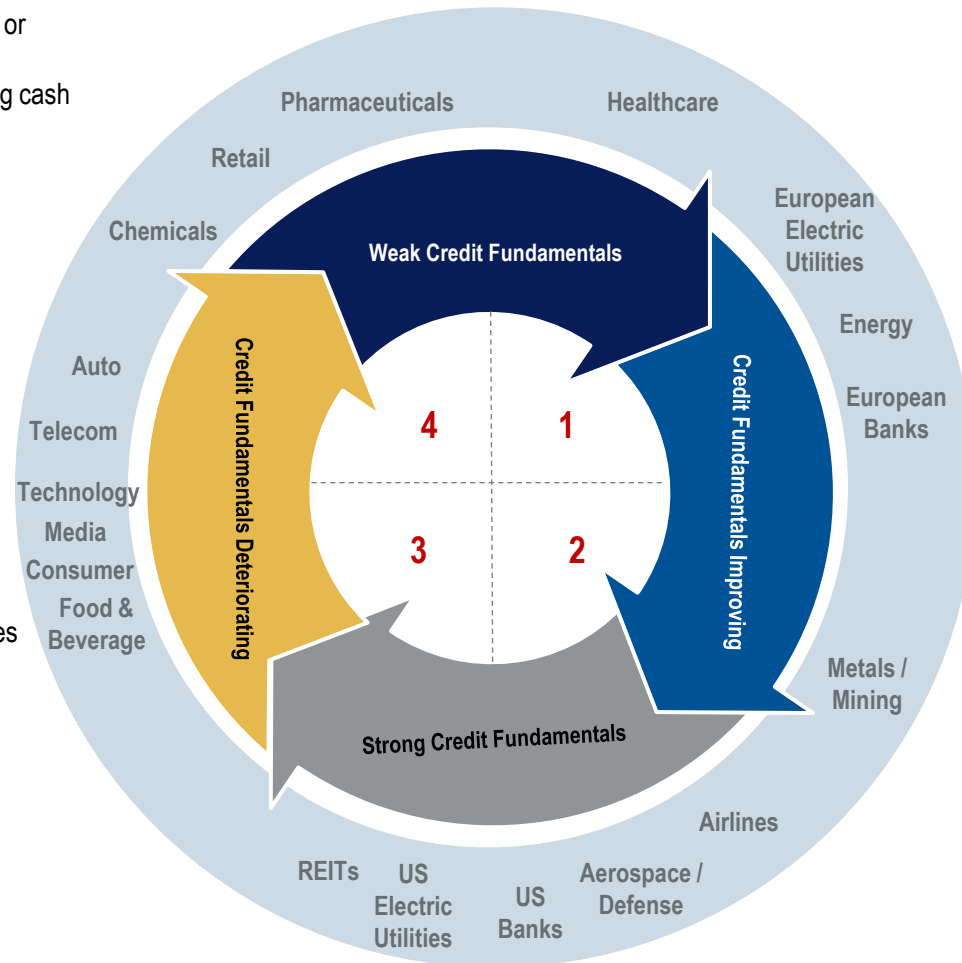
Sectors are at various positions in the credit cycle

### Economic Downturn

- Economic growth weakens or declines
- Leverage rises due to falling cash flows
- Credit quality weakens and borrowing costs rise

### Recovery and Early Expansion

- Economic cycle bottoms and begins to stabilize
- Credit quality weakens and stabilizes at trough levels
- Management teams focused on balance sheet repair and liquidity enhancements



### Mature Markets

- GDP growth slows and matures
- M&A and other shareholder enhancing activities increases
- Leverage is rising but from a cyclically low level

### Late Expansion

- GDP outlook improving
- Earnings and cash flow growth accelerates
- Declining leverage profiles and improving credit quality

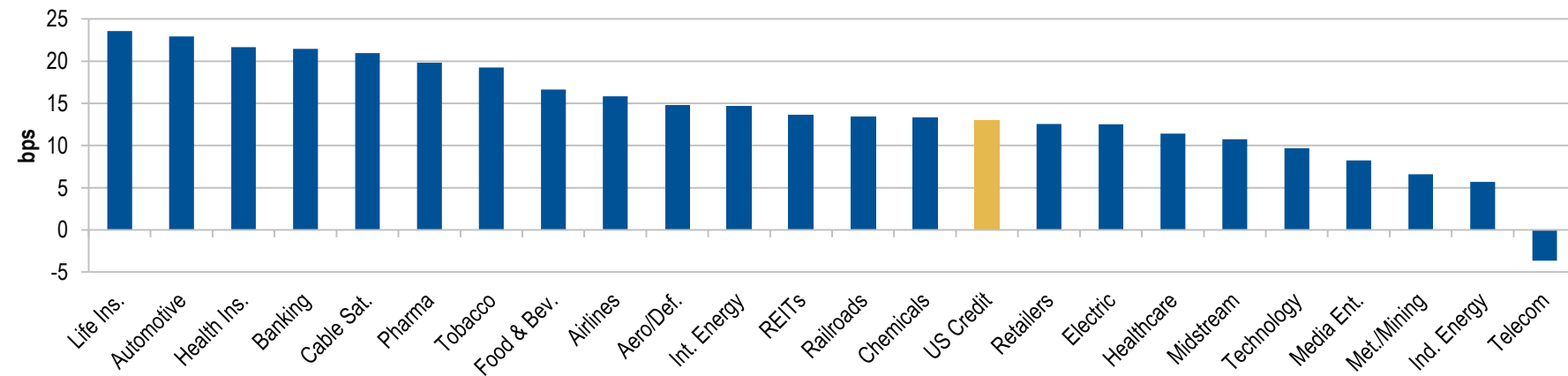
*This material is provided for informational purposes only, is as of the date hereof and is subject to change without notice. Neuberger Berman advisors and portfolio managers may make recommendation or take positions contrary to the views expressed. Nothing herein constitutes a prediction or projection of future events or future market behavior. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed.*



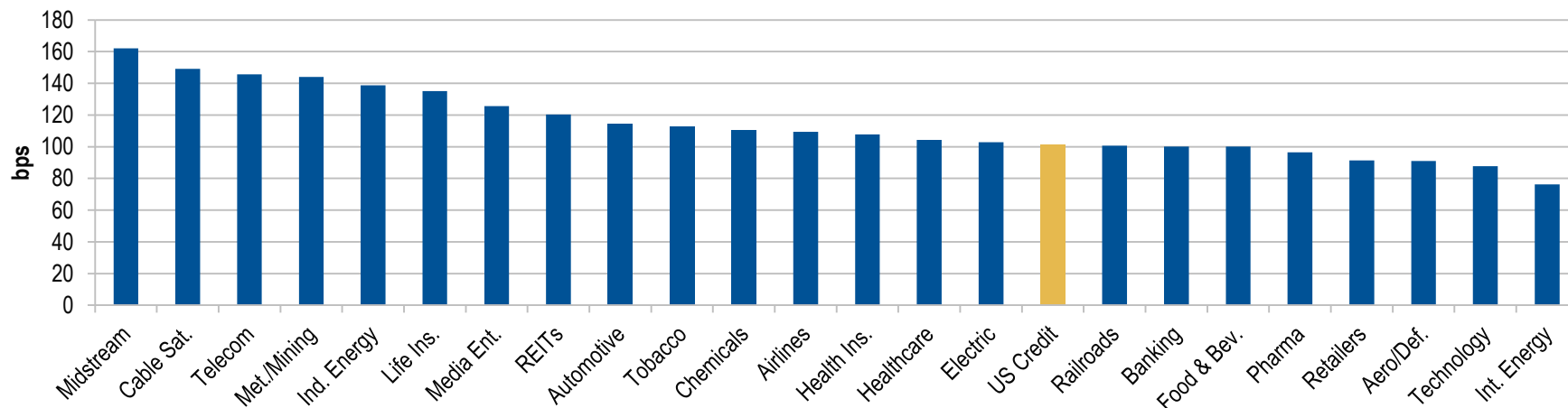
## 2018 Review – US Performance

Investment grade credit valuations are tight but fair given solid fundamental backdrop

### US CREDIT SECTOR SPREAD CHANGE – YTD 03/31/2018



### US CREDIT SECTOR OAS LEVELS AS OF 03/31/2018

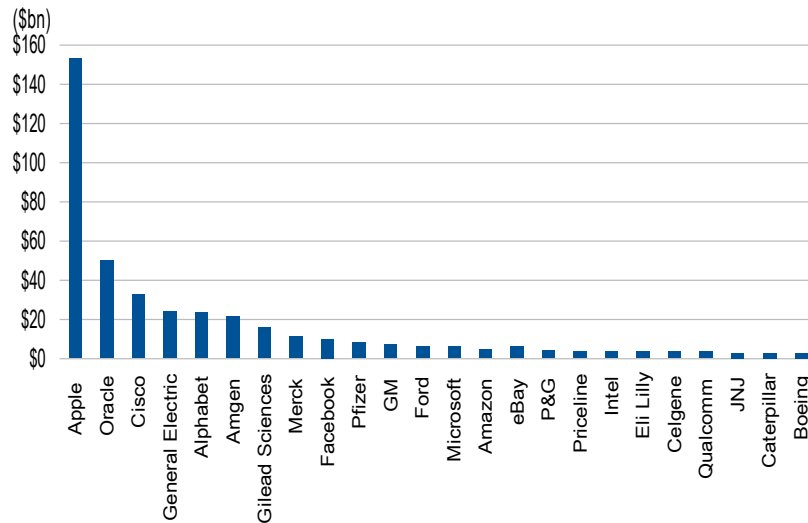


Source: Barclays Point. Coverage was limited to the more important issuers and sectors.

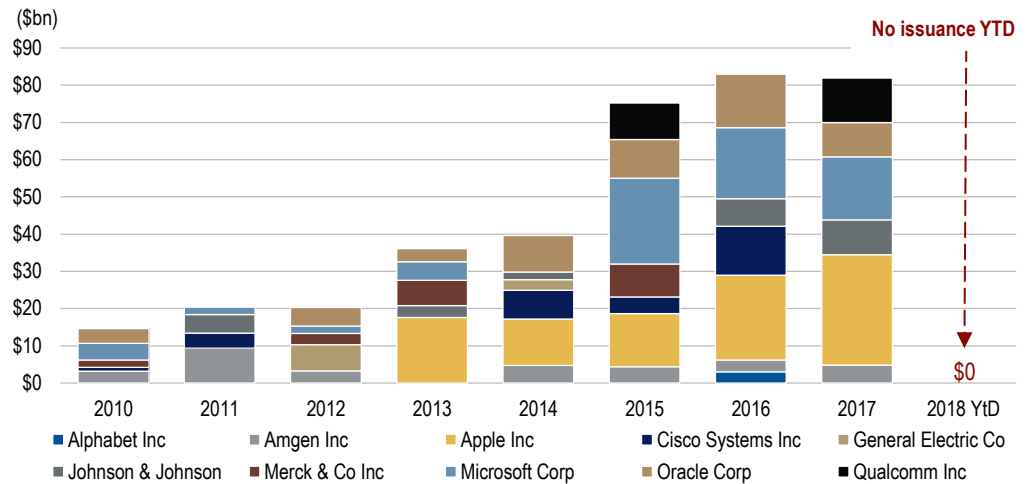
For illustrative purposes. Nothing herein constitutes a prediction or projection of future events or future market behavior. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed. See additional disclosures at the end of the presentation.

# Corporate Cash – Technical Impact

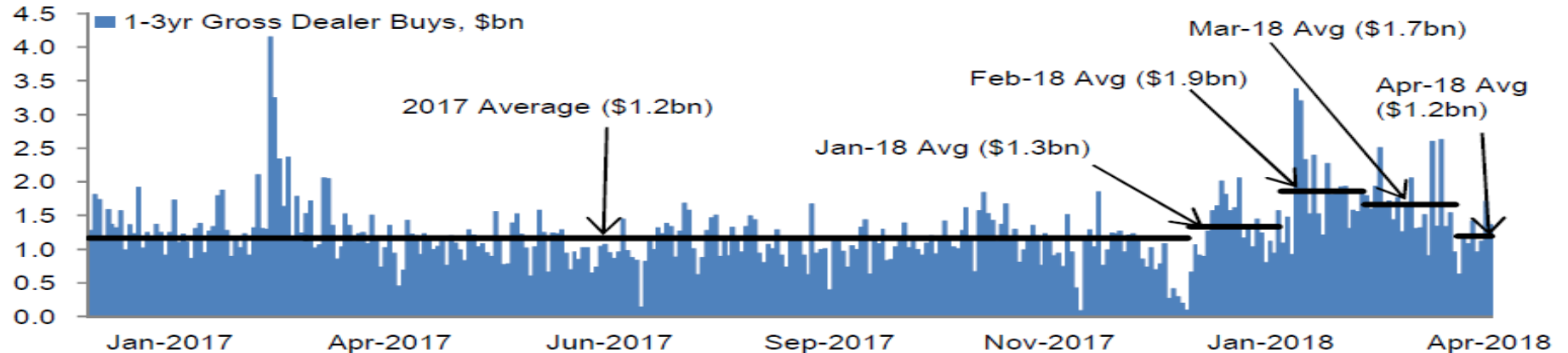
US CORPORATE OWNERSHIP OF USD CORPORATE BONDS



TAX REPATRIATION IMPACT ON SUPPLY



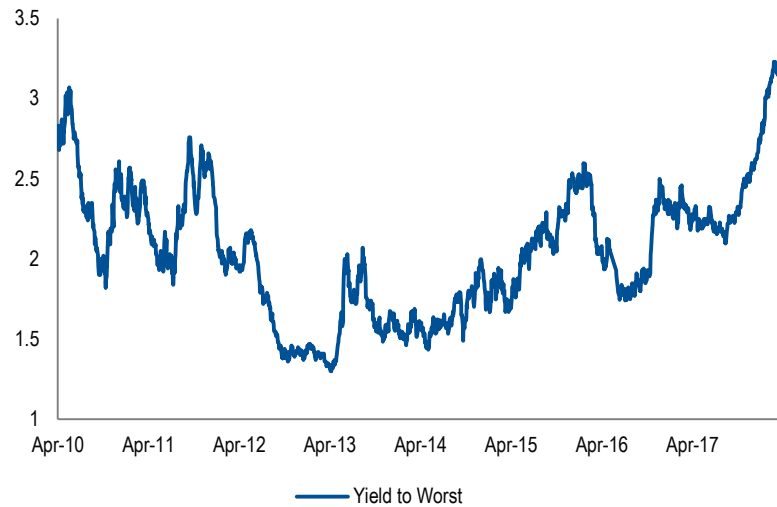
DEALER GROSS BUYING OF 1-3YR BONDS



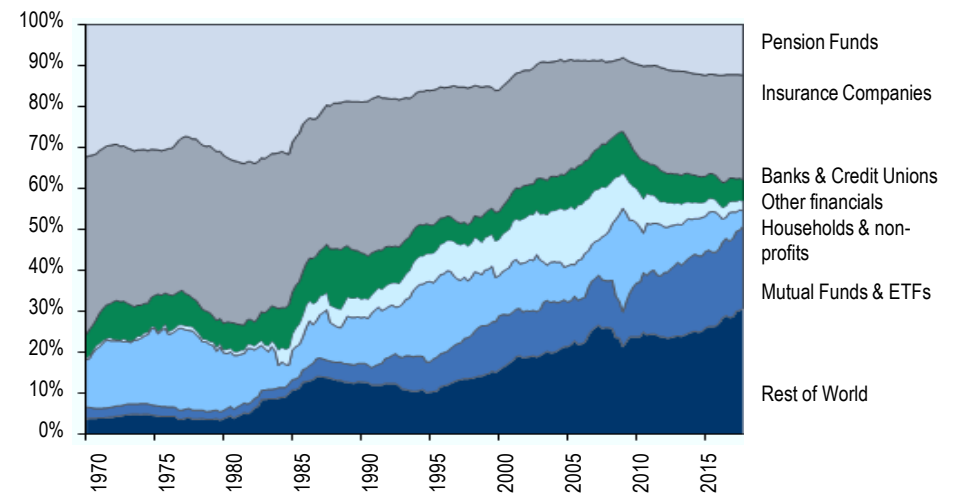
Source: HSBC, 10-K and 10-Qs, data as at end-September 2017. J.P. Morgan, TRACE, Goldman Sachs Global Investment Research  
 The data presented herein represents securities industry market data as of the dates specified. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such.

## Market Trends and Potential Impact on Demand

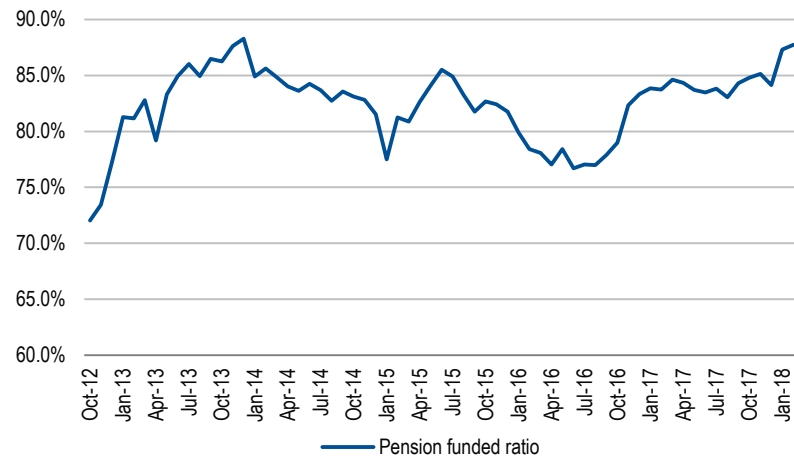
1-5 YR CORPORATE YIELD



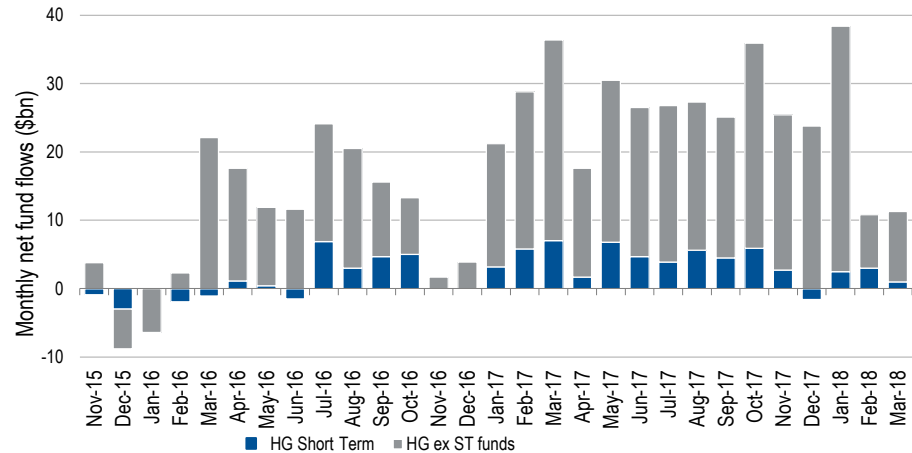
EVOLUTION OF CORPORATE BOND OWNERSHIP



HISTORICAL PRIVATE PENSION FUNDED RATIO



MONTHLY IG FLOWS



Source: Bloomberg, EPFR Global, BofA Merrill Lynch Global Research, Federal Reserve Board, Haver Analytics, Goldman Sachs Global Investment Research.

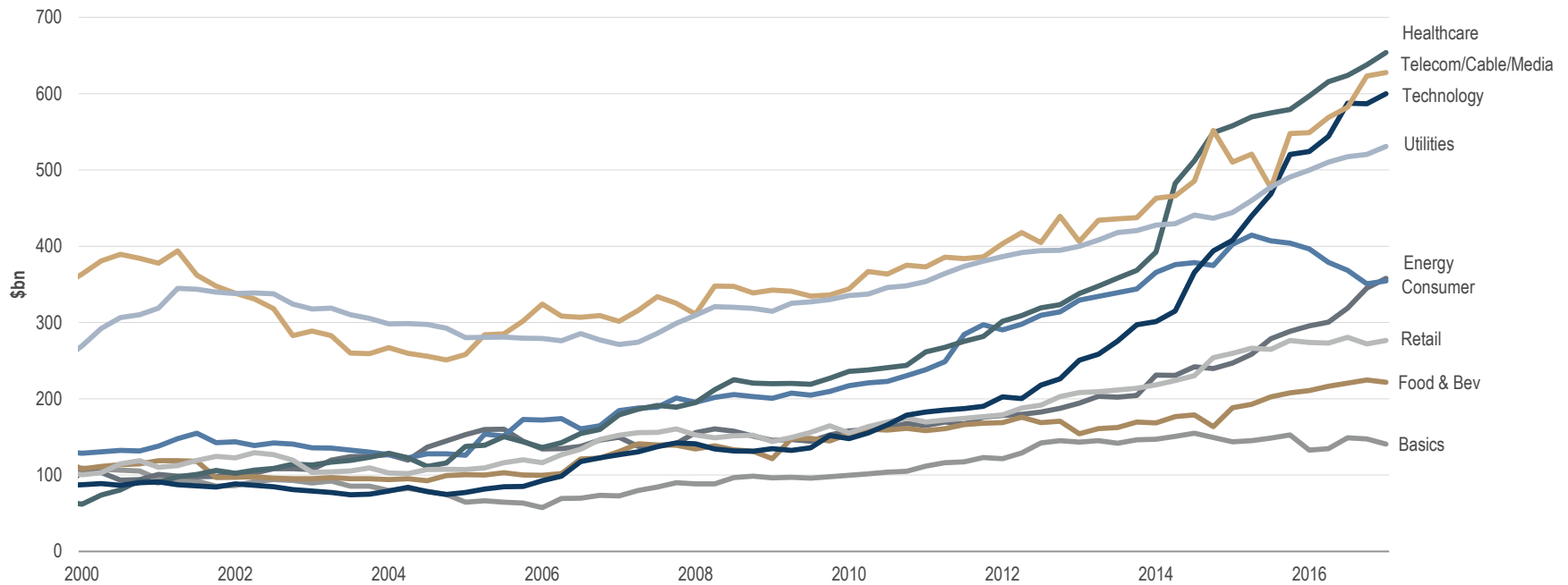
Note: Two volatile funds were excluded from the flows aggregate data.

The data presented herein represents securities industry market data as of the dates specified. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such.

## Growth of industrial debt has been led by certain sectors

The Healthcare, TMT, and Consumer sectors are leading the debt increase while Energy declines

Total debt trends are increasingly divergent post-crisis

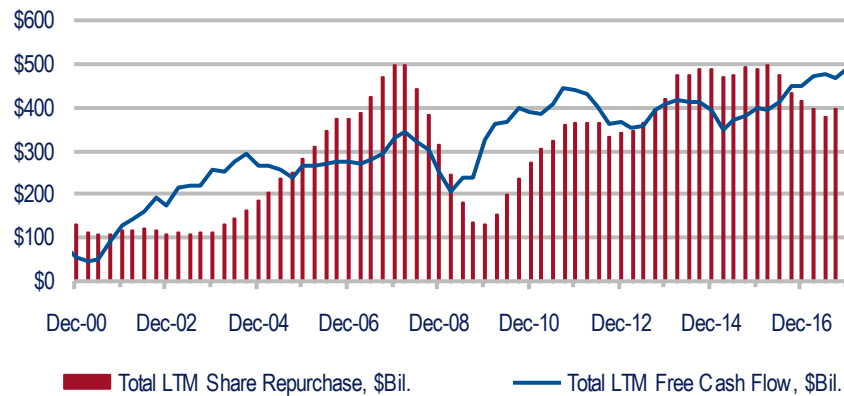


Source: Data in chart is showing total debt, Bloomberg, Company reports, Bloomberg, S&P500 data has been filtered for more relevant IG sectors per NB coverage universe

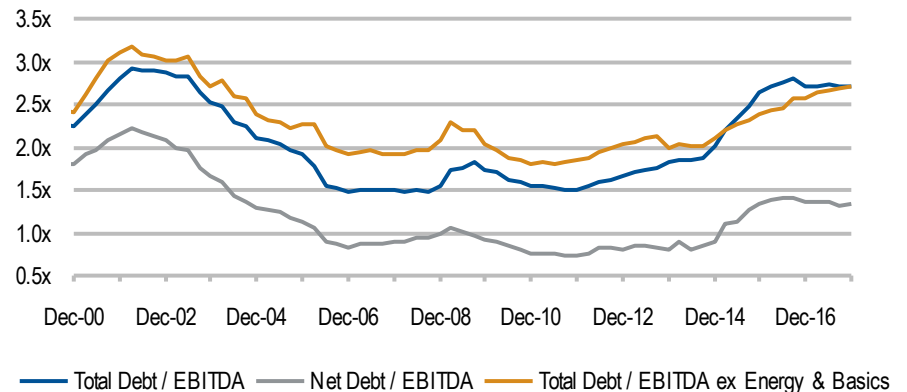
## Fundamentals: Credit Overview

### S&P 500 ex Financials

#### LTM FREE CASH FLOW AND SHARE REPURCHASES



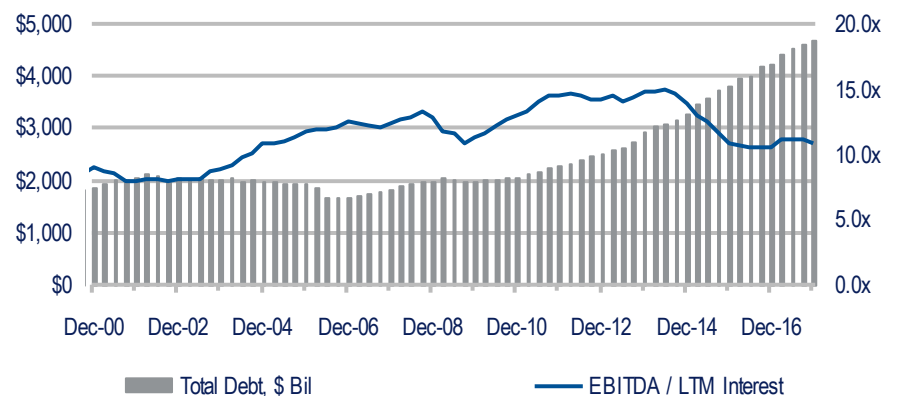
#### LEVERAGE PROFILE



#### TRENDS IN LEVERAGE, COVERAGE, AND CASH FLOW

- Share repurchases increased from 2012 and mid-2016 as companies looked to balance capital requirements with shareholder enhancing activities
  - This trend has peaked as companies have moderated buybacks
- Leverage has trended up in recent periods as EBITDA growth moderated and companies took advantage of low yields to fund organic growth and acquisitions.
  - A disproportionate share of the leverage increase has come from higher-quality issuers.
- Leverage uptrend exacerbated by weak commodity prices and recent M&A related financing but this has stabilized due to strengthening commodity prices and post transaction deleveraging plans
- Interest coverage has declined from the recent 2014 peak driven by commodity sector EBITDA weakness and rising overall debt levels. However, recovery in commodity sector profitability has stabilized this trend.

#### INTEREST COVERAGE AND TOTAL DEBT

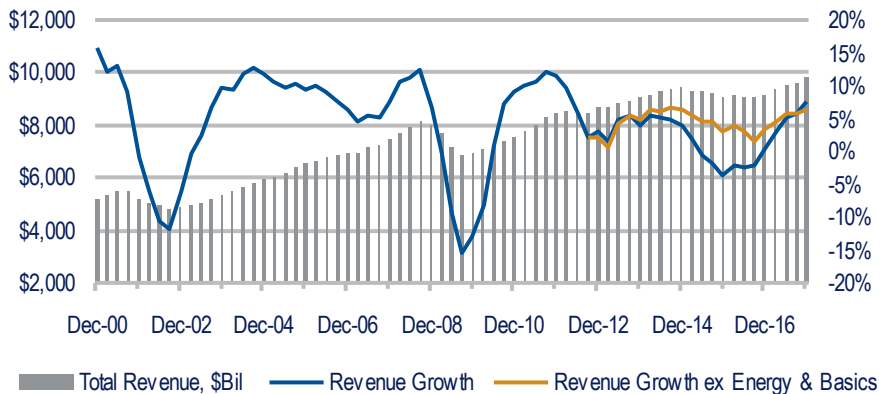


Source: Bloomberg, Neuberger Berman. Data as of December 31, 2017

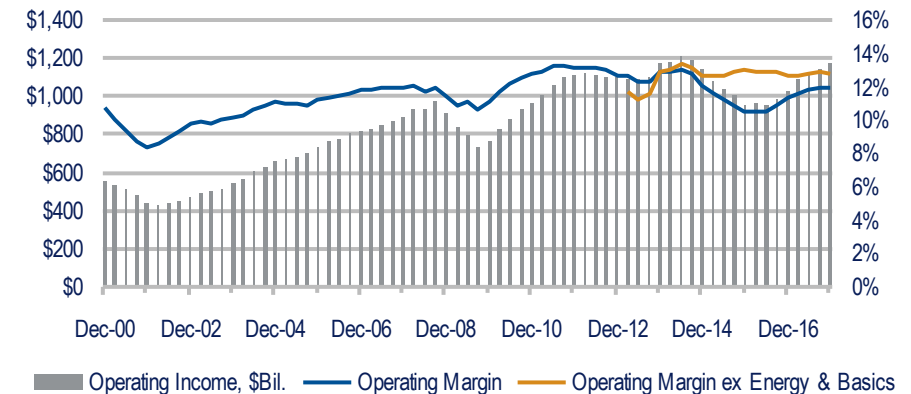
## Fundamental Credit Overview – Income Statement

### S&P 500 ex Financials

#### LTM REVENUE AND REVENUE GROWTH



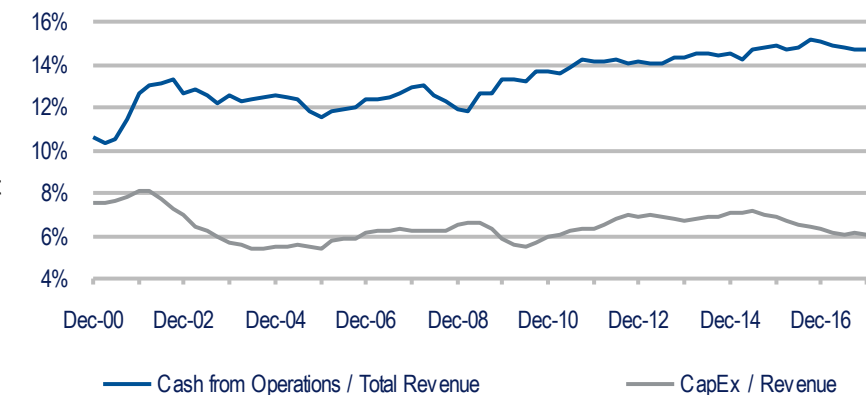
#### LTM OPERATING INCOME AND MARGIN



#### TRENDS IN REVENUE AND MARGINS

- The growth rate of total industrial revenues had slowed as moderating economic activity in developing markets and foreign exchange headwinds impacted top line sales trends but since the end of 2016 results have begun to improve reflecting an improving macro-economic environment
- A rebound in commodity prices also contributed to sales growth over the past year but year over year comparisons should begin to moderate as the market cycles through prior lows
- Similar to top line results, lower energy operating income has had a disproportionate impact on total income and margin results over the last few quarters. Minus energy, industrial operating income and margins were essentially flat year over year. Going forward, improving commodity prices should begin to have a positive impact on operating margins
- Overall, operating margins remain within their recent historical range and are consistent with expectations for this point in the current credit cycle

#### LTM CASH FROM OPERATIONS / TOTAL REVENUE

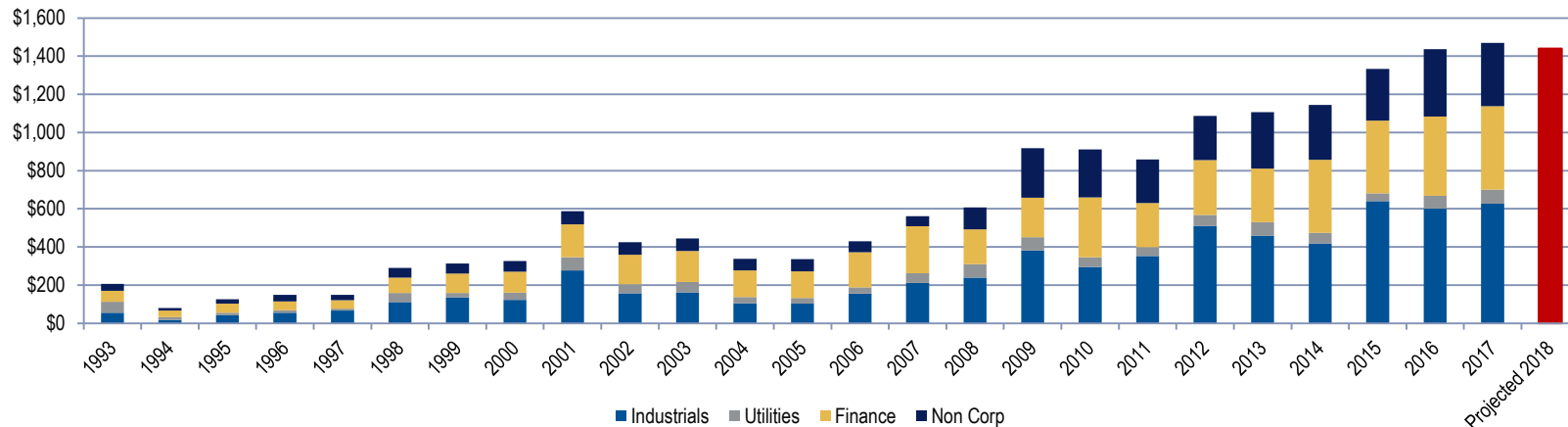


Source: Bloomberg. Data as of December 31, 2017

## Technical Credit Overview – 2018 Gross Supply Outlook

2018 supply is expected to be modestly below 2017

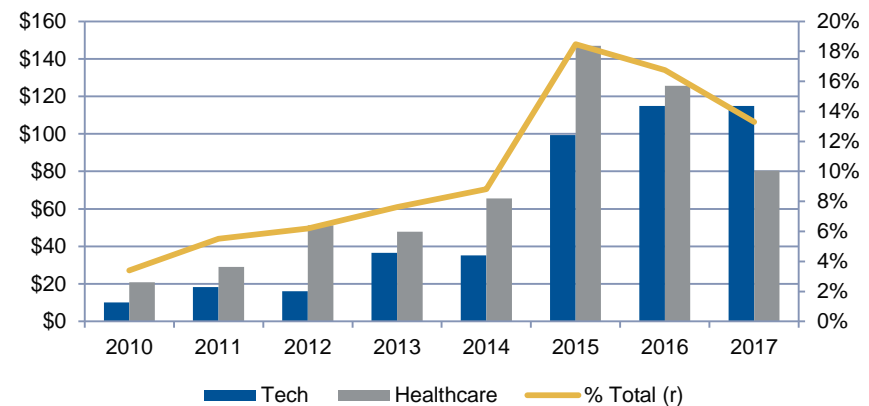
### ANNUAL IG CORPORATE NEW ISSUE SUPPLY (US \$bn GROSS)



### GROSS SUPPLY OUTLOOK

- 2018 supply outlook could be impacted by tax reform as well as potential for the pick up in M&A related financings
- As it relates to tax reform, cash repatriation could mean that companies use overseas cash to fund acquisitions or shareholder returns, which could result in lower debt issuance
- Tax reform clarity could lead to an uptick in M&A activity, but regulatory approval challenges and buyer concerns about overpaying at current valuations are likely to persist in the near term
- Overall, lower supply tech and healthcare supply may be offset by M&A activity

### IG TECH & HEALTHCARE % OF TOTAL SUPPLY TREND

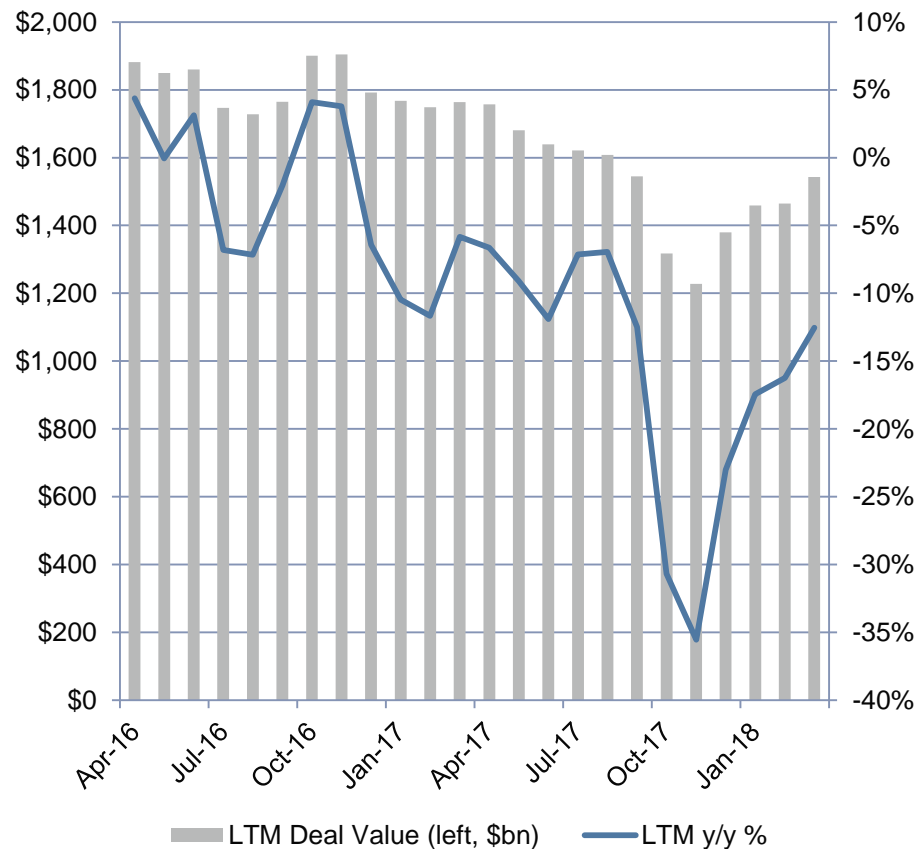


Source: Barclays, Morgan Stanley, Bloomberg, Neuberger Berman. This material is provided for informational purposes only, is as of the date hereof and is subject to change without notice. Neuberger Berman advisors and portfolio managers may make recommendation or take positions contrary to the views expressed. Nothing herein constitutes a prediction or projection of future events or future market behavior. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed. See additional disclosures at the end of the presentation.

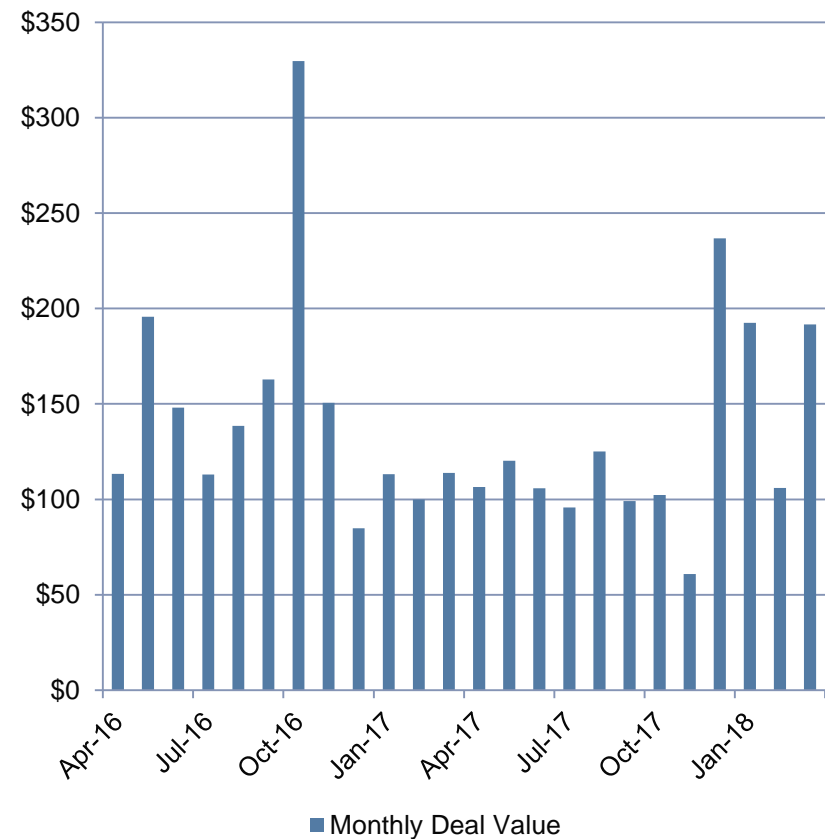
## M&A activity is recovering amidst tax policy certainty

Companies continue to consider M&A opportunities as potential use of excess cash

M&A activity is recovering as certainty emerges around tax reform



Monthly M&A volume has picked up in 2018 vs. 2017



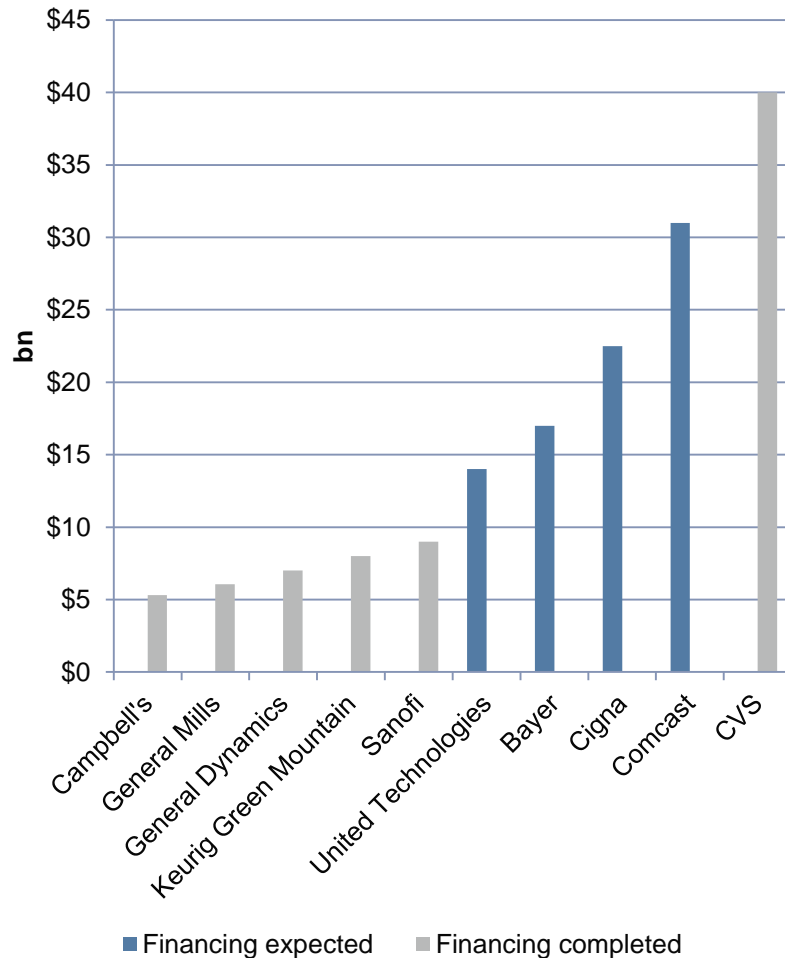
Source: Bloomberg, M&A deal volume is for North America pending and completed deals



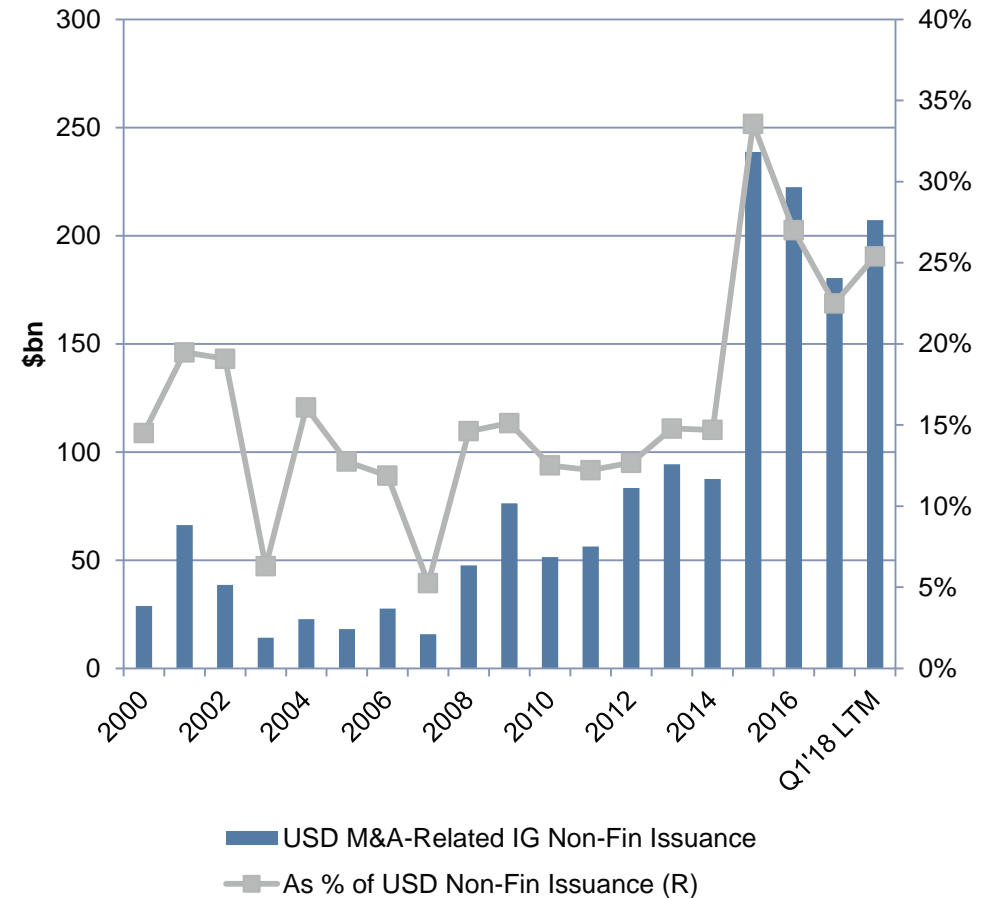
## M&A related financings are key part of supply pipeline

While % of non-financial issuance related to M&A has declined, it remains historically elevated

2018 expected and completed bond deals related to M&A



Proportion of non-financial issuance related to M&A has come down but remains above historical levels



Source: Bloomberg, Neuberger Berman, Top deals have been filtered to reflect relevant NB coverage universe, Sanofi deal was EUR8bn

## Corporate Tax Reform – Sector Implications

Overall tax reform expected to be supportive for IG credit with the benefits varying across sectors



### Utilities, Technology, Healthcare

- Low tax base and low capex profile (tech)
- Repatriation benefits mitigated by foreign sourced tax
- Use of offshore cash unknown
- Regulated utility modest tax impact, interest deductibility cap impacts holding companies

### Energy, Metals/Mining

- Energy currently impacted by NOL's and low taxes
- Interest deductibility limited during cyclical periods
- Earnings volatility and tax changes may result in less levered credit profiles

### Telecom, Cable, Media, Transportation, Construction

- Domestic focused operations
- High effective tax rate
- Large capex spending plan
- Domestic transportation operators benefit
- International entities may be impacted by base erosion measures

### Financials, Consumer Discretionary

- High percentage of domestic reported revenues
- High effective tax rate

### Summary

- TCJA is modestly positive for the IG market as the tax cut should result in improved earning profiles and stimulate economic growth
- The negative impact of interest deductibility caps is mitigated by existing high coverage ratios for IG constituents
- Repatriated cash provides a source of liquidity but management capital allocation decisions will drive credit quality
- Near term strategies will be focused on capex levels, M&A activity, debt reduction plans and/or share holder enhancing activities
- Longer term the potential for companies to operate with lower leverage exists and is constructive for the market

Source: Neuberger Berman



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BIOGRAPHIES

## Portfolio Management Team Biographies



**Thanos Bardas**, PhD, Managing Director, joined the firm in 1998. Thanos is the Head of Global Rates and serves as a Senior Portfolio Manager on Global Investment Grade and Multi-Sector Fixed income strategies. He sits on the firm's Asset Allocation Committee and Fixed Income's Investment Strategy Committee, and is a member of the Fixed Income Multi-Sector Group. Thanos also leads the Global Rates team in determining rates exposure across various portfolio strategies and oversees both inflation and LDI investments. Thanos graduated with honors from Aristotle University, Greece, earned his MS from the University of Crete, Greece, and holds a PhD in Theoretical Physics from State University of New York at Stony Brook. He holds FINRA Series 7 and Series 66 licenses.



**David M. Brown**, CFA, Managing Director, rejoined the firm in 2003. Dave is Co-Head of Global Investment Grade and acts as Senior Portfolio Manager on both Global Investment Grade and Multi-Sector Fixed Income strategies. He is a member of the Fixed Income Investment Strategy Committee and the Fixed Income Multi-Sector Group. Dave also leads the Investment Grade Credit team in determining credit exposures across both Global Investment Grade and Multi-Sector Fixed Income strategies. Dave initially joined the firm in 1991 after graduating from the University of Notre Dame with a BA in Government and subsequently received his MBA in Finance from Northwestern University. Prior to his return, he was a senior credit analyst at Zurich Scudder Investments and later a credit analyst and portfolio manager at Deerfield Capital. Dave has been awarded the Chartered Financial Analyst designation.



**Andrew Johnson**, Managing Director, joined the firm in 1989. Andy is the Co-Head of Global Investment Grade and acts as Senior Portfolio Manager on both Global Investment Grade and Multi-Sector Fixed Income strategies. He sits on the firm's Investment Risk, Asset Allocation and Partnership committees and is a member of Fixed Income's Investment Strategy Committee and Multi-Sector Group. He is also a member of Neuberger Berman Investment Advisers LLC's Board of Directors. Prior to joining the firm, Andy was a manager of financial planning and analysis at Illinois Bell. Previously, he had been an R&D engineer at Northrop Defense Systems Division. Andy earned his BS and MS degrees in Electrical Engineering at the Illinois Institute of Technology and his MBA from the University of Chicago.

## Portfolio Management Team Biographies

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**Nathan Kush**, Managing Director, joined the firm in 2001. Nathan is a Portfolio Manager for the firm's Global Investment Grade strategies. Additionally, he is involved in investment grade credit research and, previously, covered the banking, brokerage, finance, insurance and REIT sectors. Before joining the investment grade team, he spent three years in Debt Capital Markets in the Investment Banking Division of Lehman Brothers. Nathan earned a BS in Finance and Accounting from Tulane University and an MBA from the University of Chicago.



**Thomas J. Marthaler**, CFA, Managing Director, joined the firm in 2006. Tom is a Senior Portfolio Manager on Global Investment Grade and Multi-Sector Fixed Income strategies. He is a member of the Fixed Income Investment Strategy Committee and Fixed Income Multi-Sector Group. Prior to joining the firm, Tom served as executive vice president and CIO for North American Fixed Income at ABN AMRO Asset Management, and its predecessor firm, Chicago Title and Trust. His career began in 1981 in fixed income and includes investment responsibilities in trading, research, portfolio management, client service and product management. He earned a BA from the University of St. Thomas and an MBA from Loyola University in Chicago. In addition, Tom has been awarded the Chartered Financial Analyst designation.

## Relationship Management Team Biographies

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**Michael Savinelli**, Vice President, Client Advisor, joined the firm in 2005. Mike is a member of the Institutional Client Group and is responsible for covering Corporate, Endowment, Foundation and Public institutions in the Northeastern, Southeastern and Midwestern United States. Prior to working with clients in the United States, Mike supported Neuberger's global distribution and servicing efforts as a primary liaison within our New York office. Mike earned a BA from Loyola College in Maryland and holds FINRA Series 7, 31 and 66 licenses.



**Meaghan Doyle**, Vice President, joined the firm in 2009. Meaghan is a Client Service Advisor for the institutional sales and client service team. Previously, she held several positions at Goldman Sachs Asset Management, serving as a public funds sales associate and prior to that, an analyst with the Private Equity Group. Meaghan received a BA from Manhattan College and an MA from Fordham University.

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## ADDITIONAL DISCLOSURES AND INDEX DEFINITIONS

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## Total Returns – NB Core Plus Bond Fund

As of May 31, 2018

At NAV	As of 5/31/2018			Annualized as of 3/31/2018	Expense Ratios <sup>3</sup>	
	May	3 Months	YTD	Since Inception <sup>^</sup>	Gross	Total (Net) Expense <sup>3</sup>
NB Core Plus Bond Fund Institutional Class <sup>1</sup>	-0.52	-1.00	-2.98	-2.02	3.42	0.45
NB Core Plus Bond Fund Class A <sup>1</sup>	-0.65	-1.09	-3.13	-2.33	3.89	0.83
NB Core Plus Bond Fund Class C <sup>1</sup>	-0.72	-1.28	-3.43	-2.97	4.59	1.57
NB Core Plus Bond Fund Class R6 <sup>1</sup>	-0.51	-0.98	-2.95	-1.96	3.36	0.39
<b>With Sales Charge</b>						
NB Core Plus Bond Fund Class A <sup>1</sup>	-4.92	-5.29	-7.24	-6.45		
NB Core Plus Bond Fund Class C <sup>1</sup>	-1.71	-2.26	-4.39	-3.92		
Bloomberg Barclays US Aggregate Bond Index <sup>2</sup>	0.71	0.61	-1.50	-0.46		

Performance data quoted represent past performance, which is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For performance data current to the most recent month-end, please visit [www.nb.com/performance](http://www.nb.com/performance). Average Annual Total Returns with sales charge reflect deduction of current maximum initial sales charge of 4.25% for Class A shares and applicable contingent deferred sales charges (CDSC) for Class C shares. The maximum CDSC for Class C shares is 1%, which is reduced to 0% after 1 year.

Source: Morningstar, Neuberger Berman

<sup>^</sup> The inception dates for Neuberger Berman Core Plus Bond Fund Institutional Class and Investor Class is 07/18/17. The inception date for the Class A and C shares is 07/18/17. Performance prior to the inception date of Class A and Class C is that of the Institutional Class adjusted to reflect applicable sales charges but not class-specific operating expenses. The date used to calculate benchmark performance is of the Institutional Class.

- Results are shown on a "total return" basis and include reinvestment of all dividends and capital gain distributions. Past performance is no guarantee of future results.
- The Bloomberg Barclays U.S. Aggregate Bond Index: Represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. Please note that indices do not take into account any fees and expenses of investing in the individual securities that they track, and that individuals cannot invest directly in any index. Data about the performance of this index are prepared or obtained by Neuberger Berman and include reinvestment of all dividends and capital gain distributions. The Fund may invest in many securities not included in the above-described index.
- Total (net) expense represents the total annual operating expenses that shareholders pay (after the effect of fee waivers and/or expense reimbursement). The Manager contractually caps certain expenses of the Fund (excluding interest, taxes, brokerage commissions, acquired fund fees and expenses, dividend and interest expenses relating to short sales, and extraordinary expenses, if any; consequently, total (net) expenses may exceed the contractual cap) through 10/31/2021 for Institutional Class at 0.45%, Class R6 at 0.38% Class A at 0.82%, Class C at 1.57% (each as a % of average net assets). Absent such arrangements, which cannot be changed without Board approval, the returns may have been lower. Information as of the most recent prospectus dated February 28, 2018.

## Additional Disclosures (continued)

### NEUBERGER BERMAN FIXED INCOME SECTOR VIEWS AND RETURN ESTIMATES

**Return Estimates May Not Materialize.** Neuberger Berman investment views and estimates are formulated by our specialty fixed income teams. For a variety of fixed income sectors we identify a range of outcomes that either may occur or alternatively be anticipated and then priced into the market. For each sector we formulate an investment view based on proprietary fundamental research and quantitative analysis which are used to project return estimates and a confidence level associated with the return outlook. Each sector team will establish an independent view based on internal research, and a level of confidence in the outlook. The sector view is formulated by identifying various states of the economy and market (i.e. outcomes) estimation typically over a 12-month horizon. Each state or outcome is probability weighted to determine the overall sector view. View Uncertainty quantifies the confidence of the return estimate by measuring return standard deviation across the “states of the world”. A wider dispersion of the states of the world, represented by a larger standard deviation, indicates a lower degree of confidence, or, a higher degree of uncertainty. The reassessment of sector views is ongoing and formally updated at least monthly. Sector views should not be construed as research or investment advice and do not constitute a recommendation to buy, sell or hold securities in any sector.

The return estimates contained herein are being shown to illustrate the investment decision-making process and are not intended to provide any predictions or guarantee about the future returns of any security, asset class or portfolio. Projections or other forward-looking statements regarding future events, targets or estimations/expectations are only current as of the date indicated. There is no assurance that such events or projections will occur, and may be significantly different than that shown here. The information in this presentation, including statements concerning financial market trends, is based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons.

The return estimates presented represent approximate mid-points within a range of targeted yields, spreads and returns and are presented only as an example of how Neuberger Berman may construct a portfolio based on its views of the credit markets and sub-markets. The returns presented are an economic prediction and are the views of the portfolio manager as of the date hereof and are subject to change. Return estimates are based on qualitative and quantitative analysis of historical and current information. There is no assurance that the returns presented will be realized or that an investment strategy will be successful. Investors should keep in mind that markets are volatile and unpredictable. There are no guarantees that the historical performance of an investment, portfolio, or asset class will have a direct correlation with its future performance. Generally, our 12-month and 24-month views and estimates are an input in our asset allocation decisions.

Neuberger Berman believes the return estimates set forth herein is reasonable based on a combination of factors, including the investment team’s general experience and assessment of prevailing market conditions and investment opportunities. There are, however, numerous assumptions that factor into the return estimates that may not be consistent with future market conditions and that may significantly affect actual investment results. Such assumptions include, but are not limited to, 1) current monetary policy, inflation estimates and other fundamental and technical factors determine interest rate levels in the credit markets, 2) historical data and trends in the fixed income asset classes presented and 3) anticipated interest rate movements. Neuberger Berman does not make any representation as to the reasonableness of the assumptions or that all the assumptions used in calculating the return estimates have been stated or fully considered. Neuberger Berman’s ability to achieve investment results consistently, in the aggregate or with regard to any particular fixed income sector, with the returns set forth herein depends significantly on a number of factors in addition to the accuracy of its assumptions. These include Neuberger Berman’s ability to identify a sufficient number and mix of suitable investments. Changes in the assumptions may have a material impact on the targeted returns presented. All data is shown before fees, transaction costs and taxes and does not account for the effects of inflation. Management fees, transaction costs and potential expenses are not considered and would reduce returns. Actual results experienced by clients may vary significantly from the illustrations shown.

## Additional Disclosures (continued)

### NEUBERGER BERMAN FIXED INCOME SECTOR VIEWS AND RETURN ESTIMATES (CONTINUED)

#### State Space Analysis\* and Definitions

\*In control engineering, state-space analysis (also known as the "time-domain approach") provides a convenient and compact way to model and analyze systems with multiple inputs and outputs. We have adopted the terminology and aspects of the underlying philosophy within our asset allocation framework.

State-Space Analysis is a proprietary framework used to analyze investment views and produce a return estimate and confidence level for each sector. This framework systematically integrates our internally driven research into our asset allocation framework as well as our portfolio construction process. For each sector we use our three step State-Space Analysis framework to determine return estimates (typically over a one year horizon) in addition to a confidence level (or probability distribution) for our return estimate. Each sector specialist team performs this analysis independently based on proprietary fundamental research and quantitative analysis with the results vetted and finalized by the portfolio management team. In step 1 we articulate a range of potential outcomes that describe risk and return based on various economic or market driven scenarios. These outcomes are referred to as "states of the world." Each state or outcome is probability weighted to determine the overall sector view. In step 2 we determine what we believe is the appropriate impact on valuation for each outcome which is then used to calculate our return estimate (including price return, carry return and total return estimates). Finally, in step 3 we apply our subjective probabilities of each outcome actually occurring. With these steps we have described the distribution of our beliefs for each sector and can calculate a return estimate for each sector and importantly how confident we are in each return estimate. All of our decisions incorporate an aspect of macro analysis and are used as an input in our investment process.

Sector views are reassessed on an ongoing basis and are formally updated at least monthly, using the following steps:

1. Understand and quantify the market's expectation as we believe it is embedded in asset prices
2. Contrast this market estimate with our own independent views
3. Seek opportunities for which we hold a differentiated view relative to the market and where we have a high degree of confidence in our estimate
4. Implement investment ideas within risk constraints associated with the strategy and each clients' guidelines

To identify sub-sector opportunities, the sector teams employ the same intensive, risk-focused discipline as described above combining qualitative and quantitative assessment to arrive at decisions.

The following definitions are used in the presentation of our State Space Analysis process:

- **Current spread** reflects the pricing as of the applicable date being analyzed as sourced from Bloomberg and typically based on market indices.
- **Probability of State Occurring** reflects the team's subjective views on the probability of each potential outcome (or "state") occurring.
- **Yield Advantage** is the estimate for income earned relative to the benchmark.
- **View Uncertainty** quantifies the confidence of the expected return by measuring return standard deviation across states of the world. A wider dispersion of the states of the world, represented by a larger standard deviation, indicates a lower degree of confidence, or, a higher degree of uncertainty.

## Additional Disclosures

**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 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. For the period ending March 31, 2018, the percentage of total institutional-oriented equity AUM outperforming the benchmark was as follows: 10-year: 87%; 5-year: 79%; and 3-year: 78% ; and total institutional-oriented fixed income AUM outperforming was as follows: 10-year: 77%; 5-year: 65%; and 3-year: 68%. If HNW AUM were included, total equity AUM outperforming the benchmark was as follows: 10-year: 63%; 5-year: 55%; and 3-year: 56%; and total fixed income AUM outperforming was as follows: 10-year: 77%; 5-year: 65%; and 3-year: 68%. 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 3/31/2018, five institutional-oriented equity offerings accounted for approximately 50% of the total firm institutional-oriented equity AUM reflected, and nine institutional-oriented fixed income offerings accounted for approximately 52% of the total firm institutional-oriented fixed income AUM 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.**

**Private Equity Outperformance Note:** The performance information includes all funds, both commingled and custom, managed by NB Alternatives Advisers LLC with vintage years of 2005 – 2015, 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 2015 are excluded as benchmark information is not yet available. Please note that private debt funds are also excluded as benchmark data is not yet available for the applicable vintages.

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 2015. 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 US 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.

The Cambridge Associates LLC indices data is as of September 30, 2017, which is the most recent data available. The Cambridge Associates Fund of Funds Index is the benchmark recommended by the CFA Institute for benchmarking overall private equity fund of funds performance. The benchmark relies on private equity funds self-reporting data for compilation and as such is subject to the quality of the data provided. The median net multiple of Cambridge Associates Fund of Funds Index is presented for each vintage year as of September 30, 2017, the most recent available. Cambridge Associates data provided at no charge.

While one of the secondary funds closed in 2008, Cambridge Associates classifies that particular fund as a 2007 vintage year fund (the year of its formation) and, therefore, the Cambridge Associates benchmarks used herein are for 2007 vintage year funds.

**Private Offerings:** Certain strategies referenced herein may only be available through a private offering of interests made pursuant to offering and subscription documents, which will be furnished solely to qualified investors on a confidential basis at their request for their consideration in connection with an offering. These documents will contain information about the investment objective, terms and conditions of an investment in such vehicle and will also contain tax information and risk disclosures that are important to an investment decision. Any decision to invest in such vehicle should be made after a careful review of these documents, the conduct of such investigations as an investor deems necessary or appropriate and after consultation with legal, accounting, tax and other advisors in order to make an independent determination of the suitability and consequences of an investment in such vehicle.

## Additional Disclosures (continued)

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Investments in the Fund are subject to restrictions on transferability and resale. The Fund is a "group trust" within the meaning of Internal Revenue Service Ruling 81-100, as amended, and is a collective investment trust that is exempt from registration under Section 3(c)(11) of the Investment Company Act of 1940, as amended, and Section 3(a)(2) of the Securities Act of 1933. The Fund is not a mutual fund. The units of the Fund have not been registered under the Securities Act of 1933, the Investment Company Act of 1940, or the applicable securities laws of any states or other jurisdictions, and participants are not entitled to the protections of such laws. Units of the Fund are not insured by the FDIC or any other governmental agency, are not covered by any other type of deposit insurance, and are not deposits of, or guaranteed by, the Trustee or any other bank. No assurance can be given that the Fund will achieve its investment objectives.

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## Additional Disclosures (continued)

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Firm history/timeline information dates back to the 1939 founding of Neuberger & Berman (the predecessor to Neuberger Berman Investment Advisers LLC), and highlights key business expansions, including those that resulted from acquisitions of the various affiliated investment advisers that now comprise the firm. Investment professionals referenced include: Equity portfolio managers, research analysts/associates, traders, and product specialists; Fixed Income portfolio managers, research analysts/associates, traders, and investment support (product specialists, portfolio analysts, and trading support); Alternatives investment professionals who are involved in the decisions concerning asset allocation, investment monitoring and making new investments (includes two consultants). Average years experience does not include Equity product specialists or Fixed Income investment support.

Credit quality generally reflects the average credit quality of three Nationally Recognized Statistical Ratings Organizations (NRSROs), S&P, Moody's and Fitch, as calculated internally by the investment adviser. Holdings that are unrated by any NRSRO may be assigned an equivalent rating by the investment manager. If NRSRO ratings differ for a particular holding, the average rating is generally used. No NRSRO has been involved with the calculation of average credit quality and the ratings of underlying portfolio holdings should not be viewed as a rating of the portfolio itself. Portfolio holdings, underlying ratings of holdings and average credit may change materially overtime.

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Gross returns do not reflect the deduction of advisory fees and other expenses, which will reduce returns. Investment advisory fees have a compounding effect on cumulative results. For example, assume Neuberger Berman achieves a 10% annual return prior to the deduction of fees each year for a period of ten years. If an annual advisory fee of 1.00% of assets under management for the ten-year period were charged, the resulting annual average return after fees would be reduced to 8.90%. Performance results will vary based upon the period measured. Additional information regarding fees can be found in Neuberger Berman's Form ADV, Part 2, which is available upon request.

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