

The Directors of the Company whose names appear in the "*Management and Administration*" section accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the importance of such information. The Directors accept responsibility accordingly.

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# NEUBERGER BERMAN INVESTMENT FUNDS PLC

(An investment company with variable capital constituted as an umbrella fund with segregated liability between sub-funds under the laws of Ireland and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended)

## PROSPECTUS

### 19 AUGUST 2022

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## IMPORTANT INFORMATION

This Prospectus describes Neuberger Berman Investment Funds plc (the "Company"), an investment company with variable capital incorporated in Ireland as a public limited company. The Company is constituted as an umbrella fund with segregated liability between sub-funds. The share capital of the Company will be divided into different series of Shares with each series of Shares representing a separate investment portfolio of assets ("Portfolio"). Shares of any Portfolio may be divided into different Classes to accommodate different subscription and/or redemption provisions and/or dividend and/or charges and/or fee arrangements and/or currencies including different total expense ratios. The Directors may from time to time, with the prior approval of the Central Bank, issue different series of Shares representing separate Portfolios.

As further detailed in the "*The Manager*" within the "*Management and Administration*" section, the Directors have appointed the Manager to provide the day to day management of the business affairs of the Company in accordance with the requirements of the Central Bank.

The Portfolios have different investment objectives and invest in different types of investment instruments. Each Portfolio will be invested in accordance with the investment objectives and policies applicable to such Portfolio as specified in the relevant Supplement. Each Portfolio bears its own liabilities and none of the Company, any of the service providers appointed to the Company, the Directors, any receiver, examiner or liquidator, nor any other person, will have access to the assets of a Portfolio in satisfaction of a liability of any other Portfolio. Investors should refer to the paragraph headed "*Umbrella Structure of the Company*" in the "*Investment Risks*" section for further details.

## THE COMPANY

Company Structure	An investment company with variable capital and segregated liability between sub-funds incorporated in Ireland.
Incorporation Date	11 December 2000
Registration Number	336425
Company Objective	Collective investment in transferable securities and other liquid financial assets of capital raised from the public, operating on the principle of risk spreading in accordance with the UCITS Regulations.  All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Memorandum and Articles of Association of the Company, copies of which are available as described in the "Documents for Inspection" section.
The Manager	Neuberger Berman Asset Management Ireland Limited.

## PORTFOLIOS

Under the Articles, the Directors are required to establish a separate Portfolio, with separate records, for each series of Shares in the following manner:

- the Company will keep separate books of records for each Portfolio. The proceeds from the issue of each series of Shares will be applied to the Portfolio established for that series of Shares, and the assets and liabilities and income and expenditure attributable thereto will be applied to such Portfolio;
- any asset derived from another asset in a Portfolio will be applied to the same Portfolio as the asset from which it was derived and any increase or diminution in value of such an asset will be applied to the relevant Portfolio;
- in the case of any asset which the Directors do not consider as readily attributable to a particular Portfolio or Portfolios, the Directors have the discretion to determine, acting in a fair and equitable manner and with the consent of the Depositary, the basis upon which any such asset will be allocated between Portfolios and the Directors may at any time and from time to time vary such basis;
- any liability will be allocated to the Portfolio or Portfolios to which in the opinion of the Directors it relates or if such liability is not readily attributable to any particular Portfolio the Directors will have discretion to determine, acting in a fair and equitable manner and with the consent of the Depositary, the basis upon which any liability will be allocated between Portfolios and the Directors may at any time and from time to time vary such basis;
- the Directors may, with the consent of the Depositary, transfer any assets to and from a Portfolio or Portfolios if, as a result of a creditor proceeding against certain of the assets of the Company or otherwise, a liability would be borne in a different manner from that in which it would have been borne under paragraph (d) above or in any similar circumstances; and

- (f) where the assets of the Company (if any) attributable to the Subscriber Shares give rise to any net profit, the Directors may allocate assets representing such net profits to such Portfolio or Portfolios as they may deem appropriate, acting in a fair and equitable manner.

Shares of any particular series may, in accordance with the requirements of the Central Bank, be divided into different Classes to accommodate different dividend policies and/or charges and/or currencies and/or investments in FDI in accordance with the requirements of the Central Bank. Investors or potential investors in a Portfolio should refer to the relevant Supplement for further information on the division (if any) of the relevant series into different Classes for such purposes. The Company retains the right to offer only one Class for purchase by investors in any particular jurisdiction in order to conform with local law, custom or business practice or to offer additional Classes or Portfolios in future without Shareholder approval. The Company may adopt standards applicable to Classes of investors or transactions that permit or require the purchase of a particular Class. Any such standards shall be specified in the relevant Supplement. The creation of further Classes shall be effected in accordance with the requirements of the Central Bank.

The following Portfolios have been approved by the Central Bank and are available for subscription:

#### **High Yield Bond Portfolios**

Neuberger Berman High Yield Bond Fund  
Neuberger Berman Short Duration High Yield Bond Fund  
Neuberger Berman European High Yield Bond Fund  
Neuberger Berman Global High Yield SDG Engagement Fund  
Neuberger Berman Global High Yield Sustainable Action Fund

#### **Emerging Market Debt Portfolios**

Neuberger Berman Emerging Market Debt – Local Currency Fund  
Neuberger Berman Emerging Market Debt – Hard Currency Fund  
Neuberger Berman Emerging Market Corporate Debt Fund  
Neuberger Berman Short Duration Emerging Market Debt Fund  
Neuberger Berman Emerging Market Debt Blend Fund  
Neuberger Berman Emerging Market Debt Sustainable Investment Grade Blend Fund  
Neuberger Berman Asian Debt – Hard Currency Fund  
Neuberger Berman Sustainable Asia High Yield Fund  
Neuberger Berman Sustainable Emerging Market Debt – Hard Currency Fund

#### **Fixed Income Portfolios**

Neuberger Berman Global Bond Fund  
Neuberger Berman Strategic Income Fund  
Neuberger Berman Corporate Hybrid Bond Fund  
Neuberger Berman Global Opportunistic Bond Fund  
Neuberger Berman Global Flexible Credit Income Fund  
Neuberger Berman Global Investment Grade Credit Fund

#### **Fixed Maturity Portfolios**

Neuberger Berman Global Diversified Income FMP – 2024

#### **Euro Fixed Income Portfolios**

Neuberger Berman Euro Bond Absolute Return Fund  
Neuberger Berman Ultra Short Term Euro Bond Fund  
Neuberger Berman Euro Opportunistic Bond Fund

#### **Quantitative and Multi Asset Portfolios**

Neuberger Berman Multi-Asset Income Fund  
Neuberger Berman Systematic Global Sustainable Value Fund  
Neuberger Berman Commodities Fund

#### **CLO Income Portfolio**

Neuberger Berman CLO Income Fund

#### **Liquid Alternatives Portfolios**

Neuberger Berman US Long Short Equity Fund  
Neuberger Berman US Equity Index Putwrite Fund  
Neuberger Berman Macro Opportunities FX Fund

#### **US Equity Portfolios**

Neuberger Berman US Small Cap Fund  
Neuberger Berman US Multi Cap Opportunities Fund  
Neuberger Berman US Small Cap Intrinsic Value Fund  
Neuberger Berman US Equity Fund  
Neuberger Berman US Large Cap Value Fund

#### **Global Equity Portfolios**

Neuberger Berman Emerging Markets Equity Fund  
Neuberger Berman Emerging Markets Sustainable Equity Fund  
Neuberger Berman Japan Equity Engagement Fund

#### **Real Estate Portfolios**

Neuberger Berman US Real Estate Securities Fund  
Neuberger Berman Global Real Estate Securities Fund

#### **China Portfolios**

Neuberger Berman China Equity Fund  
Neuberger Berman China A-Share Equity Fund

#### **China Bond Portfolios**

Neuberger Berman China Bond Fund

#### **Multi Strategy Portfolios**

Neuberger Berman Uncorrelated Strategies Fund  
Neuberger Berman Uncorrelated Trading Fund

#### **Thematic Equity Portfolios**

Neuberger Berman 5G Connectivity Fund  
Neuberger Berman Global Thematic Equity Fund  
Neuberger Berman Next Generation Mobility Fund  
Neuberger Berman InnovAsia 5G Fund  
Neuberger Berman Next Generation Space Economy Fund  
Neuberger Berman Metaverse Fund

#### **Sustainable Equity Portfolios**

Neuberger Berman Global Sustainable Equity Fund  
Neuberger Berman European Sustainable Equity Fund

The Closed Portfolios are no longer available for subscription and the Company intends to request the removal of the Central Bank's approval of the Closed Portfolios as sub-funds of the Company.

## THE SHARE CAPITAL

The authorised share capital of the Company is 500,000,040,000 Shares of no par value divided into 40,000 Subscriber Shares of no par value and 500,000,000,000 Shares of no par value. The Directors are empowered to issue up to 500,000,000,000 Shares of no par value in the Company on such terms as they think fit.

The Subscriber Shares entitle the holders to attend and vote at general meetings of the Company but do not entitle the holders to participate in the profits or assets of the Company except for a return of capital on a winding-up. The Shares entitle the holders to attend and vote at general meetings of the Company and to participate equally (subject to any differences between fees, charges and expenses applicable to different Classes) in the profits and assets of the Company. The Subscriber Shareholders shall have one vote for each Subscriber Share held.

The Company may from time to time by ordinary resolution increase its capital, consolidate the Shares or any of them into a smaller number of Shares, sub-divide the Shares or any of them into a larger number of Shares or cancel any Shares not taken or agreed to be taken by any person. The Company may by special resolution from time to time reduce its share capital in any way permitted by law.

For the avoidance of doubt, a separate pool of assets will not be maintained for each Class.

## SHARE CLASS HEDGING

The Manager and the Sub-Investment Manager may employ techniques and instruments to protect against fluctuations, caused by movements in currency rates, between the class currency of the Hedged Class and the Base Currency of the Portfolio, with the goal of providing a similar return for the Hedged Class to that which would have been obtained for a Class denominated in the Base Currency of the Portfolio. While the Manager and the Sub-Investment Manager (or their agents) may attempt to hedge this currency risk, there can be no guarantee that they will be successful in doing so. In this context, foreign exchange hedging will not be used for speculative purposes. In devising and implementing its hedging strategy the Manager or Sub-Investment Manager may hedge the foreign currency exposure of the Shares to the major currencies in which the assets of the relevant Portfolio are, or are expected to be, denominated but will limit hedging to the extent of this currency exposure and the Hedged Classes will not be leveraged as a result of the hedging.

Changes in the exchange rate between the Base Currency and the class currencies of the Hedged Classes may lead to a difference in the value of the Shares in the Hedged Classes as expressed in such class currencies. The Manager and the Sub-Investment Manager will try to mitigate this risk by using techniques and instruments, including forward currency exchange contracts. Investors in the Hedged Classes should be aware that this strategy may substantially limit them from benefiting if the class currencies of the Hedged Classes fall against the Base Currency. In such circumstances, investors in the Hedged Classes may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains or losses on, and the costs of, the relevant financial instruments.

As the foreign exchange hedging will be utilised solely for the benefit of the Hedged Classes, its cost and related liabilities and/or benefits will be for the account of the holders of the Hedged Classes only. Accordingly, such costs and related liabilities and/or benefits will be reflected in the Net Asset Value per Share of the Hedged Classes. Hedging transactions will be clearly attributable to a specific Hedged Class and the currency exposures of Hedged Classes denominated in different currencies may not be combined or offset. The currency exposures of the assets of a Portfolio may not be allocated to separate Hedged Classes. Where there is more than one Hedged Class in a Portfolio denominated in the same currency and it is intended to hedge the foreign currency exposure of such Hedged Classes into the Base Currency, the Manager or Sub-Investment Manager may aggregate the foreign exchange transactions entered into on behalf of such Classes and apportion the gains/losses on and the costs of the relevant financial instruments pro rata to each such Hedged Class in the Portfolio. The Manager and the Sub-Investment Manager will limit hedging to the extent of the Hedged Classes' currency exposure and the Hedged Classes will not generally be leveraged as a result of the hedging. Although a Hedged Class may not generally be leveraged as a result of the use of such techniques and instruments, the value of such instruments may be up to but may not exceed 105% of the Net Asset Value attributable to the relevant Hedged Class and will not be less than 95% of the portion of the Net Asset Value of the relevant Hedged Class which is to be hedged against this currency risk. The Manager and the Sub-Investment Manager will monitor hedging on at least a monthly basis and will reduce the level of hedging to ensure that any position that is materially in excess of 100% of the Net Asset Value shall not be carried forward from month to month.

In respect of Unhedged Classes, a currency conversion will take place at prevailing market rates on the subscription for and redemption and exchange of Shares and in respect of any distributions made in respect of such Classes.

Investors should refer to the paragraph under the heading "*Share Currency Designation Risk*" in the "*Investment Risks*" section, for a description of the risks associated with hedging the foreign currency exposure of the Hedged Classes. Investors should also note that in addition to the share class hedging described above, the Portfolios may also be hedged at portfolio level as described under "*Currency Transactions*" in the "*Portfolio Investment Techniques*" section.

## VOTING RIGHTS

Subject to any special rights or restrictions for the time being attached to any Class, each Shareholder shall be entitled to such number of votes as equals the aggregate net asset value of that Shareholder's shareholding (expressed or converted into US\$ and calculated as of the relevant record date). The "relevant record date" for these purposes shall be a date being not more than thirty (30) days prior to the date of the relevant general meeting or written resolution as determined by the Directors. In relation to a resolution which in the opinion of the Directors gives or may give rise to a conflict of interest between the Shareholders of any series or Class, such resolution shall be deemed to have been duly passed only if, in lieu of being passed through a single meeting of the Shareholders of such series or Class, such resolution shall have been passed at a separate meeting of the Shareholders of each such series or Classes. All votes shall be cast by a poll of Shareholders present in person or by proxy at the relevant Shareholder meeting or by unanimous written resolution of the Shareholders.

## VARIATION OF SHAREHOLDERS' RIGHTS

Under the Articles, the rights attached to each series or Class may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued Shares of that series or Class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that series or Class. The rights attaching to any series or Class shall not be deemed to be varied by the creation or issue of further Shares ranking *pari passu* with Shares already in issue, unless otherwise expressly provided by the terms of issue of those Shares. The provisions of the Articles relating to general meetings shall apply to every such separate general meeting except that the necessary quorum at such a meeting shall be two persons present in person or by proxy holding Shares of the series or Class in question or, at an adjourned meeting, one person holding Shares, of the series or Class in question or his proxy.

## INVESTOR RESPONSIBILITY

**Prospective investors should review this Prospectus and the relevant Supplement carefully and in their entirety and consult with their legal, tax and financial advisers for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Prospectus and the relevant Supplement.**

**Investors should note that the information contained in the "Typical Investor Profile" sections in the relevant Supplement is provided for reference only. Before making any investment decisions investors should consider their own specific circumstances, including, without limitation their own risk tolerance level, financial circumstances and investment objectives.**

**Neither the admission of the Shares of any Portfolio to the Official List and to trading on the regulated market Euronext Dublin nor the approval of this Prospectus pursuant to the listing requirements of Euronext Dublin shall constitute a warranty or representation by Euronext Dublin as to the competence of service providers to or any party connected with the Company, the adequacy of information contained in this Prospectus or the suitability of the Company for investment purposes.**

## CENTRAL BANK AUTHORISATION – UCITS

The Company was authorised by the Central Bank as an Undertaking for Collective Investment in Transferable Securities under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 1989. The European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 1989, have been updated and amended by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. 352 of 2011) as amended. All of the current Portfolios are now subject to the UCITS Regulations. **The authorisation of the Company by the Central Bank shall not constitute a warranty as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company. Authorisation of the Company by the Central Bank is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus.**

## DISTRIBUTION AND SELLING RESTRICTIONS

The distribution of this Prospectus and the offering or purchase of Shares may be restricted in certain jurisdictions. This Prospectus does not constitute and may not be treated as an offer or solicitation by or to anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction.



Further information on the Company's distribution and selling restrictions with respect to prospective investors in various jurisdictions is contained in Annex III and Annex IV to this Prospectus (including without limitation the United States).

### STOCK EXCHANGE LISTING

Application may be made to Euronext Dublin for Shares of any series or Class issued and to be issued to be admitted to its Official List and to trading on the regulated market of Euronext Dublin. This Prospectus comprises Listing Particulars for the purposes of any such application for listing. Neither the admission of Shares to the Official List and to trading on the regulated market of Euronext Dublin nor the approval of this Prospectus pursuant to the listing requirements of Euronext Dublin constitutes a warranty or representation by Euronext Dublin as to the competence of the service providers or any other party connected with the Company, the adequacy of information contained in this Prospectus or the suitability of the Company for investment purposes. Listing information in respect of each of the Portfolios in respect of which an application has been made to Euronext Dublin is contained in the relevant Supplement.

The Directors do not anticipate that an active secondary market will develop in any of the Shares.

The launch and listing of various Classes within a Portfolio may occur at different times and therefore at the time of the launch of given Class(es) the pool of assets to which a given Class relates may have commenced to trade. Financial information in respect of the Company will be published from time to time, and the most recently published audited and unaudited financial information will be available to investors and potential investors upon request.

### RELIANCE ON THIS PROSPECTUS

Shares are offered only on the basis of the information contained in this Prospectus and the latest audited annual accounts and any subsequent half-yearly report of the Company. No person has been authorised to give any information or to make any representation in connection with the offering of Shares other than those contained in this Prospectus and in any subsequent half-yearly or annual report for the Company and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, the Manager or the Sub-Investment Manager. Statements in this Prospectus are in accordance with the law and practice in force in Ireland at the date hereof and are subject to change. Neither the delivery of this Prospectus nor the issue of Shares shall, under any circumstances, create any implication or constitute any representation that the affairs of the Company have not changed since the date hereof.

This Prospectus may also be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus. To the extent that there is any inconsistency between the English language Prospectus and the Prospectus in another language, this English language Prospectus will prevail, except, to the extent (but only to the extent) required by law of any jurisdiction where the Shares are sold, that in an action based upon disclosure in a Prospectus in a language other than English, the language of the Prospectus on which such action is based shall prevail. Notwithstanding the above, for as long as the Company is authorised by the Hong Kong Securities and Futures Commission, both the English and Chinese language versions of the Prospectus shall have equal standing with respect to Hong Kong investors. All disputes as to the contents of this Prospectus shall be governed in accordance with the laws of Ireland.

### RISKS

**Investors should be aware that investment in the Company carries with it the potential for above average risk and is only suitable for people who are in a position to take such risks. The value of Shares may go down as well as up, and investors may not get back any of the amount invested. The difference at any one time between the issue and repurchase price of Shares means that an investment in the Company should be viewed as medium- to long-term. Investment in the Company should not constitute a substantial proportion of an investor's portfolio and may not be appropriate for all investors. Risk factors for an investor to consider are set out in the "Investment Risks" section below.**

**Investors should be aware that the Directors may declare dividends out of capital in respect of certain Distributing Classes and that, in the event that they do, the capital of such Shares will be eroded, such distributions will be achieved by forgoing the potential for future capital growth and that this cycle may be continued until all capital in respect of the Shares is depleted. Such dividends may result in an immediate decrease of the Net Asset Value per Share. Investors in all Distributing Classes should also be aware that the payment of distributions out of capital by the Company may have different tax implications for them to distributions of income and you are therefore recommended to seek tax advice in this regard.**

### SUPPLEMENTS AND ANNEXES – OTHER IMPORTANT INFORMATION FOR INVESTORS

Prospective investors are advised to review the relevant Supplement, Annex II, Annex III, Annex IV and Annex VI to this Prospectus for important additional information concerning the Company, the Portfolios and the Shares, including the information contained in Annex III and IV pertaining to investment restrictions for potential investors in various



jurisdictions, including without limitation, information relating to certain United States regulatory and tax matters.

## DIRECTORY

### NEUBERGER BERMAN INVESTMENT FUNDS PLC

Registered Office:  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Directors:**

Gráinne Alexander  
Tom Finlay  
Michelle Green  
Naomi Daly  
Alex Duncan

**Sponsoring Euronext Dublin Broker:**

Matheson  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Manager:**

Neuberger Berman Asset Management Ireland Limited  
32 Molesworth Street  
Dublin 2  
Ireland

**Company Secretary:**

Matsack Trust Limited  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Administrator:**

Brown Brothers Harriman Fund Administration Services  
(Ireland) Limited  
30 Herbert Street  
Dublin 2  
Ireland

**Sub-Investment Managers:**

Neuberger Berman Europe Limited  
The Zig Zag Building  
70 Victoria Street  
London  
SW1E 6SQ  
England

**Auditors:**

Ernst & Young  
Registered Auditors  
Block One, Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

Neuberger Berman Canada ULC  
2 Bloor Street East  
Suite 2830  
Toronto  
ON M4W 1A8  
Canada

**Legal Advisers as to Irish law:**

Matheson LLP  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

Neuberger Berman East Asia Limited  
351 Manunouchi 1-Chrome  
Chiyoda-ku  
Tokyo  
Japan

**Depository:**

Brown Brothers Harriman Trustee Services (Ireland)  
Limited  
30 Herbert Street  
Dublin 2  
Ireland

NB Alternatives Advisers LLC  
325 N Saint Paul Street  
Suite 4900 Dallas  
TX 75201

**Distributors:**

Neuberger Berman Europe Limited  
The Zig Zag Building  
70 Victoria Street  
London  
SW1E 6SQ  
England

Neuberger Berman Investment Advisers LLC  
1290 Avenue of the Americas  
New York  
NY 10104  
USA

Neuberger Berman Asia Limited  
20<sup>th</sup> Floor  
Jardine House  
1 Connaught Place, Central  
Hong Kong

Neuberger Berman Singapore Pte. Limited  
Level 15  
Ocean Financial Centre  
10 Collyer Quay  
Singapore 049315

Neuberger Berman Singapore Pte. Limited  
Level 15  
Ocean Financial Centre  
10 Collyer Quay

Neuberger Berman Asia Limited  
20<sup>th</sup> Floor  
Jardine House  
1 Connaught Place, Central  
Hong Kong

Green Court Capital Management Limited  
20<sup>th</sup> Floor



Singapore 049315

Neuberger Berman BD LLC  
1290 Avenue of the Americas  
New York  
NY 10104  
USA

Jardine House  
1 Connaught Place, Central  
Hong Kong

**Master Agent and Distributor in Taiwan:**

Neuberger Berman Taiwan (SITE) Limited  
20F., No.68, Sec. 5, Zhongxiao E. Rd.  
XinYi District  
Taipei City 110, Taiwan  
Republic of China

## INVESTMENT OBJECTIVES AND POLICIES

The Company has been established for the purpose of investing in transferable securities and other liquid financial assets in accordance with the UCITS Regulations. The investment objectives and policies for each Portfolio, and any particular investment restrictions in relation thereto, will be set out in the relevant Supplement.

The Company and each Portfolio may, subject to a limit of 10% of net assets, invest its excess cash in money market funds or UCITS eligible deposits, for cash management purposes.

Each Portfolio may, subject to an aggregate limit of 10% of net assets (unless otherwise specified in the relevant Supplement), invest in other collective investment schemes and each Portfolio (in this context, each an "Investing Portfolio") may invest in any other Portfolio (in this context, each a "Receiving Portfolio"), provided that no Investing Portfolio may invest in any Receiving Portfolio which itself holds any Shares in any other Portfolio. No sales, exchange or redemption charges will be charged on investments by Investing Portfolios in Receiving Portfolios. In addition, investments by an Investing Portfolio in a Receiving Portfolio will not be charged management fees, sub-investment management fees or performance fees by the Receiving Portfolio but will be charged the appropriate management fees, sub-investment management fees and performance fees (if any) by the Investing Portfolio.

**Notwithstanding the general UCITS investment restrictions set out at section 3.1 of the "*Investment Restrictions*" section below, unless otherwise specified in the relevant Supplement, no Portfolio of the Company will invest more than 10% of net assets in any one CIS.**

Details of the holdings of each Portfolio and information in relation to them may be made available to Shareholders in those Portfolios on certain conditions. Shareholders are advised to contact the Manager or the Sub-Investment Managers to ascertain whether this information is available in respect of the relevant Portfolio and what conditions (if any) may be applied to its supply to Shareholders.

The primary investment objective and policies of each Portfolio will be adhered to and will not be altered for at least three (3) years following the admission of the Shares of that Portfolio to the Official List and to trading on the regulated market of Euronext Dublin, save in exceptional circumstances and then only with the approval of an ordinary resolution of the Shareholders. Any change to the investment objectives and/or material investment policies of a Portfolio may be amended with the approval by ordinary resolution of Shareholders in that Portfolio at a general meeting and in the event of a change of investment objectives and/or policies a reasonable notification period will be provided by the Company to enable Shareholders to redeem their Shares prior to implementation of these changes.

### CLASS ACTIONS POLICY

The Company and/or the Manager may, on behalf of a Portfolio, submit the Portfolio's name or participate on behalf of the Portfolio in any class action or institute legal actions, in order to recover any damage sustained by the Portfolio, if such would be, in the opinion of the Company/the Manager, beneficial for the Portfolio. However, if the Company/the Manager believe that it is more favourable to enter into a private settlement on behalf of a Portfolio, it may opt out of joining a class action. The Company and the Manager will not act as lead plaintiff in any class action, but nonetheless fees may be incurred in any kind of legal action.

### CORPORATE GOVERNANCE

The Manager or the Sub-Investment Manager (including the Sub-Investment Manager's delegates) may exercise its voting rights on stocks or other assets acquired by a Portfolio throughout the world. The Manager or the Sub-Investment Manager (including the Sub-Investment Manager's delegates) will do so if it believes that good corporate governance in the longer term is in the interests of Shareholders and any costs of exercising such shareholder votes shall be borne by the Company. The Neuberger Berman Group LLC, including the Manager and the Sub-Investment Manager, has adopted the [NB Votes](#) initiative, which is a firm-wide initiative, whereby voting intentions and supporting rationale are published in advance of select shareholder meetings for companies in which Neuberger Berman has invested on behalf of its clients, addressing a broad range of topics across key governance and engagement principles. The Manager or the Sub-Investment Manager may escalate any engagement with investee issuers via proxy voting, including the NB Votes initiative, public statements and possible divestment in cases of issuer unresponsiveness.

### BENCHMARKS REGULATION

The Benchmarks Regulation came into effect on 1 January 2018. Accordingly, the Company is working with the relevant benchmark administrators for the benchmark indices to confirm that they are, or will be included in the register maintained by ESMA under the Benchmarks Regulation. The Company has benchmark selection procedures that apply to new benchmarks and will also apply in the event that benchmarks materially change or cease to be provided. The procedures include an assessment of the suitability of a Portfolio's benchmark, the proposed communication of changes in benchmarks to Shareholders and approvals by internal governance committees and boards.

## INVESTMENT RESTRICTIONS

<b>1</b>	<b>Permitted Investments</b>
	Investments of a UCITS are confined to:
<b>1.1</b>	Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
<b>1.2</b>	Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
<b>1.3</b>	Money market instruments, other than those dealt on a regulated market.
<b>1.4</b>	Units of UCITS.
<b>1.5</b>	Units of AIFs.
<b>1.6</b>	Deposits with credit institutions.
<b>1.7</b>	Financial derivative instruments.
<b>2</b>	<b>Investment Restrictions</b>
<b>2.1</b>	A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
<b>2.2</b>	<p>Recently Issued Transferable Securities</p> <p>(1) Subject to paragraph (2) a responsible person shall not invest any more than 10% of assets of a UCITS in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations 2011 apply.</p> <p>(2) Paragraph (1) does not apply to an investment by a responsible person in US Securities known as "Rule 144 A securities" provided that;</p> <ul style="list-style-type: none"> <li>(a) the relevant securities have been issued with an undertaking to register the securities with the SEC within 1 year of issue; and</li> <li>(b) the securities are not illiquid securities i.e. they may be realised by the UCITS within 7 days at the price, or approximately at the price, which they are valued by the UCITS.</li> </ul>
<b>2.3</b>	A UCITS may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
<b>2.4</b>	The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
<b>2.5</b>	The transferable securities and money market instruments referred to in 2.4. shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
<b>2.6</b>	Cash booked in accounts and held as ancillary liquidity shall not exceed 20% of the net assets of the UCITS.
<b>2.7</b>	<p>The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5% of net assets.</p> <p>This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.</p>
<b>2.8</b>	<p>Notwithstanding paragraphs 2.3, 2.6 and 2.7 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:</p> <ul style="list-style-type: none"> <li>- investments in transferable securities or money market instruments;</li> <li>- deposits, and/or</li> <li>- counterparty risk exposures arising from OTC derivatives transactions.</li> </ul>
<b>2.9</b>	The limits referred to in 2.3, 2.4, 2.5, 2.7 and 2.8 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
<b>2.10</b>	Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7 and 2.8. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market

	instruments within the same group.
2.11	<p>A UCITS may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non- Member States or public international body of which one or more Member States are members.</p> <p>The individual issuers must be listed in the prospectus and may be drawn from the following list:  OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter-American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC.</p> <p>The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.</p>
<b>3</b>	<b>Investment in Collective Investment Schemes ("CIS")</b>
3.1	A UCITS may not invest more than 20% of net assets in any one CIS.
3.2	Investment in non-UCITS may not, in aggregate, exceed 30% of net assets.
3.3	The CIS are prohibited from investing more than 10 per cent of net assets in other open-ended CIS.
3.4	When a UCITS invests in the units of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS.
3.5	Where by virtue of investment in the units of another investment fund, a responsible person, an investment manager or an investment advisor receives a commission on behalf of the UCITS (including a rebated commission), the responsible person shall ensure that the relevant commission is paid into the property of the UCITS.
<b>4</b>	<b>Index Tracking UCITS</b>
4.1	A UCITS may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the Central Bank UCITS Regulations and is recognised by the Central Bank.
4.2	The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.
<b>5</b>	<b>General Provisions</b>
5.1	An investment company, ICAV or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
5.2	<p>A UCITS may acquire no more than:</p> <ul style="list-style-type: none"> <li>(i) 10% of the non-voting shares of any single issuing body;</li> <li>(ii) 10% of the debt securities of any single issuing body;</li> <li>(iii) 25% of the units of any single CIS;</li> <li>(iv) 10% of the money market instruments of any single issuing body.</li> </ul> <p>NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.</p>
5.3	<p>5.1 and 5.2 shall not be applicable to:</p> <ul style="list-style-type: none"> <li>(i) transferable securities and money market instruments issued or guaranteed by a Member State or</li> </ul>

	<p>its local authorities;</p> <p>(ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;</p> <p>(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;</p> <p>(iv) shares held by a UCITS in the capital of a company incorporated in a non-Member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.10, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed;</p> <p>(v) Shares held by an investment company or investment companies or ICAV or ICAV's in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.</p>
<b>5.4</b>	UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
<b>5.5</b>	The Central Bank may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.11, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
<b>5.6</b>	If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
<b>5.7</b>	Neither an investment company, ICAV nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of: <ul style="list-style-type: none"> <li>- transferable securities;</li> <li>- money market instruments*;</li> <li>- units of investment funds; or</li> <li>- financial derivative instruments.</li> </ul>
<b>5.8</b>	A UCITS may hold ancillary liquid assets.
	*Any short selling of money market instruments by UCITS is prohibited.
<b>6</b>	<b>Financial Derivative Instruments ('FDIs')</b>
<b>6.1</b>	The UCITS global exposure relating to FDI must not exceed its total net asset value.
<b>6.2</b>	Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank UCITS Regulations.)
<b>6.3</b>	UCITS may invest in FDIs dealt in over-the-counter (OTC) provided that the counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
<b>6.4</b>	Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

### VAG REQUIREMENTS

The German Insurance Supervisory Act (Versicherungsaufsichtsgesetz - "VAG") in conjunction with the Ordinance on the Investment of Restricted Assets of Pension Pools, Funeral Expenses Funds and Small Insurance Companies (Verordnung über die Anlage des Sicherungsvermögens von Pensionskassen, Sterbekassen und kleinen Versicherungsunternehmen - Anlageverordnung) as further interpreted by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") provide that, in order to be eligible for investment by certain German insurance companies and other regulated investors, a Portfolio must meet certain minimum requirements with respect to the creditworthiness of its investments. As a result, where the relevant Supplement notes that a Portfolio complies with the "VAG Requirements", the relevant Portfolio's investment policy



shall comply with the following minimum requirements. For the avoidance of doubt, it is not intended that complying with the VAG Requirements will amend the investment objectives or policies or otherwise impact the management of such Portfolios, as the VAG requirements are either less restrictive than or equivalent to those already contained in the Portfolio's investment policy.

Under the VAG Requirements, a Portfolio may only purchase

- (a) debt securities which have:
  - (i) a rating from a Recognised Rating Agency or another rating agency that has been examined and registered in accordance with Regulation (EC) No. 1060/2009 (an "**External Rating**") of at least speculative grade (currently B- by Standard & Poor's and Fitch or B3 by Moody's or an equivalent rating by such other rating agency); or
  - (ii) been subject to the Manager's or the Sub-Investment Manager's own credit risk assessment (an "**Internal Rating**") with an equivalent result.
- (b) asset backed securities (ABS), credit linked notes and similar assets (i.e. investments whose yield or repayment is linked to credit risks or that are used to transfer the credit risk of a third party) which have:
  - (i) an External Rating of at least investment grade (currently long-term BBB- ratings by Standard & Poor's and Fitch or Baa3 by Moody's or short-term A-3 ratings by Standard & Poor's, F 3 by Fitch or Prime 3 by Moody's or an equivalent rating by such other rating agency); or
  - (ii) an equivalent Internal Rating.

In each case, the Manager or the Sub-Investment Manager (as applicable) shall make and document its own credit risk assessment and shall not rely on credit ratings solely or mechanistically for assessing the creditworthiness of an entity or financial instrument.

Without prejudice to the Central Bank's requirements in respect of remedying advertent and inadvertent breaches of investment policies, which shall continue to apply to all Portfolios at all times, in the event that the External Ratings or Internal Ratings of securities held by a Portfolio are downgraded to a rating/credit assessment that is lower than the above-mentioned minimum ratings/credit assessments:

- where the affected securities represent more than 3% of the Portfolio's Net Asset Value, the Manager or the Sub-Investment Manager (as applicable) will, at a minimum, use its best efforts to sell affected securities within six months of the rating-downgrade so that the amount of affected securities will be below 3% of the Portfolio's Net Asset Value;
- where the affected securities represent less than 3% of the Portfolio's Net Asset Value, the Manager or the Sub-Investment Manager (as applicable) will assess, in their own reasonable discretion, if, to which extent and in which timeframe affected securities should be sold.

Where an internal credit risk assessment results in an Internal Rating for a security which is higher than an External Rating for that security, the Internal Rating may be used in preference to the External Rating as follows:

- where only one External Rating is available in respect of a security, the Internal Rating may be used in preference to that External Rating where an appropriate additional quantitative credit risk assessment has been performed by the Manager or the Sub-Investment Manager (as applicable);
- where two External Ratings are available in respect of a security and the Internal Rating is better than the lower of the two External Ratings, the Internal Rating may be used where an appropriate additional quantitative credit risk assessment has been performed by the Manager or the Sub-Investment Manager (as applicable); and
- where three or more External Ratings are available in respect of a security and the Internal Rating is better than the second best of the three or more External Ratings, the Internal Rating may be used where an appropriate additional quantitative credit risk assessment has been performed by the Manager or the Sub-Investment Manager (as applicable).

Such additional quantitative credit risk assessments must be properly documented.

External Ratings and/or Internal Ratings will be verified at least (i) annually for investment-grade or equivalent securities, (ii) quarterly for speculative-grade or equivalent securities and (iii) in either case more frequently if other negative circumstances indicate that this is necessary. Such verification process must be properly documented.

Where a Portfolio is allowed to invest into other investment funds, such investment funds must have investment policies and restrictions which comply with the rating requirements in this section.

## SUSTAINABLE INVESTMENT CRITERIA

The Manager and the Sub-Investment Manager have regard to the terms of the Controversial Weapons Policy when determining what investments to make for all Portfolios.

In addition, the Manager and/or the Sub-Investment Manager may have regard to the terms of the Sustainable Exclusion Policy and Enhanced Sustainable Exclusion Policy (collectively referred to as “**Sustainable Criteria**”) when determining what investments to make for the Portfolios. Where the Sustainable Exclusion Policy or Enhanced Sustainable Exclusion Policy are applied to a Portfolio, this will be indicated in the relevant Supplement.

The Manager and/or the Sub-Investment Manager will also act in accordance with the Global Standards Policy when determining what investments to make for all Article 8 Portfolios and Article 9 Portfolios.

### CONTROVERSIAL WEAPONS POLICY

The Manager and the Sub-Investment Manager are committed to supporting and upholding conventions that seek to ban the production of controversial weapons and have adopted a controversial weapons policy (the “**Controversial Weapons Policy**”) which seeks to prohibit a number of investments by the Manager and/or the Sub-Investment Manager. As a result, none of the Portfolios shall invest in securities that have been identified by the Manager and/or the Sub-Investment Manager through the utilisation of third party data, as having corporate involvement in the end manufacture or manufacture of intended use components of controversial weapons. The Controversial Weapons Policy prevents the Portfolios from investing in such securities (and thereby supporting such businesses) but does not prevent the Portfolios from taking short positions in respect of such securities, i.e. seeking to profit from expected declines in the value of such securities.

The Controversial Weapons Policy defines involvement in the manufacture of controversial weapons as either being responsible for end manufacture and assembly of controversial weapons, or being responsible for the manufacture of intended use components for controversial weapons. The Controversial Weapons Policy does not include dual-use component manufacturers or delivery platform manufacturers. Controversial weapons are defined as:

- (a) **Biological and chemical weapons.** Weapons outlawed by the Biological and Toxin Weapons Convention of 1972, and the Chemical Weapons Convention of 1993.
- (b) **Anti-personnel mines.** Weapons that signatories agreed to prohibit the use, stockpiling, production or transfer of under the 1997 Anti-personnel Landmines Convention. The convention was concluded in Oslo on September 18, 1997 and entered into force on March 1, 1999, six months after it was ratified by 40 states. Today, the treaty is still open for ratification by signatories and for accession by those that did not sign before March 1999. The Convention does not address the issue of financial support for companies that manufacture such weapons.
- (c) **Cluster munitions.** Weapons that signatories agreed to restrict the manufacture, use and stockpiling of, as well as components of these weapons, under the 2008 Convention on Cluster Munitions. The Convention was agreed in Dublin, Ireland on May 30, 2008 and entered into force on August 1, 2010, six months after it was ratified by 30 states. Today, the treaty is still open for ratification by signatories and for accession by those that did not sign before August 2000. The implications for financial support of companies that manufacture cluster munitions is left unclear in the Convention. As a result, signatory states and the institutions based on them have taken a range of approaches to the question of prohibiting or allowing investments in cluster munitions producers: some prohibit all investments, some prohibit only direct investments and some have not yet banned investments.
- (d) **Depleted uranium weapons.** Companies involved in the production of depleted uranium (DU) weapons, ammunition and armour.

A copy of the Controversial Weapons Policy can be found at [www.nb.com/UCITScontroversialweaponspolicy](http://www.nb.com/UCITScontroversialweaponspolicy)

### THERMAL COAL INVOLVEMENT POLICY

The Manager and the Sub-Investment Manager will formally review and Neuberger Berman's ESG Committee must approve the initiation of new investment positions in securities issued by companies that (i) derive more than 25% of their revenue from thermal coal mining; or (ii) are expanding new thermal coal power generation. As a result, none of the Portfolios (with the exception of the Neuberger Berman Uncorrelated Strategies Fund, the Neuberger Berman Uncorrelated Trading Fund and the Neuberger Berman China Equity Fund) shall make any new investments in securities that have been identified by the Manager and/or the Sub-Investment Manager through the utilisation of third party data, as being issued by such companies without undergoing formal review and approval by Neuberger Berman's ESG Committee.

**Thermal Coal Mining.** The Manager defines thermal coal mining as the mining of thermal coal including lignite, bituminous, anthracite and steam coal, its sale to external parties and through contract mining services. This does

not include revenue from metallurgical coal, intra-company sales of mined thermal coal, revenue from coal trading and royalty income for non-involved parties.

**Thermal Coal Power Generation.** The Manager defines new thermal coal power generation expansion as the addition of new and substantial thermal coal-fired generation capacity into the construction, development, permitting or planning phase by companies defined as a generating company (>10% of revenue derived from power generation). Investments in existing coal plants for pollution control equipment, regular operations and maintenance spend is not prohibited.

The Manager and the Sub-Investment Manager will prohibit the initiation of new investment positions in securities issued by companies that (i) derive more than 25% of their revenue from thermal coal mining; or (ii) are expanding new thermal coal power generation for Portfolios designated as Article 8 or Article 9 under the SFDR.

Each of the Neuberger Berman Emerging Market Debt – Local Currency Fund, the Neuberger Berman Emerging Market Debt – Hard Currency Fund, the Neuberger Berman Emerging Market Corporate Debt Fund, the Neuberger Berman Short Duration Emerging Market Debt Fund, the Neuberger Berman Emerging Market Debt Blend Fund and the Neuberger Berman Asian Debt – Hard Currency Fund (collectively the “**EMD Funds**”) and the Neuberger Berman China Bond Fund is phasing out its exposure to thermal coal and currently prohibits investment in securities issued by companies that derive more than 10% of revenue from thermal coal mining or are expanding new thermal coal power generation, as determined by internal screens. Each of the EMD Funds also prohibits investments in issuers in the power generation industry that use thermal coal as an energy source for more than 95% of their installed power generation capacity, are expanding into new thermal coal power generation, or whose expansionary capital expenditure budgets do not include a minimum threshold for non-coal investments, as determined by internal screens.

## **SUSTAINABLE EXCLUSION POLICY**

The Manager and/or the Sub-Investment Manager have adopted a sustainable exclusion policy (the “**Sustainable Exclusion Policy**”) which sets out the exclusion criteria (which they will utilise to prohibit investment in securities that the Manager and/or the Sub-Investment Manager do not believe meet a minimum sustainability criteria on behalf of the Portfolio. As noted above, where the Sustainable Exclusion Policy applies to a Portfolio, this will be indicated in the relevant Supplement.

**Human Rights.** Corporations are expected to uphold fundamental responsibilities as defined by the United Nations Global Compact (“**UNGC**”) in regards to human rights, labour, the environment and anti-corruption. The Portfolio will not invest in the securities of issuers that violate the principles of the UNGC and compliance with the UNGC will continually be monitored. Where an existing holding is deemed to violate the UNGC through change or evolution, the Manager and/or the Sub-Investment Manager will establish a dialogue with the issuer, to understand what led to the violation and what remediation is taking place. If, however, the Manager and/or the Sub-Investment Manager is not satisfied about the speed and satisfactory extent of the remediation after 3 years, the securities will be disposed of.

**Tobacco.** The Portfolio is prohibited from purchasing the securities of issuers that are involved in tobacco production such as cigars, cigarettes, e-cigarettes, smokeless tobacco, dissolvable and chewing tobacco. This also includes issuers that grow or process raw tobacco leaves.

**Civilian Firearms.** The Portfolio is prohibited from purchasing the securities of issuers that are involved in the manufacturing of civilian firearms.

**Private Prisons.** The Portfolio is prohibited from purchasing the securities of issuers that own, operate or primarily provide integral services to private prisons, given significant social controversy, reputational risks, dependency on their local government policies and facilities which are not easily reconfigurable for alternate uses.

**Fossil Fuels.** The Portfolio will seek to minimise or neutralise its exposure to certain pieces of the fossil fuel value chain, owing to the varied contribution to climate and environmental risk.

- **Coal and unconventional oil and gas supply.** The Portfolio is prohibited from purchasing the securities of issuers which derive substantial revenue from the extraction of coal or the use of unconventional methods to extract oil and gas. Substantial revenue is defined for this purpose as follows:
  - **Thermal coal.** Issuers should not derive more than 10% of revenue from the mining of thermal coal.
  - **Unconventional oil supply (Oil Sands).** Issuers should not derive more than 10% of revenue from oil sands extraction.
- **Electricity generation.** The Portfolio will only purchase the securities of issuers for which power generation makes up more than 10% of revenue, where they are aligned with a lower carbon emissions economy. The Portfolio is therefore prohibited from investing in generators where:

- **Thermal Coal.** More than 30% of MWh generation is derived from thermal coal.
- **Liquid Fuels (Oil).** More than 30% of MWh generation is derived from liquid fuels (oil).
- **Natural Gas Electricity Generation.** More than 90% of MWh generation is derived from natural gas. This threshold may decline over time, to align with a glide path to greater renewables penetration.
- **Conventional oil and gas supply.** The Portfolio is prohibited from investing in the securities of oil and gas producers for whom natural gas makes up less than 20% of their reserves.

#### **ENHANCED SUSTAINABLE EXCLUSION POLICY**

The Manager and/or the Sub-Investment Manager have sought to align to enhanced industry sustainable standards, therefore to comply with these standards, additional exclusions or in excess of the exclusions set out in the Sustainable Exclusion Policy, may be applied to certain Portfolios (the “**Enhanced Sustainable Exclusion Policy**”). As noted above, where the Enhanced Sustainable Exclusion Policy applies to a Portfolio, this will be indicated in the relevant Supplement. Where applicable, the Portfolio shall not invest in securities that have been identified by the Manager and/or the Sub-Investment Manager through the utilisation of third party data, as failing to be consistent with these enhanced industry standards. The current list of exclusions is available at <https://www.nb.com/en/gb/esg/enhancedsustainablepolicy.pdf>

#### **GLOBAL STANDARDS POLICY**

The Manager and/or the Sub-Investment Manager will act in accordance with the global standards policy in determining what investments to make across all Article 8 Portfolios and Article 9 Portfolios (the “**Global Standards Policy**”). Under the Global Standards Policy, the Company will comply with the UNGC, the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights and International Labour Standards Conventions (the “**Principles and Guidelines**”) in respect of all Article 8 Portfolios and Article 9 Portfolios. In accordance with the Global Standards Policy, the Manager and/or the Sub-Investment Manager are committed to prohibiting Article 8 Portfolios and Article 9 Portfolios from (i) initiating new investment positions; and (ii) retaining existing investment positions, in securities issued by issuers whose activities breach any of the Principles and Guidelines. A copy of the Global Standards Policy is available at <https://www.nb.com/en/gb/esg/reporting-and-policies>.

#### **NET ZERO ASSET MANAGERS INITIATIVE**

Neuberger Berman Group LLC and its affiliates/subsidiaries are part of the Net Zero Asset Managers Initiative, which has the goal of achieving net zero emissions in line with the Paris Agreement. Neuberger Berman Group LLC and its affiliates/subsidiaries will initially partner with select clients that share an ambition to achieve net zero emissions by 2050 or sooner. As part of this commitment, certain portfolio managers within Neuberger Berman Group LLC and its affiliates/subsidiaries have affirmed their intent, consistent with their stated objectives and strategies and pursuant to their own targets, to invest with the goal of attaining net zero alignment. Where the Net Zero Asset Managers Initiative applies to a Portfolio, this will be indicated in the relevant Supplement.

## PORTFOLIO INVESTMENT TECHNIQUES

The Company may employ investment techniques and instruments for efficient portfolio management of the assets of any Portfolio including hedging against market movements, currency exchange or interest rate risks under the conditions and within the limits stipulated by the Central Bank under the UCITS Regulations and described below.

### USE OF FINANCIAL DERIVATIVE INSTRUMENTS

Each of the Portfolios may utilise FDI for investment purposes, efficient portfolio management purposes (i.e. the reduction of risks or costs to the Portfolio or the generation of additional capital or income for the Company), or for hedging against market movements, currency exchange or interest rate risks, subject to the general restrictions outlined under “*Investment Restrictions*” in the “*Investment Objectives and Policies*” section. The Company may use various types of FDI for these purposes, including, without limitation, futures, forward foreign currency contracts, options, swaptions, credit default swaps, contracts for differences, warrants, and swaps.

To the extent that a Portfolio uses FDI for investment purposes or efficient portfolio management purposes, there may be a risk that the volatility of the relevant Portfolio's Net Asset Value may increase. However, no Portfolio is expected to have an above average risk profile relative to its respective asset classes as a result of its use of FDI.

The Manager employs an appropriate risk management process in respect of the Company which is designed to enable it to accurately measure, monitor and manage the various risks associated with the use of FDI for each Portfolio and will not use any FDI which have not been described in its risk management process. Each Portfolio using FDI for investment purposes has been assessed to determine whether, based on the FDI that it uses, the Commitment Approach or the value at risk approach is more appropriate to use in managing the risks associated with that Portfolio's use of FDI. For the majority of Portfolios, it has been determined that the Commitment Approach is the more appropriate approach to use, although, where stated in the “*Risk*” section of the description of a Portfolio in the relevant Supplement, the value at risk approach will be used. Although all Portfolios will be leveraged as a result of their use of FDI, the Global Exposure of a Portfolio which uses the Commitment Approach will not exceed the Portfolio's Net Asset Value at any time. An indication of anticipated leverage levels for Portfolios which apply the value at risk approach will be included in the “*Risk*” section of the description of such Portfolios in the relevant Supplement.

A statement of the Company's risk management process has been submitted to and cleared by the Central Bank. The Manager will, on request, provide supplementary information to Shareholders relating to any risk management methods to be employed by the Manager in respect of any Portfolio, including the quantitative limits that are applied, and any recent developments in the risk and yield characteristics of the main categories of investments. Investors should also refer to the “*Investment Risks*” section for information in relation to the risks associated with the use of FDI and the description of a Portfolio's investment objectives and policies contained in the relevant Supplement. Not less than one month's prior written notice will be given to Shareholders of any material change to a Portfolio's use of FDI, as outlined in the relevant Supplement.

Any counterparty, which is not a Relevant Institution, to OTC FDI will have a minimum credit rating of A2 or equivalent from a Recognised Rating Agency, or will be deemed by the Manager to have an implied rating of A2. Alternatively, an unrated counterparty will be acceptable where the Portfolio is indemnified against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A2.

Each Portfolio will ensure that its Global Exposure to OTC FDI will comply with both the “*Investment Restrictions*” section of this Prospectus and the UCITS Regulations. The relevant Portfolio's exposure to counterparties in respect of an OTC FDI will be collateralised in accordance with the requirements of the Central Bank, so that the Portfolio's exposure to a counterparty will be less than 10% of its Net Asset Value at all times, where the relevant counterparty is a Relevant Institution and less than 5% of its Net Asset Value, where the relevant counterparty is not a Relevant Institution. Each Portfolio will monitor the collateral to ensure that the securities provided as collateral will, at all times, fall within the categories permitted by the Central Bank and be fully diversified in accordance with the requirements set out in this Prospectus.

Forward foreign currency contracts are agreements to exchange one currency for another – for example, to exchange a certain amount of Sterling for a certain amount of Euro – at a future date. The date (which may be any agreed-upon fixed number of days in the future), the amount of currency to be exchanged and the price at which the exchange will take place are negotiated and fixed for the term of the contract at the time that the contract is entered into. Options offer the buyer the right, but not the obligation, to buy (in the case of a “call” option) or sell (in the case of a “put” option) specified assets at a pre-agreed price during a certain period of time or on a specific date. All options purchased on behalf of the Company will be traded on a Recognised Market. Warrants are similar to call options but are issued by the company which issued the underlying securities which are the subject of the option.

A swap is an agreement between two parties whereby one party makes payments to the other based on an agreed rate, while the other party makes payments to the first party based on the return of an underlying asset or assets,

such as one or more securities, a currency, an index or an interest rate. Excess return swaps are OTC FDI under which one party will agree to pay the other the return of an underlying asset and the other party agrees to pay the first party a fee, either periodically or upfront on entry into the swap. An excess return swap differs from a total return swap because the payment that the other party receives will be based solely on the performance of the underlying asset, while the payment to the other party under a total return swap will also include an element to reflect the return which cash to the value of the notional amount of the swap would have earned on deposit.

Volatility swaps are OTC FDI under which one party will agree to pay the other a return based on the volatility of an underlying asset and the other party agrees to pay the first party a fee, either periodically or upfront on entry into the swap. As such the underlying of the swap is the volatility of a given asset and they allow an investor to speculate solely upon the movement of the asset's volatility without the influence of its price. Volatility of an underlying asset (e.g. an equity index) against the implied volatility of that underlying asset. Under the terms of a typical variance swap, parties agree to exchange, at maturity, a pre-agreed notional amount multiplied by the difference between the realised variance of an equity index over the lifetime of the variance swap and a pre-determined reference level. Realised variance is the mathematical square of realised volatility, i.e. if the realised volatility of the index is 5%, its realised variance will be 25%. The reference level of a variance swap is determined at the inception of the swap by reference to the implied volatility of the relevant equity index. The seller of the variance swap (who is said to have a short variance position) will benefit when realised volatility is lower than the reference level over the period of the swap, in which case the buyer of the variance swap would suffer a loss. Conversely, the buyer of the variance swap (who is said to have a long variance position) will benefit when realised volatility is higher than the reference level, in which case the seller of the variance swap would suffer a loss. Realised volatility is a backward-looking measure of the amount by which the returns of an asset actually varied over a time period and is calculated by reference to the previous day's returns of that asset. Implied volatility is a forward-looking measure, which represents the market's expectation of the future volatility of a particular asset over a particular period.

Swaptions are options to enter into a swap, typically in respect of an interest rate, whereby, in exchange for a fee, the buyer of the swaption acquires an option to enter into a specified swap agreement on a future date.

A credit default swap ("CDS") is a swap used to transfer the risk of default on an underlying security from the holder of the security to the seller of the swap. For example, if a Portfolio buys a CDS (which could be to take a short position in respect of the credit of security's issuer or to hedge an investment in the relevant security), it will be entitled to receive the value of the security from the seller of the CDS, should the security's issuer default on its payment obligations under the security. Where a Portfolio sells a CDS (which is taking a long position in respect of the credit of the security's issuer) it will receive a fee from the purchaser and hope to profit from that fee in the event that the issuer of the relevant security does not default on its payment obligations. The subsidiaries of Neuberger Berman Group LLC have dedicated derivatives servicing teams, including teams within the Sub-Investment Managers that will monitor a Portfolio's compliance with the Central Bank's investment restrictions in respect of its CDS positions, its collateral management and any other terms agreed upon in the agreement underlying the CDS and will employ proprietary quantitative tools to help analyse many aspects of risk to which a Portfolio is exposed due to its positions in CDS, and are subject to the oversight of the Manager. In the event of a default event in respect of a CDS, a Portfolio will have to fulfil its obligations (if any) under that specific CDS and its exposure will depend on various factors including the size of the position, whether it has bought or sold the CDS and the recovery value of the defaulted security.

A contract for difference is an agreement between a buyer and a seller stipulating that the seller will pay the buyer the difference between the current value of the security and its value when the contract is made. If the difference turns out to be negative, the buyer pays the seller.

Where disclosed in the relevant Supplement, Portfolios may also invest in convertible bonds, convertible preferred stock, credit linked notes, index linked notes, structured notes and rights, each of which may embed an FDI and, consequently, leverage.

As a Portfolio may generally purchase FDI using only a fraction of the assets that would be needed to purchase the relevant securities directly, the remainder of the Portfolio's assets may be invested in other types of securities. The Manager or Sub-Investment Manager may therefore seek to achieve greater returns by purchasing FDI and investing a Portfolio's remaining assets in other types of securities to add excess return.

FDI used for efficient portfolio management may be used by the Portfolios for hedging purposes. Hedging is a technique used to seek to minimise an exposure created from an underlying position by counteracting such exposure by means of acquiring an offsetting position. The positions taken for hedging purposes will not be allowed to exceed materially the value of the assets that they seek to offset.

In the event of any Portfolio proposing to use any types of FDI additional to those described above, the risk management process shall be amended to reflect this intention and such additional types of FDI shall also be disclosed and described in the relevant Supplement in respect of such Portfolio.



## USE OF REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

At the discretion of the Manager or the Sub-Investment Manager, each Portfolio may enter into repurchase and reverse repurchase agreements ("**Repo Contracts**"), subject to the conditions and limits set out in the Central Bank UCITS Regulations, in respect of each of the types of assets in which the Portfolio may invest, as described in the "*Instruments / Asset Classes*" section of the relevant Supplement for the Portfolio. Any such Repo Contracts may be used for efficient portfolio management purposes.

Under a repurchase agreement, the Portfolio purchases securities from a Relevant Institution which agrees, at the time of sale, to repurchase the securities at a mutually agreed upon date and price, thereby determining the yield to the Portfolio during the term of the agreement. The resale price reflects the purchase price plus an agreed upon market rate of interest which is unrelated to the purchased security. The Portfolio may also enter into reverse repurchase agreements, under which it sells securities and agrees to repurchase them at a mutually agreed upon date and price.

Portfolios will only enter Repo Contracts which ensure that it is able to (i) recall any security that has been lent or sold and recall any cash that has been paid out; or (ii) terminate Repo Contracts into which it has entered at any time.

All revenues from the use of Repo Contracts, net of direct and indirect operational costs, will be returned to the Portfolios. Full details of any revenue earned and the direct and indirect operational costs and fees incurred with respect to the use of Repo Contracts for the Portfolio will be included in the Company's annual financial statements. Unless otherwise specified in the relevant Supplement, the maximum proportion of a Portfolio's Net Asset Value that can be subject to Repo Contracts is 10% and the expected proportion of a Portfolio's Net Asset Value that will be subject to Repo Contracts is 3%.

Portfolios will only enter into Repo Contracts with counterparties which meet the criteria set out in respect of counterparties to OTC FDI, including in respect of counterparty exposure limits and collateralisation, set out under "*Use of Financial Derivative Instruments*" above. It is not expected that such counterparties will be related to the Manager, the Sub-Investment Manager or the Depositary. All collateral received from a counterparty will meet the requirements and be subject to the restrictions set out under "*Management of Collateral*" below. Investors should also read the "*Repurchase and Reverse Repurchase Agreement Risk*" risk warnings in the "*Investment Risks*" section.

## USE OF SECURITIES LENDING AGREEMENTS

At the discretion of the Manager or the Sub-Investment Manager, each Portfolio may enter into securities lending transactions ("**Securities Lending Agreements**"), subject to the conditions and limits set out in the Central Bank UCITS Regulations, in respect of each of the types of assets in which the Portfolio may invest, as described in the "*Instruments / Asset Classes*" section of the relevant Supplement for the Portfolio. Any such Securities Lending Agreements may be used for efficient portfolio management purposes.

Securities Lending Agreements are transactions through which a Portfolio lends its securities to another party, the borrower, which is contractually obliged to return equivalent securities at the end of an agreed period. While securities are on loan, the borrower pays the Portfolio (i) a loan fee and (ii) any income from the securities. Portfolios may enter only into securities lending transactions provided that it complies with the following rules:

- (i) the Portfolio may lend securities to a borrower either directly or through a standardised system organised by a recognised clearing institution or through a lending system organised by counterparties which meet the criteria set out in respect of counterparties to OTC FDI set out under "*Use of Financial Derivative Instruments*" above. It is not expected that such counterparties will be related to the Manager, the Sub-Investment Manager or the Depositary; and
- (ii) the counterparty to a Securities Lending Agreement must meet the criteria set out in respect of counterparties to OTC FDI, including in respect of counterparty exposure limits and collateralisation, set out under "*Use of Financial Derivative Instruments*" above. It is not expected that such counterparties will be related to the Manager, the Sub-Investment Manager or the Depositary.

The Company will receive, for each Portfolio that participates in Securities Lending Agreements, collateral that is at least equivalent to 102% of the value of the lent securities.

Portfolios may only enter into Securities Lending Agreements under which (i) they are entitled at all times to request the return of the securities lent or to terminate any securities lending transactions and (ii) the transactions do not jeopardise the management of the Portfolio's assets in accordance with its investment policy.

Unless otherwise specified in the relevant Supplement, the maximum proportion of a Portfolio's Net Asset Value that can be subject to Securities Lending Agreements is 50% and the expected proportion of a Portfolio's Net Asset Value that will be subject to Securities Lending Agreements is 0-10%.

The Company has appointed Brown Brothers Harriman & Co., a New York limited partnership with an office in Boston, Massachusetts (the “**Lending Agent**”) to carry out the Securities Lending Agreements, notably the selection of counterparties, subject to the Company’s pre-approval, and the management of the collateral. Portfolios entering into Securities Lending Agreements will receive all revenue generated from the Securities Lending Agreements, net of direct and indirect operational costs, which will represent 90% of the total revenue generated. The remaining 10% will be paid to the Lending Agent in consideration of the direct and indirect operational costs of the provision of its services and the guaranty that it provides.

## **MANAGEMENT OF COLLATERAL**

Subject to the UCITS Regulations, a Portfolio may enter into OTC FDI transactions, Repo Contracts and Securities Lending Agreements (together, “**SFT Transactions**”) in accordance with normal market practice and provided that collateral obtained under the SFT Transactions with the criteria set out below.

- (i) *Liquidity* - collateral (other than cash) should be highly liquid and traded on a regulated market or multi-lateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral should comply with the provisions of Regulation 74 of the UCITS Regulations and shall be used in accordance with the requirements of this Prospectus and the UCITS Regulations.
- (ii) *Valuation* - collateral should be valued on a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place. Any collateral received by a Portfolio in respect of SFT Transactions will meet the requirements set out in this Prospectus and be valued in accordance with the provisions of the “Determination of Net Asset Value” section hereof and valuations will be marked to market daily and variation margin will be applied daily, as necessary.
- (iii) *Issuer credit quality* - collateral should be of high quality.
- (iv) *Correlation* - collateral should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- (v) *Diversification* - collateral should be sufficiently diversified in terms of country, markets and issuers. Non-cash collateral will be considered to be sufficiently diversified if the relevant Portfolio receives from a counterparty a basket of collateral with a maximum exposure to any one issuer of 20% of the Portfolio’s net asset value. When the Portfolio is exposed to a variety of different counterparties, the various baskets of collateral are aggregated to ensure exposure to a single issuer does not exceed 20% of net asset value.

By way of derogation from this sub-paragraph, a Portfolio may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a EU Member State, one or more of its local authorities, a third country, or a public international body to which one or more EU Member States belong. Such a Portfolio will receive securities from at least six different issues and securities from any single issue will not account for more than 30% of the Portfolio’s Net Asset Value. Portfolios that intend to be fully collateralised in securities issued or guaranteed by a EU Member State will disclose this fact in the relevant Supplement and also identify the EU Member States, local authorities, third country, or public international bodies issuing or guaranteeing securities which they are able to accept as collateral for more than 20% of their Net Asset Value.

- (vi) *Immediately available* - collateral received should be capable of being fully enforced by the Portfolio at any time without reference to or approval from the counterparty.

All assets received in respect of a Portfolio in the context of SFT Transactions will be considered as collateral for the purposes of the UCITS Regulations and will comply with the criteria above. The Company seeks to identify and mitigate risks linked to the management of collateral, including operational and legal risks, by risk management procedures employed by the Company.

Where there is a title transfer, the collateral received will be held by the Depositary, or its agent. For other types of collateral arrangement the collateral may be held by a third party custodian which is subject to prudential supervision and which is unrelated to the provider of the collateral.

### **Permitted types of collateral**

In accordance with the above criteria, a Portfolio may accept the following types of collateral:

- (i) cash;
- (ii) government or other public securities;
- (iii) certificates of deposit issued by Relevant Institutions;
- (iv) letters of credit with a residual maturity of three months or less, which are unconditional and irrevocable and which are issued by Relevant Institutions;

- (v) equity securities traded on a stock exchange in Relevant Jurisdictions, Switzerland, Canada, Japan, the United States, Jersey, Guernsey, the Isle of Man, Australia or New Zealand;

### **Reinvestment of Collateral**

Cash received as collateral may only be re-invested in the following instruments:

- (i) deposits or certificates of deposit issued by Relevant Institutions;
- (ii) high-quality government bonds; or
- (iii) a Short Term Money Market Fund, as defined in Article 2(14) and 2(15) of the Money Market Funds Regulation.

Invested cash collateral may not be placed on deposit with, or invested in securities issued by, the counterparty or a related entity.

Re-invested cash collateral will be diversified in accordance with the diversification requirements applicable to non-cash collateral and will be exposed to the risks associated with investment in the instruments described above, including, without limitation, market risks, credit risks and risks associated with fixed income securities. Please see the “*Investment Risks*” section for more information.

Non-cash collateral received cannot be sold, pledged or re-invested.

### **Stress testing policy**

In the event that a Portfolio receives collateral for at least 30% of its net assets, it will implement a stress testing policy to ensure that regular stress tests are carried out under normal and exceptional liquidity conditions in order to allow it to assess the liquidity risk attached to collateral.

### **Haircut policy**

Each Portfolio has implemented a haircut policy in respect of each class of assets received as collateral. This policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed in accordance with the stress testing policy. The value of the collateral, adjusted in light of the haircut policy, must equal or exceed, in value, at all times, the relevant counterparty exposure.

## **WHEN-ISSUED AND FORWARD COMMITMENT SECURITIES**

Subject to the investment restrictions contained in the “*Investment Restrictions*” section above, a Portfolio may purchase securities on a “when-issued” basis and may purchase or sell securities on a “forward commitment” basis. The price, which is generally expressed in yield terms, is fixed at the time the commitment is made, but delivery and payment for the securities take place at a later date. When-issued securities and forward commitments may be sold prior to the settlement date, but a Portfolio will usually enter into when-issued and forward commitments only with the intention of actually receiving or delivering the securities or to avoid currency risk, as the case may be. No income accrues on securities which have been purchased pursuant to a forward commitment or on a when-issued basis prior to delivery of the securities. If the Portfolio disposes of the right to acquire a when-issued security prior to its acquisition or disposes of its right to deliver or receive against a forward commitment, the Portfolio may incur a gain or loss.

## **CURRENCY TRANSACTIONS**

Each Portfolio is permitted to invest in securities denominated in a currency other than the Base Currency of the Portfolio and may purchase currencies to meet settlement requirements. In addition, subject to the restrictions imposed on the use of financial derivative instruments described above and by the UCITS Regulations, each Portfolio may enter into various currency transactions (i.e. forward foreign currency contracts, currency swaps or foreign currency) to protect against uncertainty in future exchange rates. Forward foreign currency contracts are agreements to exchange one currency for another – for example, to exchange a certain amount of Sterling for a certain amount of Euro – at a future date. The date (which may be any agreed-upon fixed number of days in the future), the amount of currency to be exchanged and the price at which the exchange will take place are negotiated and fixed for the term of the contract at the time that the contract is entered into.

Currency transactions which alter currency exposure characteristics of transferable securities held by a Portfolio may only be undertaken for the purposes of a reduction in risk, a reduction in costs and/or an increase in capital or income returns to the Portfolio. Any such currency transactions will be used in accordance with the investment objective of the Portfolio.

A Portfolio may “cross-hedge” one foreign currency exposure by selling a related foreign currency into the Base

Currency of that Portfolio. Also, in emerging or developing markets, local currencies are often expressed as a basket of major market currencies such as the US Dollar, Euro or Japanese Yen. A Portfolio may hedge out the exposure to currencies other than its Base Currency in the basket by selling a weighted average of those currencies forward into the Base Currency.

## INVESTMENT RISKS

Investment in the Portfolios carries certain risks, which are described below. These risks are not purported to be exhaustive and potential investors should review this Prospectus in its entirety and consult with their professional advisers, before making an application for Shares.

There can be no assurance that the Portfolios will achieve their respective objectives. While there are some risks described below that may be common to a number or all of the Portfolios, there may also be specific risk considerations which apply only to particular Portfolios. Investors should note that the level of fees that pertain to each Class in a Portfolio can vary as set out in the “*Fees and Expenses*” section. These fees will reduce the return which an investor will receive from the investment in the Company and may prevent an investor from receiving a positive return from such investment.

Reference in this section to “Manager” shall be taken to include each of the Sub-Investment Managers of a Portfolio where relevant.

### 1. RISKS RELATED TO FUND STRUCTURE

#### UMBRELLA STRUCTURE OF THE COMPANY

Pursuant to Irish law the Company will not be liable as a whole to third parties and there will be no potential for cross contamination of liabilities between different Portfolios. However, there can be no categorical assurance that, should an action be brought against the Company in the courts of another jurisdiction, the segregated nature of the Portfolios will necessarily be upheld. Accordingly, it is not free from doubt that the assets of any Portfolio of the Company may not be exposed to the liabilities of other Portfolios. As at the date of this Prospectus, the Directors are not aware of any existing or contingent liability of any Portfolio of the Company.

#### SHARE CLASS RISK

There is no legal segregation of liability between Classes in a given Portfolio. As such, there are certain limited circumstances including, for example, in situations when one or more Hedged Classes suffers material losses, in which the liabilities of a particular Class will affect the Net Asset Value of other Classes.

#### SHARE CLASS CURRENCY DESIGNATION RISK

Hedged Classes may be available in a Portfolio and are designated in a currency other than the Base Currency of the relevant Portfolio. In such circumstances adverse exchange rate fluctuations between the Base Currency of a Portfolio and the class currency of the Hedged Classes may result in a decrease in return and/or a loss of capital for Shareholders. The Manager or the Sub-Investment Manager will try to mitigate this risk by using efficient portfolio management techniques and instruments or FDI, within the conditions and limits imposed by the Central Bank, to hedge the foreign currency exposure of the Hedged Classes into the Base Currency of the relevant Portfolio and, in the case of some Portfolios as noted in the relevant Supplements, into the currency or currencies in which the assets of the relevant Portfolio are denominated. Unless otherwise disclosed in the relevant Supplement, all Hedged Classes shall hedge 100% of their relevant class currency exposure. In this circumstance, the underlying relevant Portfolio's non-Base Currency exposure may remain exposed to currency fluctuations. Although a Hedged Class may not generally be leveraged as a result of the use of such techniques and instruments, the value of such instruments may be up to but may not exceed 105% of the Net Asset Value attributable to the relevant Hedged Class and will not be less than 95% of the portion of the Net Asset Value of the relevant Hedged Class which is to be hedged against this currency risk. The Manager and the Sub-Investment Manager will monitor hedging on at least a monthly basis and will reduce the level of hedging to ensure that any position that is materially in excess of 100% of the Net Asset Value shall not be carried forward from month to month. It may not be practical or efficient to hedge the foreign currency exposure of the Shares exactly to the currency or currencies in which all the assets of the relevant Portfolio are denominated. Accordingly in devising and implementing its hedging strategy the Manager and the Sub-Investment Manager may hedge the foreign currency exposure of the Shares to the major currencies in which the assets of the relevant Portfolio are, or are expected to be, denominated. In determining the major currencies against which the foreign currency exposure of the relevant Hedged Class should be hedged, the Manager and the Sub-Investment Manager may have regard to any index which is expected to closely correspond to the assets of the relevant Portfolio.

Where there is more than one category of Hedged Class in a Portfolio denominated in the same currency and it is intended to hedge the foreign currency exposure of such Classes, relative to the Base Currency of the relevant Portfolio or into the currency or currencies in which the assets of the relevant Portfolio are denominated, the Manager and the Sub-Investment Manager may aggregate the foreign exchange transactions entered into on behalf of such Hedged Classes and apportion the gains/loss on and the costs of the relevant financial instruments pro rata to each such Hedged Class in the relevant Portfolio.

Investors should be aware that this strategy may substantially limit Shareholders of the relevant Hedged Class from benefiting if the class currency falls against the Base Currency of the relevant Portfolio and/or the currency/currencies in which the assets of the relevant Portfolio are denominated. In such circumstances, Shareholders of the Hedged Class may be exposed to fluctuations in the Net Asset Value per Shares reflecting the gains/loss on and the costs of the relevant financial instruments.

In the case of a Hedged Class, other than a BRL Class or a CLP Class, a currency conversion will take place on subscriptions, redemptions, exchanges and distributions at the rate of exchange available to the Company and the cost of conversion will be deducted from the relevant Hedged Class. Subscriptions and exchanges into and redemptions, exchanges and distributions from BRL Classes and CLP Classes are in US Dollars.

Although hedging strategies may not necessarily be used in relation to each Class within a Portfolio, the financial instruments used to implement such strategies shall be assets/liabilities of the Portfolio as a whole. However, the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Hedged Class. Any currency exposure of a Hedged Class may not be combined with or offset with that of any other Class of the Portfolio.

Unhedged Classes in a Portfolio may provide returns to investors which are significantly different to the returns provided by Hedged Classes or Classes designated in the Base Currency of the relevant Portfolio. In such circumstances adverse exchange rate fluctuations between the Base Currency of a Portfolio and the class currency of the relevant Unhedged Classes may result in a decrease in return and/or a loss of capital for Shareholders in such Unhedged Classes.

Investors should be aware that the class currency of a particular Hedged Class may have a high correlation (negative or positive) with the investments of the underlying Portfolio. In such cases, fluctuations in the Net Asset Value of the Portfolio may be compounded (negatively or positively) by movements in the class currency of the Hedged Class. Investors should be aware that the level of volatility and return outcome of the Hedged Class, in these circumstances, may be materially different to the volatility and return outcome of Classes denominated in the Base Currency of the Portfolio.

#### **CHINESE YUAN RENMINBI SHARE CLASS CURRENCY RISK**

The Portfolios offer Classes designated in Chinese Yuan Renminbi the lawful currency of the People's Republic of China and investors should be aware that there may be additional risks involved in investing through CNY over and above those of investing in through other currencies. CNY Currency exchange rates may fluctuate significantly over short periods of time causing, along with other factors, the Net Asset Value per Share of Classes designated in CNY to fluctuate as well. Currency exchange rates generally are determined by the forces of supply and demand in the currency exchange markets and the relative merits of investments in different countries, actual or anticipated changes in interest rates and other complex factors, as seen from an international perspective. However, currency exchange rates in the PRC can also be affected unpredictably by intervention or failure to intervene by relevant governments or central banks or by currency controls or political developments.

The Company will seek to hedge foreign currency risks but as the foreign exchange of CNY is regulated, such hedging may only result in an imperfect hedge. In addition, investors in Portfolios for which the US Dollar is the Base Currency should note that CNY and US Dollar exchange rates have historically been closely correlated and hedging may be expensive in comparison with the actual risk hedged. There can be no assurance that any hedging, particularly such potentially imperfect hedging, will be successful and it may even be counter-productive. Equally, failure to hedge foreign currency risks may result in the Company bearing the burden of exchange rate fluctuations. The Company does not currently intend to hedge the currency exposure of its investments into the Base Currency.

In addition, currency markets in CNY may have lower trading volumes than the currencies of more developed countries and accordingly markets in CNY may be materially less liquid, subject to greater dealing spreads and experience materially greater volatility than those of other currencies. Government supervision and regulation of the exchange of CNY is also less developed than in many more developed countries and there is a greater measure of legal uncertainty concerning the rights and duties of market participants with respect to trades in CNY. As a result, the attention of investors in CNY designated Classes is drawn to the restrictions and limitations referred to under the heading "Information Specific to Redemptions" in the "Subscriptions and Redemptions" section of this Prospectus, including the potential imposition by the Manager of a redemption gate of 10% of all Shares in issue on any Dealing Day.

#### **DEPOSITARY RISK**

The assets of the Company and its Portfolios shall be held in custody by the Depositary and its sub-custodian(s) and/or any other custodians, prime broker and/or broker-dealers appointed by the Company and/or the Manager. Investors are hereby informed that cash and fiduciary deposits may not be treated as segregated assets and might therefore not be segregated from the relevant depositary, sub-custodian(s), other custodian/third party bank, prime broker and/or broker dealer's own assets in the event of the insolvency or the opening of bankruptcy, moratorium, liquidation or reorganisation proceedings of the depositary, sub-custodian(s), other custodian/third party bank, prime broker or the broker dealer as the case may be. Subject to specific depositor's preferential rights in bankruptcy proceedings set forth by regulation in



the jurisdiction of the relevant depositary, sub-custodian(s), other custodian/third party bank, prime broker or the broker dealer, a Portfolio's claim might not be privileged and may only rank pari passu with all other unsecured creditors' claims. Portfolios might not be able to recover all of their assets in full.

### **CUSTODIAL RISK**

As the Company may invest in markets where custodial and/or settlement systems are not fully developed, including in Emerging Market Countries, the assets of the Company which are traded in such markets which have been entrusted to sub-custodians in circumstances where the use of such sub-custodian is necessary, may be exposed to risk in certain limited circumstances (such as, in the case of a loss of assets where such loss is the result of an external event beyond its reasonable control) where the Depositary will have no liability. Currently, with the exception of securities depositaries such as Clearstream, Euroclear or DTC where the Depositary serves as a direct participant, all assets of the Portfolios are custodied within the Depositary's global network of sub-custodians whereby the appointment of an agent or sub-custodian in such a market shall not relieve the Depositary from its liability as principal for the acts or omissions of the agent.

A clearing broker with which margin assets are deposited in respect of futures and options or other hedging contracts shall not be a sub-custodian or agent of the Depositary for such purpose and the Depositary shall not be liable for the acts or omissions or any loss directly or indirectly caused by any margin assets transferred to or placed with such clearing brokers, provided the Depositary has acted in accordance with proper instructions as provided for in the Depositary Agreement in relation to such transfers. For this purpose, the phrase "margin assets" shall include cash or other assets of a Portfolio transferred to such clearing brokers by means of title transfer, for payment of margin due at the time of transfer or for amounts which may be placed with such clearing brokers and utilised for the Portfolio's trading in such futures and options. As these assets are passed to the broker by means of title transfer, once passed by the Company, they are no longer considered to be assets of the Portfolio and the Portfolio's assets in this respect will instead be the futures and options contracts that the margin assets support and the contractual right to the return of the margin assets by the broker on the termination of the relationship between the broker and the Company and/or the Manager.

### **RELIANCE ON THE MANAGER**

The Company will rely on the Manager in implementing its investment strategies. The bankruptcy or liquidation of the Manager may have an adverse impact on the Net Asset Value. Investors must rely on the judgement of the Manager in making investment decisions. The Manager and its principals and affiliates will however devote a substantial degree of their business time to the Company's business.

In addition,

- (a) The Portfolios may be prevented from dealing for legal, regulatory or policy reasons;
- (b) The Manager or its affiliates may have managed or co-managed a public offering of securities in respect of any Portfolio's holding of securities within the last three years from the date of this prospectus or may from time to time perform business for any company whose securities are contained in a Portfolio; and
- (c) The Manager, its affiliates, shareholders, directors, members, officers and/or employees may have long or short positions in any securities contained in the Portfolios' holdings or options, futures and other FDI based on these holdings.

### **SETTLEMENT RISKS**

The equity markets in different countries will have different clearance and settlement procedures and in certain markets there have been times when settlements have been unable to keep pace with the volume of transactions, thereby making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when assets of a Portfolio are uninvested and no return is earned thereon. The inability of a Portfolio to make intended purchases due to settlement problems could cause it to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to a Portfolio due to subsequent declines in value of the portfolio security or, if it has entered into a contract to sell the security it could result in a possible liability of it to the purchaser.

### **INDEMNIFICATION OBLIGATIONS**

The Company has agreed to indemnify the Directors, the Manager and the Depositary as provided for in the relevant agreements. The Company and the Manager have agreed to indemnify the Administrator as provided for in the administration agreement. The Manager has agreed to indemnify the Sub-Investment Manager as provided for in the relevant agreements.

### **PORTFOLIO TRANSACTION CHARGES**



Sales, redemption or transaction charges may be payable in respect of any Portfolio if specified in the “Fees and Expenses” section. **In the short-term, these charges will have the effect of reducing the value of an investment. Accordingly, an investor should view its investment in that Portfolio as medium- to long-term.**

#### **NO INVESTMENT GUARANTEE EQUIVALENT TO DEPOSIT PROTECTION**

An investment in the Company is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. The value of Shares may go down as well as up and investors may not get back any of the amount invested.

#### **PROVISIONAL ALLOTMENTS**

As the Company may provisionally allot Shares to proposed investors prior to receipt of the requisite subscription monies for those Shares the Company may suffer losses as a result of the non-payment of such subscription monies, including, for example, the administrative costs involved in updating the records of the Company to reflect Shares allotted provisionally which are not subsequently issued.

The Company will attempt to mitigate this risk by obtaining an indemnity from investors, however, there is no guarantee that the Company will be able to recover any relevant losses pursuant to such indemnity.

#### **BENCHMARK OUTPERFORMANCE RISK**

A Portfolio may have an investment objective or policy to outperform a specified benchmark, in the Base Currency of the Portfolio. Any such outperformance target will be a specific amount expressed in percentage terms relative to the benchmark and, unless otherwise stated in the Relevant Supplement, will be assessed after the deduction of any performance or sub-advisory fees but before the deduction of management, custody, administration and distribution (if any) fees and other Portfolio expenses. As such, the return of any investment in a Portfolio and consequently, the ability of a Shareholder in that Portfolio to realise a return in line with any outperformance targets set for the Portfolio against a stated benchmark, will be directly impacted by the level of such fees payable by the Portfolio.

In addition, certain Portfolios may set outperformance targets that are less than the maximum level of management, custody, administration and distribution fees and other Portfolio expenses applicable to certain Classes within such Portfolios. This may in some circumstances, result in Shareholders not receiving a positive return on their investment relative to the benchmark, notwithstanding that the Sub-Fund has achieved its stated outperformance target. Where the maximum level of management, custody, administration and distribution fees and other Portfolio expenses applicable to a Class is less than an outperformance target set for the relevant Portfolio, such fees and expenses will reduce the outperformance which the Class receives relative to the benchmark. In addition, Shareholders in a Hedged Class should note that, the costs of hedging may impact the ability of a Shareholder in that Portfolio to realise a return in line with any outperformance targets set for the Portfolio against a stated benchmark. Additionally, Shareholders in a Class which is denominated in a currency other than the Base Currency should note that, it may be more meaningful to compare the performance of such a Class against a version of this index which is denominated in the relevant Class currency (if available). Investors should also note that there is no guarantee that a Portfolio will achieve any stated outperformance target.

#### **COMMON REPORTING STANDARD**

The Council of the EU has adopted Directive 2014/107/EU, which amends Directive 2011/16/EU on administrative cooperation in the field of taxation. This 2014 Directive provides for the adoption of the regime known as the “Common Reporting Standard” proposed by the Organisation for Economic Co-operation and Development and has generalised the automatic exchange of information within the European Union with effect from 1 January 2016. Under these measures, the Company may be required to report information relating to Shareholders, including the identity and residence of Shareholders and income, sale or redemption proceeds received by Shareholders in respect of the Shares to the Irish Revenue. This information may then be shared with tax authorities in other EU Member States and other jurisdictions which have implemented the OECD Common Reporting Standard.

#### **UMBRELLA CASH COLLECTION ACCOUNTS**

Subscription monies received in respect of a Portfolio in advance of the issue of Shares will be held in an umbrella level cash collection account (an “Umbrella Cash Collection Account”) in the name of the Company. Investors will be unsecured creditors of such Portfolio with respect to the amount subscribed until such Shares are issued and will not benefit from any appreciation in the Net Asset Value of a Portfolio or any other shareholder rights (including dividend entitlement) until such time as Shares are issued. In the event of an insolvency of a Portfolio or the Company, there is no guarantee that the Portfolio or Company will have sufficient funds to pay unsecured creditors in full.

Payment by a Portfolio of redemption proceeds and dividends is subject to receipt by the Administrator of completed subscription documents and compliance with all anti-money laundering procedures. Notwithstanding this, redeeming Shareholders will cease to be Shareholders, with regard to the redeemed Shares, from the relevant Dealing Day. Redeeming Shareholders and Shareholders entitled to distributions will, from the redemption or distribution date, as appropriate, be unsecured creditors of the relevant Portfolio, and will not benefit from any appreciation in the Net Asset Value of the Portfolio or any other Shareholder rights (including further dividend entitlement), with respect to the redemption or distribution amount. In the event of an insolvency of the Portfolio or the Company during this period, there is no guarantee that the Portfolio or Company will have sufficient funds to pay unsecured creditors in full. Redeeming Shareholders and Shareholders entitled to distributions should therefore ensure that any outstanding documentation and information is provided to the Administrator promptly. Failure to do so is at such Shareholder's own risk.

In the event of the insolvency of Portfolio, recovery of any amounts to which any other Portfolio is entitled but which may have transferred to such insolvent Portfolio as a result of the operation of the Umbrella Cash Collection Account, will be subject to the principles of Irish trust law and the terms of the operational procedures for the Umbrella Cash Collection Account. There may be delays in effecting and/or disputes as to the recovery of such amounts and the insolvent Portfolio may have insufficient funds to repay amounts due to the relevant Portfolio. Accordingly, there is no guarantee that such Portfolio or the Company will recover such amounts. Furthermore, there is no guarantee that in such circumstances such Portfolio or the Company would have sufficient funds to repay any unsecured creditors.

## **2. OPERATIONAL RISKS**

### **BUSINESS AND REGULATORY RISKS**

Legal, tax, and regulatory changes are likely to occur during the term of the Company and some of these changes may adversely affect the Company, perhaps materially. The financial services industry generally, and the activities of collective investment schemes and their managers, in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Company's exposure to potential liabilities and to legal, compliance, and other related costs. Increased regulatory oversight may also impose additional administrative burdens on the Manager, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may direct the Manager's time, attention, and resources from portfolio management activities. In addition, certain regulatory changes, including restrictions imposed, may be imposed by reference to the overall assets managed by the Manager rather than solely in respect of the assets of the Company. In such circumstances, compliance by the Manager with such restrictions may give rise to a conflict of interest.

In addition, securities and futures markets are subject to comprehensive statutes, regulations, and margin requirements. The Central Bank, the FCA, other regulators, self-regulatory organisations, and exchanges are authorised to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions.

More generally, it is impossible to predict what, if any, changes in regulation applicable to the Company, the Manager, the markets in which they trade and invest, or the counterparties with which they do business may be instituted in the future. The effect of any future regulatory change on the Company could be substantial and adverse.

Investors should understand that the Company's business is dynamic and is expected to change over time. Therefore, the Company may be subject to new or additional regulatory constraints in the future. This Prospectus cannot address or anticipate every possible current or future regulation that may affect the Manager, the Company, or their businesses. Such regulations may have a significant impact on the Shareholders or the operations of the Company, including, without limitation, restricting the types of investments the Company may make, preventing the Company from exercising its voting rights with regard to certain financial instruments, requiring the Company to disclose the identity of its investors, or otherwise. The Directors may cause a Portfolio to be subject to such regulations if they believe that an investment or business activity is in such Portfolio's interests, even if such regulations may have a detrimental effect on one or more Shareholders. Prospective Shareholders are encouraged to consult their own advisers regarding an investment in the Company.

### **OPERATIONAL RISKS**

The Manager's operational risk management framework is based on the Basel II definition of operational risk which is 'the risk of loss resulting from inadequate or failed internal, processes, people and systems or from external events'. The Manager's management of operational risk is therefore aimed at identifying risks in existing processes and improving existing controls to reduce their likelihood of failure and the impact of losses.

The Company relies on the Manager and its affiliates to ensure there are appropriate systems and procedures to identify, assess and manage operational risk. These systems and procedures may not account for every actual or potential disruption of the Company's operations but only for those where an appetite of risk has been set. Given the nature of investment management activities, operational risks are intrinsic to the Company's operations, especially given the volume, diversity and complexity of transactions that the Company is expected to enter into daily.

The Company's control environment is highly dependent on the ability of the Manager and its affiliates to process, on a daily basis, transactions across numerous and diverse markets. Consequently, the Company relies heavily on the Manager's control environment which includes financial, accounting and other data processing systems. The ability of such systems to be scalable and adjust to the complexity of transactions could also constrain the ability of the Company to properly manage its portfolio.

Systemic failures in the systems employed by the Manager, the Depositary, the Administrator and/or counterparties, exchanges and similar clearance and settlement facilities and other parties could result in errors made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. These and other similar disruptions in operations may cause a Portfolio to suffer, among other impacts, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention or reputational damage. In such cases the Manager's operational risk framework allows for the appropriate investigation and compensation if required by the party at the root cause of the control failure.

## **COUNTERPARTY RISK**

The Company will be exposed to counterparty risk, which is the risk that a counterparty will fail to comply with the terms of an agreement, potentially resulting in losses to the Company. Counterparty risk may arise from a dispute over the terms of the contract (whether or not bona fide) or because of a liquidity or solvency problem. If there is a default by the counterparty to a transaction, the Company will under most normal circumstances have contractual or regulatory remedies and in some cases collateral pursuant to the agreements related to the transaction. However, exercising such rights may involve delays or costs which could result in the Net Asset Value of the relevant Portfolio being less than if the Portfolio had not entered into the transaction. Insolvency or bankruptcy of a counterparty could reduce or eliminate the amount recoverable by exercising legal rights. The insolvency, bankruptcy or default of a counterparty could result in substantial losses to the Company. Counterparty risk may be increased where the Company has concentrated certain types of transactions with a single or small group of counterparties.

FDI traded by the Company involve counterparty risk. Certain protections are afforded the Company for derivatives traded on an organised exchange and/or through a clearing organisation, such as a performance guarantee of an exchange clearing house. However, trading of such derivatives may expose the Company to the possibility that the futures commission merchant or clearing organisation will default in the performance of its obligations. OTC derivatives are contracts that are traded (and privately negotiated) directly between two parties which allow for tailored terms and generally are thought to pose greater counterparty risk. When the Company uses derivatives generally, it may be required to provide margin or collateral to satisfy contractual undertakings and regulatory requirements. These practices may not prevent the Company from incurring losses on derivatives transactions.

The participants in "over-the-counter" or "interdealer" markets are typically not subject to the regulatory oversight to which members of "exchange-based" markets are subject. The lack of oversight of such markets may expose the Company to greater risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Company to suffer a loss. Such counterparty risk is accentuated for contracts with longer maturities or forward settlements where events may intervene to prevent settlement.

If one or more of the Company's prime brokers, custodians or banks were to become insolvent or the subject of liquidation proceedings, there exists the risk that the recovery of the Company's securities and other assets from such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to such counterparty.

In addition, the Company may use counterparties which are subject to the laws and regulations of various local jurisdictions, the practical effect of which may subject the Company's assets to substantial limitations and uncertainties. Because of the large number of counterparties and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is not possible to generalise about the effect of an insolvency on the Company and its assets.

Regardless of any measures implemented to reduce counterparty risk there can be no assurance that a counterparty will not default or that the Company will not sustain losses as a result.

## **INFORMATION TECHNOLOGY SECURITY**

The Manager and Administrator maintain global information technology systems, consisting of infrastructure, applications and communications networks to support the Company's, as well as their own, business activities. These systems could be subject to security breaches such as 'cyber-crime' resulting in theft, a disruption in the ability to close out positions and the disclosure or corruption of sensitive and confidential information. Security breaches may also result in misappropriation of assets and could create significant financial and/or legal exposure for the Company. The Manager and the Administrator seek to mitigate attacks on their own systems but will not be able to control directly the risks to third-party systems to which it may connect. Any breach in security of the Manager's or Administrator's systems could have a material adverse effect on the Manager or the Administrator and may cause the Company to suffer, among other

things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. The Manager has a business continuity process in place in case of an event which impacts system availability.

#### **LIMITED OPERATING HISTORY**

Newly formed Portfolios have little or no operating history upon which investors can evaluate the anticipated performance. Past investment performance should not be construed as an indication of the future results of an investment in a Portfolio. The investment programme of a Portfolio should be evaluated on the basis that there can be no assurance that the Manager's assessments of the short-term or long-term prospects of investments, will prove accurate or that the Portfolio will achieve its investment objective.

#### **RELIANCE ON THIRD PARTY SERVICE PROVIDERS**

The Company has no employees and the Directors have been appointed on a non-executive basis. The Company is therefore reliant upon the performance of third party service providers for their executive functions. In particular the Manager and the Administrator will be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment, including in circumstances where the service provider has breached the terms of its contract, could have a materially detrimental impact upon the operations of the Company.

The success of the Company is largely dependent upon the Manager's skills and there can be no assurance that the Manager or the individuals employed by the Manager will remain willing or able to provide advice to, and trade on behalf of, the Company or that its trading will be profitable in the future.

#### **DELAYS TO SETTLEMENT CAUSED BY ADVERSE WEATHER**

Investors should note that adverse weather events such as tropical cyclone warning signals (number 8 or higher), black rainstorm warning signals in Hong Kong or other similar events may result in closures of markets and banks and consequent delays to the settlement of cash payments in respect of subscriptions into or redemptions from a Portfolio. In such circumstances, (i) subscription funds may not be available for investment by the Manager/the Sub-Investment Manager, which may have an adverse effect on the performance of the relevant Portfolio; and (ii) settlements in respect of redemption payments may not be received by redeeming investors within the four (4) Business Day target. In addition, delays to settlement in such circumstances may lead to additional transactional costs and interest charges which may be borne by either the Portfolio or the relevant investor.

### **3. MARKET RISKS**

#### **MARKET RISK**

The investments of a Portfolio are subject to normal market fluctuations and the risks inherent in investment in international securities markets and there can be no assurances that appreciation will occur. Stock markets can be volatile and stock prices can change substantially. Debt securities are interest rate sensitive and may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the issuer and general market liquidity. The magnitude of these price fluctuations will be greater when the maturity of the outstanding securities is longer. Since investment in securities may involve currencies other than the Base Currency of a Portfolio, the value of a Portfolio's assets may also be affected by changes in currency rates and exchange control regulations, including currency blockage. The performance of a Portfolio will therefore depend in part on the ability of the Manager to anticipate and respond to such fluctuations in stock prices, market interest rates and currency rates and to utilise appropriate strategies to maximise returns, while attempting to reduce the associated risks to investment capital.

#### **TEMPORARY DEPARTURE FROM INVESTMENT OBJECTIVE**

Where the ability to do so in respect of a Portfolio is disclosed in the relevant Supplement, when the Manager or the Sub-Investment Manager anticipates adverse market, economic, political or other conditions, it may temporarily depart from a Portfolio's investment objective and invest substantially in high-quality, short-term investments. This could help the Portfolio avoid losses but may also mean lost opportunities.

#### **RISKS RELATING TO DOWNSIDE PROTECTION STRATEGY**

Where a Portfolio's investment objective and investment approach seeks to provide downside risk management and aims at managing losses or preserve the capital of the Portfolio, through the use of prudent security selection and the implementation of hedging and/or efficient portfolio management techniques through the utilisation of FDI, it may also preclude the Portfolio from fully capturing the upside in rising markets. The Portfolio may therefore underperform funds

that do not adopt such a downside protection strategy in rising markets, due to the fact that the hedging strategies implemented will result in lower net exposure to the markets in which the Portfolio invests.

### **CURRENCY RISK**

The Net Asset Value per Share of a Portfolio will be computed in the Base Currency of the relevant Portfolio, whereas the investments held for the account of that Portfolio may be acquired in other currencies. The Base Currency value of the investments of a Portfolio designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. The Portfolio may attempt to fully or partially hedge into its Base Currency to mitigate the risk. In addition, currency hedging transactions, while potentially reducing the currency risks to which a Portfolio would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty.

Where a Portfolio engages in foreign exchange transactions which alter the currency exposure characteristics of its investments the performance of such Portfolio may be strongly influenced by movements in exchange rates as currency positions held by the Portfolio may not correspond with the securities positions held.

Where a Portfolio enters into “cross hedging” transactions (eg, utilising currency different than the currency in which the security being hedged is denominated), the Portfolio will be exposed to the risk that changes in the value of the currency used to hedge may not correlate with changes in the value of the currency in which the securities are denominated, which could result in loss on both the hedging transaction and the Portfolio securities.

### **POLITICAL AND/OR REGULATORY RISKS**

The value of the assets of a Portfolio may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in applicable laws and regulations.

### **EPIDEMICS, PANDEMICS, OUTBREAKS OF DISEASE AND PUBLIC HEALTH ISSUES**

The activities of the Company, the Manager and the Sub-Investment Managers, their respective operations and the Company's investments could be adversely affected by outbreaks of disease, epidemics and public health issues either regionally or globally, despite effective business continuity plans being in place. An example of this is coronavirus, or COVID-19, which is spreading rapidly around the world since its initial emergence in December 2019. The outbreak of the novel coronavirus in many countries has, among other things, disrupted global travel and supply chains, and adversely impacted global commercial activity, the transportation industry and commodity prices in the energy sector. The impact of this virus has negatively affected and may continue to affect the economies of many nations, individual companies and the global securities and commodities markets, including liquidity and volatility. The development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse effect on global economic and market conditions. Such conditions (which may be across industries, sectors or geographies) have impacted and may continue to impact certain issuers of the securities held by the Portfolios and in turn, may impact the financial performance of the Portfolios and also the business, financial condition and operations of the Company, the Manager and the Sub-Investment Managers.

Additionally, any outbreak of disease epidemics may result in the closure of the Manager's and the Sub-Investment Managers' offices or other businesses, and while the Company, the Manager and the Sub-Investment Managers' have robust remote working and business continuity procedures in place, it could impact the ability of the Manager and the Sub-Investment Managers and their service providers to operate and implement the Portfolios' investment strategies and objectives which can ultimately have an adverse impact on the Company's value. In addition, the Manager's and the Sub-Investment Managers' personnel may be directly impacted by the spread, both through direct exposure and exposure to family members. Even though the Manager's and the Sub-Investment Manager's business continuity procedures include measures to address the possibility of personnel contracting infectious disease that aim at mitigating the need for the Company to suspend its activities, the spread of a disease among the Manager's and the Sub-Investment Managers' personnel could significantly affect their ability to properly manage the affairs of the Company, resulting in the possibility of the Directors deciding to implement a temporary or permanent suspension of the Company's investment activities or operation, in accordance with the terms of this Prospectus.

Furthermore, the risks related to epidemics, pandemics and outbreaks of disease are heightened due to potential uncertainty as to whether such an event would qualify as a force majeure event for commercial agreements to which the Company is a party. The applicability, or lack thereof, of force majeure provisions could also come into question in connection with contracts that the Company and its investments have entered into, which could ultimately work to their detriment. If a force majeure event is determined to have occurred, a counterparty to the Company or a portfolio investment may be relieved of its obligations under certain contracts to which it is a party, or, if it has not, the Company and its investments may be required to meet their contractual obligations, despite potential constraints on their operations and/or financial stability. Either outcome could adversely impact investments and the Company's performance.



## EURO, EUROZONE AND EUROPEAN UNION STABILITY RISK

In light of ongoing concerns on the sovereign debt risk of certain EU Member States within the Eurozone, the Company's investments in the Euro region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU Member States from the Eurozone, may have a negative impact on the value of the Portfolios.

On 23 June 2016 the United Kingdom held a referendum and voted to leave the European Union. This has led to volatility in the financial markets of the United Kingdom and more broadly across Europe and may also lead to weakening in consumer, corporate and financial confidence in such markets. On 31 January 2020, the United Kingdom formally left the European Union and entered into a transition period that lasted until 31 December 2020. On 24 December 2020, a formal withdrawal agreement was agreed between the European Union and the United Kingdom the terms of which dictate the extent and process by which the United Kingdom exits the European Union, and the longer term economic, legal, political and social framework to be put in place between the United Kingdom and the European Union (the **"Withdrawal Agreement"**). The Withdrawal Agreement took effect on 1 January 2021.

Notwithstanding the avoidance of a "no-deal Brexit" and the increased uncertainty that would likely have accompanied such a scenario, the United Kingdom's exit from the European Union will likely lead to exacerbated periods of volatility and economic uncertainty in both the United Kingdom and in wider European markets in the short to mid-term. In particular, the decision made in the British referendum may lead to a call for similar referendums in other European jurisdictions which may cause increased economic volatility in the European and global markets. This uncertainty may have an adverse effect on the economy generally and on the ability of the Portfolios to execute their respective strategies and to receive attractive returns.

Leaving the EU may also result in significant changes to law and regulation in the United Kingdom. It is not currently possible to assess the effect of these changes on the Company or the position of the Shareholders. Investors should be aware that these and other similar consequences following from the referendum result may adversely affect the value of the Shares and the Company's performance.

Other unforeseen investment or operational risks may exist related to the possibility of one or more members exiting the Eurozone or EU, or the Eurozone or EU otherwise not remaining intact.

## CESSATION OF LIBOR

The London Inter-bank Offered Rate ("LIBOR") is the average of interest rates estimated by leading banks in London, based on what they would be charged to borrow from other banks. The Portfolios historically undertook transactions in instruments that were valued using LIBOR rates or entered into contracts which determined payment obligations by reference to LIBOR for risk reducing and efficient portfolio management purposes. On 27 July 2017, the FCA announced that LIBOR would be phased out by 2021 but since then, ICE Benchmark Administration, the administrator of LIBOR, announced in mid-November 2020, that some LIBOR rates would continue to be published into 2022. However, where Portfolios' use of LIBOR didn't fall within the limited circumstances that have continued beyond 2021, the Portfolios only invested in instruments that reference LIBOR until the end of 2021 and transition mechanisms have been determined by industry that allow existing instruments and contracts that reference LIBOR to reference a new rate. Although a number of LIBOR substitute reference rates have been proposed, no one rate has yet been agreed and adopted universally as a substitute for LIBOR. The cessation of LIBOR creates some risks for the Company, which include the risk that transition mechanisms adopted may not be suitable for the Portfolios and that any substitute reference rate and any pricing adjustments imposed unilaterally, by a regulator or by counterparties, may not be suitable for the Portfolios, resulting in costs incurred to close out positions and place replacement trades.

## INVESTMENT SELECTION AND DUE DILIGENCE PROCESS

Before making investments, the Manager will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. The Manager may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. The Manager may select investments on the basis of information and data filed by the issuers of such securities with various regulatory bodies or made directly available to the Manager by the issuers of the securities and other instruments or through sources other than the issuers. Outside consultants, legal advisers, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Although the Manager evaluates all such information and data and seeks independent corroboration when it considers it appropriate and when it is reasonably available, the Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data. The due diligence investigation that the Manager will carry out with respect to any investment opportunity may not reveal or highlight certain facts that could adversely affect the value of the investment.

## EQUITY SECURITIES

Equity securities represent ownership interests in a company or corporation, and include common stock, preferred stock and warrants and other rights to acquire such instruments. Investment in equity securities in general are subject to market risks that may cause their prices to fluctuate over time due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors. The value of convertible equity securities is also affected by prevailing interest rates, the credit quality of the issuer and any call provisions. Fluctuations in the value of equity securities in which the Portfolio invests would cause the Net Asset Value of the Portfolio to fluctuate.

## **WARRANTS**

When a Portfolio invests in warrants, the Net Asset Value per Share of the Portfolio may fluctuate more than if the Portfolio was invested in the underlying securities because of the greater volatility of the warrant price.

## **DEPOSITARY RECEIPTS**

Portfolios may purchase sponsored or unsponsored American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts (collectively "Depositary Receipts") typically issued by a bank or trust company which evidence ownership of underlying securities issued by a corporation. Generally, Depositary Receipts in registered form are designed for use in the US securities market and Depositary Receipts in bearer form are designed for use in securities markets outside the US. Depositary Receipts may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. Depositary Receipts may be issued pursuant to sponsored or unsponsored programs. In sponsored programs, an issuer has made arrangements to have its securities trade in the form of Depositary Receipts. In unsponsored programs, the issuer may not be directly involved in the creation of the program. Although regulatory requirements with respect to sponsored and unsponsored programs are generally similar, in some cases it may be easier to obtain financial information from an issuer that has participated in the creation of a sponsored program. Accordingly, there may be less information available regarding issuers of securities underlying unsponsored programs and there may not be a correlation between such information and the market value of the Depositary Receipts.

## **REITS**

In respect of a Portfolio which may invest in Real Estate Investment Trust Securities ("REITs"), which are pooled investment vehicles that invest primarily in either real estate or real estate related loans, there are particular risks associated with the direct ownership of real estate by REITs. For example, real estate values may fluctuate as a result of general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, changes in zoning laws, casualty or condemnation losses, regulatory limitations on rents, changes in neighbourhood values, changes in how appealing properties are to tenants and increases in interest rates. As well as changes in the value of their underlying properties, the value of REITs may also be affected by defaults by borrowers or tenants.

Furthermore, REITs are dependent on specialised management skills. Some REITs may have limited diversification and may be subject to risks inherent in financing a limited number of properties. REITs depend generally on their ability to generate cash flows to make distributions to shareholders or unitholders, and may be subject to defaults by borrowers and to self-liquidations. In addition, the performance of a REIT may be adversely affected if it fails to qualify for tax-free pass-through of income under US tax law or if it fails to maintain exemption from registration under the 1940 Act.

The ability to trade REITS in the secondary market can be more limited than other stocks. The liquidity of REITS on the major US stock exchanges is on average less than the typical stock included in, for example, the S&P 500 Index.

## **RISKS ASSOCIATED WITH MORTGAGE REITS**

Mortgage REITs, which invest the majority of their assets in real estate mortgages and derive their income mainly from interest payments, may be affected by the quality of any credit extended. In addition to the risks which REITs are subject to, mortgage REITs are also subject to interest rate risks. When interest rates decline, the value of a REIT's investments in fixed rate obligations can be expected to rise. Conversely, when interest rates rise, the value of a REIT's investments in fixed rate obligations can be expected to decline. In contrast, as interest rates on adjustable rate mortgage loans are reset periodically, yields on a REIT's investments in such loans will gradually align themselves to reflect changes in market interest rates, causing the value of such investments to fluctuate less dramatically in response to interest rate fluctuations than would investments in fixed rate obligations.

Furthermore, mortgage REITs are dependent upon management skills and generally may not be diversified. Mortgage REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. There is also the risk that borrowers under mortgages held by REITs or lessees of a property that REITs may own may be unable to meet their obligations to the REITs. In the event of a default by a borrower or lessee, the REITs may experience delays in enforcing its rights as a mortgage or lessor and may incur substantial costs associated with protecting its investments.

## **RISKS ASSOCIATED WITH HYBRID REITS**



Hybrid REITs combine the characteristics of both mortgage REITs and equity REITs (which invest the majority of their assets directly in real property and derive their income from rents and capital gains from appreciation realised through property sales). Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of any credit extended. Given the diversification between equity REITs and Mortgage REITs, hybrid REITs intend to get the benefit of both asset classes with less risk than investing in one type of REIT. However, depending on whether a balanced approach is taken between investing between the two types, hybrid REITs may take exposure to the risks associated with both mortgage REITs and equity REITs concurrently.

### **SMALL CAP RISK**

In respect of Portfolios which may invest in small capitalisation companies, such investments involve greater risk than is customarily associated with investments in larger, more established companies due to the greater business risks of small size, limited markets and financial resources, narrow product lines and a frequent lack of depth of management. The securities of small or medium-sized companies are often traded over-the-counter, and may not be traded in volumes typical of securities traded on a national securities exchange. Consequently, the securities of smaller companies may have limited market stability and may be subject to more abrupt or erratic market movements than securities of larger, more established companies or the market averages in general. In a declining market these stocks can also be hard to sell at a price that is beneficial to the Portfolio.

### **EXCHANGE TRADED FUNDS (“ETFs”)**

ETFs are investment companies whose shares are bought and sold on a securities exchange. ETFs invest in a portfolio of securities designed to track a particular market segment or index. ETFs, like mutual funds, have expenses associated with their operation, including advisory fees. When a Portfolio invests in an ETF, in addition to directly bearing expenses associated with its own operations, it will bear a pro rata portion of the ETF's expenses. Such ETF's expenses may make owning shares of the ETF more costly than owning the underlying securities directly. The risks of owning shares of an ETF generally reflect the risks of owning the underlying securities the ETF is designed to track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio of securities.

An exchange traded fund (ETF), which is an investment company, may trade in the secondary market at a price below the value of its underlying portfolio and may not be liquid. An actively managed ETF's performance will reflect its adviser's ability to make investment decisions that are suited to achieving the ETF's investment objectives. A passively managed ETF may not replicate the performance of the index it intends to track.

### **INVESTMENT TECHNIQUES**

There are certain investment risks which apply in relation to techniques and instruments which the Manager may employ for efficient portfolio management purposes including, but not limited to, the techniques listed below. To the extent that the Manager's expectations in employing such techniques and instruments are incorrect, a Portfolio may suffer a substantial loss having an adverse effect on the Net Asset Value of the Shares.

### **QUANTITATIVE RISKS**

The investment strategy of certain Portfolios may employ quantitative algorithms and models that rely heavily on the use of proprietary and non-proprietary data, software and intellectual property that may be licensed from a variety of sources. The quality of the resulting analysis and investment selections produced by the portfolio construction process depends on a number of factors including the accuracy of voluminous data inputs into the quantitative models used in the investment process, the mathematical and analytical underpinnings of the coding, the accuracy in translating those analytics into program code, the speed that market conditions change and the successful integration of the various quantitative models in the portfolio selection process. To a significant extent, the performance of a strategy that utilises quantitative investment techniques will depend on the success of implementing and managing the investment models that assist in allocating the Portfolios' assets.

Models that have been formulated on the basis of past market data may not be predictive of future price movements. Models may not be reliable if unusual or disruptive events cause market moves the nature or size of which are inconsistent with the historic performance of individual markets and their relationship to one another or to other macroeconomic events. Models may also have hidden biases or exposure to broad structural or sentiment shifts. In the event that actual events fail to conform to the assumptions underlying such models, losses could be incurred.

Quantitative investment techniques also present the risk that errors may occur and such errors may be extremely hard to detect. In some cases, an error can go undetected for a long period of time. In many cases it is not possible to fully quantify the impact of an error given the dynamic nature of the quantitative models and changing markets. Analytical errors, software errors, development errors and implementation errors as well as data errors are inherent risks. Quantitative investment techniques often require timely and efficient execution of transactions. Inefficient execution of trades can eliminate the ability to capture the pricing differentials that the strategy seeks to capture

## SECURITISATION RISKS

Shareholders should be aware that certain Portfolios may become subject to certain risk retention and due diligence requirements (the **"EU Risk Retention and Due Diligence Requirements"**) which currently apply to various types of EU regulated investors, including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, institutions for occupational retirement schemes and will apply to UCITS. Amongst other things, the EU Risk Retention and Due Diligence Requirements restrict an investor who is subject to them from investing in securitisations unless: (i) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed that it will retain, on an on-going basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or securitised exposures; and (ii) such investor is able to demonstrate that they have undertaken certain due diligence in respect of various matters including but not limited to its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator.

Where the EU Risk Retention and Due Diligence Requirements apply to a Portfolio, such Portfolio (and the Manager on its behalf) will be required to take steps to ensure that the relevant Portfolio is in compliance with them and any regulatory technical standards that are imposed on the Portfolio pursuant to them. In particular, the EU Risk Retention and Due Diligence Requirements are likely to require that the relevant Portfolio ensures that all its holdings of securitisations (including certain securitisations issued prior to the EU Risk Retention and Due Diligence Requirements coming into force) are compliant and the Portfolio may be required to dispose of any such holdings that are non-compliant. Under such circumstances, a Portfolio could sustain losses.

## CONCENTRATION RISK

Subject to the provisions of the UCITS Regulations, a Portfolio may at certain times hold large positions in a relatively limited number of issuers, investments, industries, markets or countries including, without limitation, as a result of price shifts of its investments, changes in the composition of a Portfolio's overall portfolio and other factors. A Portfolio could be subject to significant losses if it holds a relatively large position in a single issuer or a particular type of investment that declines in value and the losses could increase even further if the investments cannot be liquidated without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances. Additionally, where a Portfolio's investments are concentrated in a particular country, the Portfolio will have greater exposure to market, political, legal, economic and social risks of that country than a fund which diversifies country risk across a number of countries. As a result, the value of such Portfolios may be more volatile than a fund which diversifies across a larger number of countries or investments.

## TARGET VOLATILITY

While the Company may seek to manage a Portfolio to a certain target annual volatility, there can be no assurance that this target will be achieved or that the actual annual volatility of such Portfolios will not be in excess or less than the target.

## VALUATION RISK

Valuation of the Portfolios' investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of a Portfolio

## PRIVATE COMPANIES AND PRE-IPO INVESTMENTS

Investments in private companies, including companies that have not yet issued securities publicly in an IPO ("Pre-IPO shares") involve greater risks than investments in securities of companies that have traded publicly on an exchange for extended periods of time. Investments in these companies are generally less liquid than investments in securities issued by public companies and may be difficult for a Portfolio to value. Compared to public companies, private companies may have a more limited management group and limited operating histories with narrower, less established product lines and smaller market shares, which may cause them to be more vulnerable to competitors' actions, market conditions and consumer sentiment with respect to their products or services, as well as general economic downturns. In addition, private companies may have limited financial resources and may be unable to meet their obligations under their existing credit facilities (to the extent that such facilities exist), resulting in a greater likelihood of the dilution or subordination of a Portfolio's investment in such private company.

Additionally, there may be less information, and less reliable information, available in relation to private companies' business, management and earnings potential and other data criteria used to evaluate their investment prospects. Financial reporting obligations for private companies are not as rigorous as public companies, accordingly the information available may be less reliable and it may be difficult to fully assess the rights and values of certain securities issued by private companies.

Although there is a potential for pre-IPO shares to increase in value if the company does issue shares in an IPO, IPOs are risky and volatile and may result in losses to a Portfolio. Moreover, because securities issued by private companies are generally not freely or publicly tradable, a Portfolio may not have the opportunity to purchase or the ability to sell these shares in the amounts or at the prices the Portfolio desires. The private companies that a Portfolio may invest in may not ever issue shares in an IPO and a liquid market for their pre-IPO shares may never develop, which may negatively affect the price at which a Portfolio can sell these shares and make it more difficult to sell these shares, which could also adversely affect a Portfolio's liquidity.

## **OFF-EXCHANGE TRANSACTIONS**

A Portfolio may enter into off-exchange transactions. Off-exchange contracts are not currently regulated and such contracts are not guaranteed by an exchange or clearing house. Consequently, trading in these contracts is subject to more risks than future or options trading on regulated exchanges, including, but not limited to, the risk that a counterparty will default on an obligation. Off-exchange transactions are also subject to legal risks, such as the legal incapacity of a counterparty to enter into a particular contract or the declaration of a class of contracts as being illegal or unenforceable.

## **SUSTAINABLE INVESTMENT STYLE RISK**

Certain Portfolios' application of ESG criteria is designed and utilised to help identify companies that demonstrate the potential to create economic value or reduce risk; however as with the use of any investment criteria in selecting a portfolio of issuers or securities, there is no guarantee that the criteria used by such Portfolios will result in the selection of issuers or securities that will outperform other issuers/securities, or help reduce risk in the relevant Portfolio. The use of the Portfolio's ESG criteria could also affect the Portfolio's exposure to certain sectors or industries, and could impact the Portfolio's investment performance depending on whether the ESG criteria used are ultimately reflected in the market.

ESG criteria considered by certain Portfolios may result in such Portfolios forgoing opportunities to buy certain securities when it might otherwise be advantageous to do so and/or selling securities due to their sustainable characteristics when it might not be advantageous to do so. As such, the application of ESG criteria may restrict the ability of the certain Portfolios to acquire or dispose of their investments at a price and time that they wish to do so and may therefore result in a loss to such Portfolios.

Information used to evaluate a Portfolio's application of ESG factors, like other factors used to identify companies in which to invest, may not be readily available, complete, or accurate, which could negatively impact certain Portfolios' performance or create additional risk in that Portfolio.

There is a lack of a global classification of ESG evaluation methodologies and the way in which different funds will apply ESG criteria may vary, as there are not yet commonly agreed principles and metrics for assessing the sustainable characteristics of investments of ESG funds. The lack of a global classification of ESG evaluation methodologies may also affect the Manager's and a Sub-Investment Manager's ability to measure and assess the environmental and social impact of a potential investment for certain Portfolios.

## **COMMODITIES RISKS**

A Portfolio's exposure to the commodities markets, and/or a particular sector of the commodities markets, may subject the Portfolio to greater volatility than investments in traditional securities, such as stocks and bonds. The commodities markets may fluctuate widely based on a variety of factors, including changes in overall market movements, domestic and foreign political and economic events and policies, war, acts of terrorism, changes in domestic or foreign interest rates and/or investor expectations concerning interest rates, domestic and foreign inflation rates and investment and trading activities of mutual funds, hedge funds and commodities funds. Prices of various commodities may also be affected by factors such as drought, floods, weather, pandemic, livestock disease, embargoes, tariffs and other regulatory developments. The prices of commodities can also fluctuate widely due to supply and demand disruptions in major producing or consuming regions. Such fluctuations might adversely impact the value of the Portfolio.

### **3.a MARKET RISKS: RISKS RELATING TO DEBT SECURITIES**

#### **FIXED INCOME SECURITIES**

Fixed income securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). In addition, a Portfolio may invest in fixed-income securities which are interest rate sensitive. An increase in interest rates will generally reduce the value of fixed-income securities, while a decline in interest rates will generally increase the value of fixed-income securities. The performance of such Portfolios will therefore depend in part on the ability to anticipate and respond to such fluctuations on market interest rates, and to utilise appropriate strategies to maximise returns, while attempting to minimise the associated risks to investment capital. Fixed income securities are also exposed to the risk that their or

their issuers' credit ratings may be downgraded, which can cause a significant drop in the value of such securities. In the event of such downgrading, the value of a Portfolio may be adversely affected. The Manager or the Sub-Investment Manager may or may not be able to dispose of the debt instruments that are being downgraded.

### **INTEREST RATE RISK**

Portfolios that invest in debt securities or money market instruments are subject to interest rate risk. The value of a debt or debt related security will generally increase when interest rates fall and decrease in value when interest rates rise. Interest rate risk is the chance that such movements in interest rates will negatively affect the value of a security or, in a Portfolio's case, its Net Asset Value. Securities with greater interest rate sensitivity and longer maturities tend to produce higher yields, but are subject to greater fluctuations in value. As a result, securities with a longer maturity tend to offer higher yields for this added risk. While changes in interest rates may affect a Portfolio's interest income, such changes may positively or negatively affect the Net Asset Value of a Portfolio on a daily basis.

### **CREDIT RISK**

A Portfolio will have a credit risk in respect of the issuers of debt securities in which it invests, which will vary, along with the value of the securities themselves depending on the issuer's ability to make principal and interest payments in respect of its obligation or markets' perception of this ability. In addition, not all of the securities in which a Portfolio may invest that are issued by sovereign governments or political subdivisions, agencies or instrumentalities thereof, will have the explicit full faith and credit support of the relevant government. Any failure by any such government to meet the obligations of any such political subdivisions, agencies or instrumentalities may have adverse consequences for a Portfolio and adversely affect the Net Asset Value per Share in such a Portfolio.

Credit ratings provided by Recognised Rating Agencies are relative and subjective and are not absolute standards of quality. Although these ratings are initial criteria for selection of investments, the Manager and/or the Sub-Investment Manager also make their own evaluation of these securities and issuers. Among the factors that are considered are the long-term ability of the issuers to pay principal and interest and general economic trends.

### **BOND DOWNGRADE RISK**

A Portfolio may invest in investment grade bonds, however, where a bond is subsequently downgraded it may continue to be held in order to avoid a distressed sale. To the extent that a Portfolio does hold such bonds, there will be an increased risk of default on repayment, which in turn translates into a risk that the capital value of a Portfolio will be affected. Investors should be aware that the yield or the capital value of a Portfolio (or both) could fluctuate.

### **LOWER RATED SECURITIES**

In respect of Portfolios which may invest in lower rated or unrated (ie, non-investment grade or high yield) securities, such securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates. Investors should carefully consider the relative risks of investing in high yield securities and understand that such securities generally are not meant for short-term investing.

The risk of loss due to default by these issuers is significantly greater because lower rated and unrated securities of comparable quality generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. In addition, Portfolios which invest in such securities may find it more difficult to sell high yield securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Furthermore, such Portfolios may experience difficulty in valuing certain securities at certain times. Prices realised upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating the Net Asset Value per Share of such Portfolios. Lower rated or unrated fixed income obligations also present risks based on payment expectations. If an issuer calls the obligations for redemption, a Portfolio holding such security may have to replace the security with a lower yielding security, resulting in a decreased return for investors. If such Portfolio experiences unexpected net redemptions, it may be forced to sell its higher rated securities, resulting in a decline in the overall credit quality of its assets and increasing its exposure to the risks of high yield securities.

### **PRE-PAYMENT RISK**

Certain debt or debt-related securities, such as mortgage-backed and asset-backed securities, give an issuer the right to call its securities before their maturity date. The possibility of such prepayment risk may force a Portfolio to reinvest the proceeds of such investments in securities offering lower yields.

### **RULE 144A SECURITIES**

Some of the Portfolios may invest in so-called Rule 144A securities, which are securities that are not required to be registered for resale in the United States under an exemption pursuant to Section 144A of the 1933 Act ("Rule 144A Securities"), but can be sold in the United States to certain institutional buyers. A Portfolio may invest in Rule 144A Securities, provided that its investment objective and policies enable such investment and that such securities are issued with registration rights pursuant to which such securities will be registered under the 1933 Act and traded on the US OTC Fixed Income Securities market within a year of issue and are not considered illiquid. Such securities shall be considered as newly issued transferable securities within the meaning of point 1 of the table "*Investment Restrictions*" section.

In the event that any such securities are not registered under the 1933 Act within one year of issue, such securities shall be considered as falling under section 2.1 of the "*Investment Restrictions*" section, and subject to the 10% limit of the net assets of the Portfolio applicable to the category of securities referred to therein.

### **SECURITIES LENDING RISK**

Where a Portfolio may engage in securities lending, there is a risk that borrowers of securities from the Portfolio may become insolvent or otherwise become unable to meet, or refuse to honour, their obligations to return equivalent securities to the loaned securities. In this event, the Portfolio could experience delays in recovering the securities and may incur a capital loss. There is also the risk that, as a result of portfolio securities being lent, they may not be available to the Portfolio on a timely basis and the Portfolio may, therefore, lose an opportunity to sell the securities at a desirable price. In addition, the Company's right to exercise voting rights in relation to certain investments on behalf of a Portfolio may be impacted as result of such transactions.

If a counterparty to the securities lending transactions defaults and fails to return equivalent securities to those loaned the Portfolio may suffer a loss equal to the shortfall between the value of the realised collateral and the market value of the replacement securities. To the extent that any securities lending is not fully collateralised (for example, due to timing lags associated with the posting of collateral), the Portfolio will have a credit risk exposure to the counterparty of a securities lending contract. The Portfolio could also lose money if the value of collateral falls. These events could trigger adverse tax consequences for the Portfolio.

The use of securities lending may also adversely affect the liquidity of the Portfolio and will be considered by the Manager and the Sub-Investment Manager in managing the Portfolio's liquidity risk.

The Company employs an appropriate liquidity risk management process, which takes the securities lending activity that the Portfolio may engage in into account, in order to ensure that the Portfolio is able to comply with its stated redemption obligations. However, it is possible that in the type of circumstances described above, the Portfolio may not be able to realise sufficient assets to meet all redemption requests that it receives or the Company may determine that the circumstances are such that meeting some or all of such requests is not in the best interests of the Shareholders as a whole. In such circumstances, the Manager may take the decision to apply the redemption gate provisions described under "*Information Specific to Redemptions*" in the "*Subscriptions & Redemptions*" section of the Prospectus or suspend dealings in the relevant Portfolio as described in the "*Temporary Suspension of Dealings*" section of the Prospectus.

### **REPURCHASE/REVERSE REPURCHASE RISK**

The value of the collateral of Repo Contracts will be maintained to at least equal to the value of the assets transferred by the relevant Portfolio, in the event of a sudden market movement there is a risk that the value of such collateral may fall below the value of the securities transferred.

In relation to repurchase transactions, investors must notably be aware that (a) in the event of the failure of the counterparty with which cash of a Portfolio has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (b) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of a Portfolio to meet redemption requests, security purchases or, more generally, reinvestment; and that (c) Repurchase Transactions will, as the case may be, further expose a Portfolio to risks similar to those associated with option or forward FDI, which risks are further described in other sections of this prospectus.

### **ASSET-BACKED AND MORTGAGE-BACKED SECURITIES**

In respect of Portfolios which may invest in such securities, asset-backed securities are created by the grouping of certain governmental, government-related and private loans, receivables and other lender assets into pools and mortgage-backed securities represent pools of mortgage loans assembled for sale to investors by various US governmental agencies such as the Government National Mortgage Association ("GNMA") and US government-related organisations such as Fannie Mae and the Federal Home Loan Mortgage Corporation ("FHLMC"), as well as by non-governmental issuers such as commercial banks, savings and loan institutions, mortgage bankers, and private mortgage insurance companies. Mortgage-backed securities are instruments that entitle the holder to a share of all interest and principal



payments from mortgages underlying the security. The mortgages backing these securities include conventional fifteen- and thirty-year fixed-rate mortgages, graduated payment mortgages, adjustable rate mortgages and balloon mortgages. Asset-backed securities are issued as pass-through certificates, which represent undivided fractional ownership interests in the underlying pool of assets, or as debt instruments that are generally issued as the debt of a special purpose entity, such as a trust, organised solely for the purpose of owning such assets and issuing such debt. As the name implies, a pass-through certificate passes on the monthly principal and interest payments from a pool of mortgage loans to holders of the security. Since the loans held in the asset pool often may be prepaid without penalty or premium, asset-backed securities are generally subject to higher prepayment risks than most other types of debt instruments. The pass-through certificate is also the most common structure for mortgage-backed securities. A pass-through certificate issuer acquires mortgages either by originating them or by purchasing them in the whole-loan market. Many mortgages with similar characteristics are collected into a pool, and undivided ownership interests in the pool are sold as pass-through certificates. The undivided interest entitles the owner of the security to a pro rata share of all interest payments and all scheduled or prepaid principal payments.

Prepayment risks on mortgage-backed securities tend to increase during periods of declining mortgage interest rates. Depending upon market conditions, the yield that a Portfolio receives from the reinvestment of such prepayments, or any scheduled principal payments, may be lower than the yield on the original mortgage-backed security. As a consequence, mortgage-backed securities may be a less effective means of “locking in” interest rates than other types of debt securities having the same stated maturity and may also have more potential for capital depreciation.

For certain types of asset pools, such as collateralised mortgage obligations or collateralised debt obligations (both of which consist of bonds issued by single-purpose, stand-alone finance subsidiaries or trusts of financial institutions, government agencies, investment banks, or companies related to the construction industry), prepayments may be allocated to one tranche of securities ahead of other tranches, in order to reduce the risk of prepayment for the other tranches. Prepayments may result in a capital loss to a Portfolio to the extent that the prepaid mortgage-backed securities were purchased at a market premium over their stated amount.

The asset-backed and mortgage-backed securities in which Portfolios may invest will be transferable securities and in accordance with the UCITS Regulations no more than 10% of any Portfolio's net assets will be invested in asset-backed and mortgage-backed securities and any other transferable securities which are not listed or traded on a Recognised Market.

### **RISKS OF INVESTING IN CONVERTIBLE BONDS**

Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles are exposed to equity movement and greater volatility than traditional bond investments while still being subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable traditional bond investments.

### **RISKS OF INVESTING IN CONTINGENT CONVERTIBLE BONDS**

Generally, convertible securities are subject to the risks associated with both fixed income securities and equities, namely credit, price and interest rate risk.

#### **Trigger risk**

Contingent convertible bonds are a type of debt security that may be converted into equity or could be forced to suffer a write down of principal upon the occurrence of a pre-determined event (“the trigger event”). The trigger event is ordinarily linked to the financial position of the issuer and therefore the conversion is likely to occur as a result of a deterioration of the relative capital strength of the underlying. As a result, it is likely that the conversion to equity would occur at a share price, which is lower than when the bond was issued or purchased. In stressed market conditions, the liquidity profile of the issuer can deteriorate significantly and it may be difficult to find a ready buyer which means that a significant discount may be required in order to sell it. Contingent convertible bonds can also be issued as perpetual bonds (ie, bonds without a maturity date), while these will have call dates, there is no guarantee that the issue will be called on this date and there is a possibility that the bond may never be called resulting in a total loss of the original capital investment.

#### **Write-down risks**

In some cases, the issuer may cause a convertible security to be written down in value based on the specific terms of the individual security if a pre-specified trigger event occurs. There is no guarantee that a Portfolio will receive return of principal on contingent convertible securities.

#### **Coupon cancellation**

Furthermore, coupon payments may be discretionary and can be cancelled at any time, for any reason. As a result, investment in contingent convertible bonds can carry higher risk than investment in traditional debt instruments/convertibles and, in certain cases, equities; the volatility and risk of loss can be significant.

#### **Capital structure inversion risk**

Contingent convertible securities are typically structurally subordinated to traditional convertible bonds in the issuer's capital structure. In certain scenarios, investors in contingent convertible securities may suffer a loss of capital ahead of equity holders or when equity holders do not.

#### **Call extension risk**

Contingent convertible securities are subject to extension risk. Contingent convertible securities are perpetual instruments and may only be callable at predetermined dates upon approval of the applicable regulatory authority. There is no guarantee that a Portfolio will receive return of principal on contingent convertible securities.

#### **Yield/valuation risk**

The valuation of contingent convertible securities is influenced by many unpredictable factors such as:

- (i) the creditworthiness of the issuer and the fluctuations in the issuer's capital ratios;
- (ii) the supply and demand for contingent convertible securities;
- (iii) the general market conditions and available liquidity; and
- (iv) the economic, financial and political events that affect the issuer, the market it is operating in or the financial markets in general.

#### **Liquidity Risk**

Contingent convertible securities may experience periods of lower liquidity caused by market events, lower new issues during a period or large sales and such events may raise the risk that these securities will not be able to be sold during those periods or may have to be sold at reduced prices. Those events may challenge a Portfolio to meet significant volumes of redemption requests and may also influence the value of a Portfolio, as the lower liquidity in these assets may be reflected in a corresponding reduction in the Net Asset Value of the Portfolio.

#### **Unknown risk**

Contingent convertible bonds are a relatively new instrument and the trigger events are generally untested, therefore it is uncertain how the asset class will perform in stressed market conditions and risk to capital, and volatility could be significant.

#### **Subordinated Instruments**

CoCos will, in the majority of circumstances, be issued in the form of subordinated debt instruments in order to provide the appropriate regulatory capital treatment prior to a conversion. Accordingly, in the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of the CoCos, against the issuer in respect of or arising under the terms of the CoCos shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer. In addition, if the CoCos are converted into the issuer's underlying equity securities following a conversion event, each holder will be subordinated due to their conversion from being the holder of a debt instrument to being the holder of an equity instrument.

#### **Market Value will fluctuate based on unpredictable factors**

The value of CoCos is unpredictable and will be influenced by many factors including, without limitation (i) the creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios; (ii) supply and demand for the CoCos; (iii) general market conditions and available liquidity and (iv) economic, financial and political events that affect the issuer, its particular market or the financial markets in general.

### **RISKS ASSOCIATED WITH COLLATERALISED / SECURITISED PRODUCTS**

The Portfolios may invest in collateralised and/or securitised products, such as bonds resulting from the restructuring of syndicated loans or bank loans, structured notes, asset-backed securities and participation interests in loans which are



securitised and freely transferable. Such securities may be less liquid than other debt securities and may be prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities in general. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the return of the securities. Any collateral received by a Portfolio in respect of OTC FDI will meet the requirements set out in this Prospectus and be valued in accordance with the provisions of the "Determination of Net Asset Value" section hereof.

## **RISKS OF INVESTING IN COLLATERALISED LOAN OBLIGATIONS**

The Company's investments in collateralised loan obligations ("CLOs") will be frequently subordinate in right of payment to other securities sold by the applicable CLO and may not be readily marketable. Depending upon the payment and default rates on the collateral of the CLO, the relevant Portfolio may incur substantial losses on its investments.

In addition, as a holder of CLO equity, a Portfolio will have limited remedies available upon the default of an obligor of the collateral underlying such CLO. For example, from time to time, the market for CLO transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. The concentration of an underlying portfolio in any one obligor would subject the related CLOs to a greater degree of risk with respect to defaults by such obligor, and the concentration of a portfolio in any one industry would subject the related CLOs to a greater degree of risk with respect to economic downturns relating to such industry.

CLO securities are generally illiquid and dealer marks and valuations provided may not represent prices where assets can actually be purchased or sold in the market from time to time. Accordingly, the mark-to-market value of CLOs may be volatile and the value of the relevant interests could likewise be volatile. The value of the CLO securities owned by a Portfolio generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying collateral, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of CLO securities must rely solely on distributions on the collateral or proceeds thereof for payment in respect thereof. If distributions on the collateral are insufficient to make payments on the CLO securities, no other assets will be available for payment of the deficiency and following the realisation of the CLO securities, the obligations of such issuer to pay such deficiency generally will be extinguished. Collateral will consist primarily of loans, but may consist of high yield debt or other securities, which often are rated below investment grade (or of equivalent credit quality). High yield debt securities generally are unsecured (and loans may be unsecured) and may be subordinated to certain other obligations of the issuer thereof. The lower ratings of high yield securities and below investment grade loans reflect a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest.

CLO issuers may acquire interests in loans and other debt obligations by way of sale, assignment or participation. The purchaser of an assignment typically becomes a lender under the credit agreement with respect to the loan or debt obligation; however, its rights can be more restricted than those of the assigning institution. In purchasing participations, a CLO issuer will usually have a contractual relationship only with the selling institution, and not the borrower. The CLO issuer generally will have neither the right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor have the right to object to certain changes to the loan agreement agreed to by the selling institution. The CLO issuer may not directly benefit from the collateral supporting the related loan and may be subject to any rights of set-off the borrower has against the selling institution. In addition, in the event of the insolvency of the selling institution, under U.S. federal and state laws, the CLO issuer may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the loan. Consequently, the CLO may be subject to the credit risk of the selling institution as well as of the borrower.

### **General Economic and Market Conditions**

There exist significant risks for the Company as a result of the global economic conditions especially in a stressed market environment. These risks include, among others, (i) the likelihood that a relevant Portfolio or the CLOs will find it more difficult to sell assets in the secondary market, thus rendering it more difficult to dispose of such assets, (ii) the possibility that the price at which assets can be sold by a Portfolio or any CLO will have deteriorated from their effective purchase price and (iii) the illiquidity of the interests of the CLOs, as there is currently little or no secondary trading in securities issued in connection with such interests. These risks may increase the volatility of the relevant Portfolio's investments and may affect the returns on the Portfolio's interests and the ability of the Portfolio to realise its investments.

A liquidity crisis could severely affect the primary market for leveraged loans and debt securities. A lack of new loans may make it more difficult for the CLOs to acquire investments appropriate for their respective portfolios, and in periods of high demand for leveraged loans by investors may result in such CLOs paying higher prices to acquire their portfolios, leading to reduced yields on the Portfolio's investments.

### **Subordinated CLO Securities**

A substantial amount of a Portfolio's investments may be subordinated to most or all other securities of the relevant CLO issuer and most or all other amounts due under the priority of payments set forth in the operative documents of such CLO issuer. As such, the greatest risk of loss relating to defaults in the collateral underlying such CLO is borne by such Portfolio's investments. A Portfolio, therefore, as holder of such investments, will rank behind most or all of the creditors, whether secured or unsecured and known or unknown, of such CLO issuer. Further, CLO equity will not be a secured debt of the applicable CLO.

Such a Portfolio's investments will expose the relevant Portfolio to highly leveraged investments in the collateral. Furthermore, due to the leverage inherent in CLO structures, changes in the value of a Portfolio's investments could be greater than the changes in the values of the collateral, the assets constituting which are subject to, among other things, credit and liquidity risk. Accordingly, CLO mezzanine debt and equity may not be paid in full and may be subject to total loss. The market value of a Portfolio's investments could be significantly affected by, and the leveraged nature of each subordinated class may magnify the adverse impact on each such class of, among other things, changes in the market value of the collateral, changes in the distribution on the collateral, defaults and recoveries on the collateral, capital gains and losses on the collateral, prepayment on the collateral and the availability, prices and interest rate of the collateral. Investors must consider with particular care the risks of leverage in a Portfolio's investments because, although the use of leverage creates an opportunity for substantial returns for a Portfolio on its investments, it increases substantially the likelihood that the Portfolio could lose its entire investment if the collateral is adversely affected by market developments.

Additionally, interest payments on CLOs (other than the most senior tranche or tranches of a given issue) are generally subject to deferral. If distributions on the collateral underlying a CLO are insufficient to make payments on the CLO securities, no other assets will be available for payment of the deficiency and following realisation of the underlying assets, the obligations of the CLO issuer to pay such deficiency will be extinguished. CLO securities (particularly subordinated securities) may provide that, to the extent funds are not available to pay interest, such interest will be deferred or paid "in kind" and added to the outstanding principal balance of the related security. Generally, the failure by the CLO issuer to pay interest in cash does not constitute an event of default as long as a more senior class of securities of such CLO issuer is outstanding and the holders of the securities that have failed to pay interest in cash (including the relevant Portfolio) will not have available to them any associated default remedies.

#### **Subordination, "Cramdowns" and Dilution**

A CLO, as the senior secured creditor of the issuer of one of the loans or other obligations supporting the CLO, can find itself subordinated to otherwise junior creditors. For example, a bankrupt issuer may apply to a Bankruptcy Court in certain jurisdictions for "Debtor in Possession" financing in order to obtain new capital for its operations. The persons who invest such new capital may take a senior position to that of the CLO held by the Portfolio, even though such CLO was previously senior to such persons.

The reorganisation plan approved by a Bankruptcy Court with respect to certain debts or other obligations underlying a CLO may result in a number of different creditors being compelled to accept materially adverse changes to the terms of the debt that they hold — including reduced interest rates, extended maturities and reduced acceleration rights. Such "cramdowns" may be imposed in the discretion of the Bankruptcy Court in order to give the issuer a better chance of remaining economically viable.

#### **No Legal or Beneficial Interest in Collateral**

Neither the relevant Portfolio nor the Manager will have a contractual relationship with the obligors of the collateral underlying the Portfolio's investments. The Portfolio will have a contractual relationship only with the CLO issuers, and will therefore have rights solely against the CLO issuers. The Portfolio will be dependent on the CLO managers to enforce the rights of the CLO issuers against the obligors of the collateral. A Portfolio generally will have no direct right to enforce compliance by such obligors with the terms of the relevant loan, no rights of set-off or voting or other consensual rights of ownership with respect thereto, will not directly benefit from any collateral supporting the loan and may not have the benefit of the remedies that would normally be available to a holder thereof. In addition, in the event of the insolvency of the counterparty, the relevant Portfolio will be treated as a general creditor and will have no claim of title with respect to the loan. Consequently, the relevant Portfolio may be subject to the credit risk of the counterparty as well as of the obligor.

#### **Interest Rate Risk; Floating/Fixed Rate or Basis Mismatch; Timing Mismatch and Modified Rates**

While the assets underlying CLOs are typically floating rate, a portion of the assets of CLO issuers whose securities are held by a Portfolio may be fixed rate assets. On the other hand, the securities issued by CLO issuers are typically floating rate notes that bear interest at rates based on generally accepted money market rates for specified periods. As a result, there may be a mismatch between a CLO issuer's issued securities and its underlying fixed rate assets. In addition, there may be a basis or timing mismatch or both between a CLO issuer's issued securities and its underlying floating rate assets, as the interest rate on such assets may adjust more frequently or less frequently, on different dates and/or based on different indices than the interest rates on the CLO issuer's issued securities. Furthermore, applicable rates on a CLO's underlying assets may be subject to interest rate floors, caps or other modifications that would result in such rates

not changing with, or changing at a different rate than, corresponding changes in base interest rate levels. Such mismatches and modifications could adversely impact the cash flows and values of the relevant Portfolio's investments.

On July 27, 2017, the head of the FCA made remarks indicating that LIBOR in its current form would be phased out as a benchmark rate by the end of 2021. In mid-November 2020, the FCA announced that some LIBOR rates would continue to be published into 2022. Actions by regulatory authorities or financial institutions in respect of the phasing out, modification or elimination of LIBOR may cause one or more of the following to occur: (i) increase the volatility of a LIBOR rate prior to the consummation of any such change, (ii) increase the portion of CLO securities and/or a CLO's underlying investments that calculate interest based on a benchmark rate other than LIBOR or bear interest at a fixed rate, (iii) increase pricing volatility with respect to CLO securities and/or a CLO's underlying investments, or (iv) negatively impact the liquidity of CLO securities and/or a CLO's underlying investments. Despite recommendations from the FSB on appropriate substitute rates to LIBOR, no universal agreement has yet been reached on LIBOR substitute rates and it is not certain whether such agreement will be reached. It is also uncertain whether broad replacement conventions in the leveraged loan and CLO markets which have developed to transition from LIBOR to another alternative risk free rate will be accepted universally or will create adverse consequences for the relevant Portfolio and/or any CLO in which it invests. If no such agreement is reached and/or such conventions develop, it is uncertain what effect broadly divergent interest rate calculation methodologies in the markets will have on the price and liquidity of CLO securities and/or a CLO's underlying investments and the ability of the Manager to effectively mitigate interest rate risks.

### **Prepayment of Loans Underlying CLOs**

Loans, the primary assets underlying CLOs, are generally prepayable, in whole or in part, at any time at the option of the obligor thereof at par plus accrued and unpaid interest thereon. Prepayments on loans held by a CLO issuer may be caused by a variety of factors which are difficult to predict. Accordingly, there are several related risks. There exists a risk that loans purchased by a CLO issuer at a price greater than par may experience a capital loss as a result of such prepayment. In such an event, the value of a CLO issuer's equity securities and potentially other securities would be adversely impacted. In addition, principal proceeds received by a CLO issuer upon prepayment, as a general rule, are subject to reinvestment risk. The inability or delay of a CLO issuer to reinvest prepayments, principal proceeds or other proceeds in assets that accrue interest at rates comparable to the assets so prepaid or generating such principal or other proceeds that also need to satisfy such CLO issuer's reinvestment criteria may adversely affect the timing and amount of payments and distributions received by, and the yield to maturity of, the CLO issuer's securities.

### **Reliance on CLO Managers**

There can be no assurance that any CLO manager will be able to operate successfully or that the ratings of underlying borrowers on which CLO managers may rely will reflect current information, and subjective decisions and actions taken by a CLO manager may cause the CLO it manages to incur losses or to miss profit opportunities on which it may otherwise have capitalised. The Manager will not attempt to provide day-to-day management assistance to CLO managers and will have no right to direct or influence their investment decisions with respect to the collateral. Further, if a CLO manager fails to retain key personnel, experiences business disruption or otherwise is compromised in its ability to manage such CLO issuer, the relevant Portfolio's investment in the securities of such CLO issuer could be adversely affected. A default by a CLO manager under its collateral management agreement with the related CLO issuer (or any action by such CLO manager constituting "cause" under the removal provisions thereof) could adversely affect the CLO issuer and could impair its ability to make payments to the relevant Portfolio in respect of the related Portfolio's investment. In addition, some CLOs may have collateral consisting of static pools with little or no active management by the related CLO manager.

### **The Underlying CLOs will Depend on the Managerial Expertise Available to the CLO Manager and its Key Personnel**

The composition and performance of the collateral obligations with respect to the underlying CLOs will depend on the skills of the CLO manager and certain key personnel of the CLO manager in analysing, selecting, managing and effecting acquisitions and sales of the collateral. As a result, the underlying CLOs will be highly dependent on the financial and managerial experience of the investment professionals associated with the CLO manager who are assigned to manage the assets with respect to the underlying CLOs. Employment or other contractual arrangements between such individuals and the CLO manager may exist, but the underlying CLOs are not a direct beneficiary of such arrangements and there is no assurance that such persons will continue to be associated with the CLO manager or will continue to be assigned to manage the assets. The loss of any of these individuals could have a material adverse effect on the performance of the assets. In addition, the CLO manager may add additional employees to manage the assets at any time. The additional employees added to manage the assets may not have the same level of experience in selecting and managing loans and other assets as the persons they replace. The performance of the assets will also depend on the skill of the investment professionals assigned to manage the assets in applying the portfolio criteria and other requirements that apply to the selection, management and disposition of the assets in the CLO transaction.

### **The Investment Professionals of the CLO Manager May Attend to Matters Unrelated to the Investment Activities of the Underlying CLO**

The investment professionals associated with the CLO manager may be actively involved in other investment activities not concerning the underlying CLOs. Although the professional staff of the CLO manager should devote as much time to the management of the collateral as such CLO manager deems appropriate and in accordance with reasonable commercial standards, these professionals will have conflicts in allocating their time and services among the underlying CLOs, other funds and accounts of the CLO manager and other responsibilities and will not be able to devote all of their time to the underlying CLOs' business and affairs. In addition, individuals not currently associated with the CLO manager may become associated with the CLO manager and the performance of the collateral obligations may also depend on the financial and managerial experience of such individuals.

### **Reliance on Corporate Management and Financial Reporting; Borrower Fraud**

The Manager may have difficulty in independently verifying the financial information disseminated by the managers, trustees and administrators of CLOs in which the a Portfolio may invest and will be dependent on the integrity of the CLO managers, trustees and administrators and the financial reporting process in general. Recent events have demonstrated the material losses which investors can incur as a result of corporate (as well as government agency) mismanagement, fraud and accounting irregularities.

Furthermore, a material misrepresentation or omission on the part of the obligor with respect to a loan underlying a Portfolio investment may adversely affect the valuation of the collateral underlying such loan or may adversely affect the ability of the CLO issuer to perfect or effectuate a lien on the collateral securing the loan. The relevant CLO issuer will rely on the accuracy and completeness of representations made by borrowers to the extent reasonable but cannot guarantee such accuracy or completeness. In addition, the quality of a Portfolio's investments is subject to the accuracy of the representations made by the underlying borrowers. Accordingly, the Portfolio is subject to the risk that the systems used by the CLO managers to control for such accuracy are defective.

### **Non-Controlling Investments**

The CLO equity investments held by the relevant Portfolio will generally not entitle the Portfolio to controlling rights with respect to certain events (including amendments, waivers and the ability to exercise early redemption rights) which may be held by other CLO security holders, and may be limited by the CLO issuer's governing documents. Therefore, the relevant Portfolio may have a limited ability to protect its investment in any such investment. Furthermore, a Portfolio will generally not have substantial influence over the operation of the related CLO while senior securities remain outstanding.

### **CLO Fees and Expenses; Layering**

In addition to the management fee paid to the Manager and the performance fee (where relevant) payable to the Manager and/or the Sub-Investment Manager, the collateral manager of each CLO generally will charge the CLO a collateral management fee consisting of an asset-based fee and an incentive fee. The asset-based fees of the collateral managers are generally expected to range from 0.30% to 0.50%, and the incentive fees are generally expected to range from 15% to 25% of distributions after the equity has realised an internal rate of returning ranging from 10% to 15%. However, such fees may be greater or less than the ranges listed above.

As a result, investors in the relevant Portfolio will indirectly bear the collateral management fees and expenses paid by a CLO (and such fees and expenses will be greater if a Portfolio invests in CLO equity), as well as directly bear the fees and expenses of the relevant Portfolio. These direct and indirect fees, allocations, distributions and expenses, in the aggregate, will exceed the fees that would typically be incurred by a direct investment in a single CLO. In addition, the incentive fee paid by a CLO to its collateral manager may create an incentive for the collateral manager to make investments that are riskier or more speculative than would be the case if such arrangement was not in effect.

### **Illiquid Investments**

The Manager expects that a Portfolio which invests in CLOs will hold investments that are illiquid. There is no public market for CLOs in which a Portfolio may invest and the number of defaults on the underlying collateral may result in a complete loss of any such investment made by a Portfolio. The illiquid nature of the relevant Portfolio's positions may make it difficult for the Portfolio to close out unprofitable positions and redeploy capital.

### **Bank Loans**

A Portfolio may acquire — through such interests constituting underlying collateral for CLOs — interests in bank loans and other debt obligations. As the holder of a CLO or structured credit product, a Portfolio will have no direct rights whatsoever with respect to such loans or other debt obligations. The relevant Portfolio generally will have no right to exercise the rights of the lender under the credit agreement, including the right to enforce compliance by the borrower with the terms of the loan agreement, approve amendments or waivers of terms, nor will the Portfolio have any rights of set-off against the borrower, and the Portfolio may not directly benefit from the collateral supporting the debt obligation

in which it has purchased the structured credit product. As a result, the relevant Portfolio will be exposed to the credit risk of both the borrower and the institution selling the structured credit product.

### **Leverage of Portfolio Investments**

The subordination of a Portfolio's investments to other classes of notes issued by the CLOs make the relevant Portfolio's investments leveraged instruments in the assets of the applicable CLO issuers. Accordingly, such investments will be subject to increased exposure to adverse economic factors such as a rise in interest rates, a downturn in the economy or deterioration in the condition of a particular Portfolio's investment and/or its market sector. A Portfolio's investment may become unable to generate sufficient cash flow to meet the principal and interest payments on their outstanding indebtedness. The relevant Portfolio may suffer significant losses on its investment in such an issuer.

### **Risks of Underlying Collateral**

As mentioned above, a Portfolio, as an investor in CLOs, will have no direct rights with respect to the underlying loans or obligations which serve as reference assets for such investment. Furthermore, the relevant Portfolio will also be subject to the creditworthiness of the entity issuing the CLO in question, not just to the risk of a default on the underlying obligations.

### **Nature of Underlying Collateral**

A CLO's underlying collateral is subject to credit, liquidity and interest rate risk. The underlying collateral will include loans or interests therein, which may be below investment grade, non-performing and possibly in default. Furthermore, an underlying obligor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments with respect to such loans or interests. Defaulted loans may require substantial workout negotiations or restructuring in the event of a default or liquidation. Any such workout or restructuring is likely to lead to a substantial reduction in the interest rate of such asset and/or a substantial write-down or write-off of all or a portion the principal of such asset. Any such reduction in interest rates or principal will negatively affect the relevant Portfolio.

The amount and nature of such collateral obligations have been established to withstand certain assumed deficiencies in payment occasioned by defaults in respect of such collateral obligations. If any deficiencies exceed such assumed levels, however, payments to noteholders could be adversely affected. To the extent that a default occurs with respect to any collateral securing the CLO's notes and the CLO sells or otherwise disposes of such collateral, it is not likely that the proceeds of such sale or other disposition will be equal to the amount of principal and interest owing to the CLO in respect of such collateral. The market value of the collateral will fluctuate with, among other things, the financial condition of the obligors on or issuers of the collateral, general economic conditions, the condition of the debt trading markets and certain other financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

### **Cov-Lite Loans**

The underlying collateral of the CLOs may be composed of "cov-lite" loans. Cov-lite loans typically do not have maintenance covenants and, as such, may expose the issuer to increased risks compared to other loans that have maintenance covenants, including with respect to liquidity, price volatility and ability to restructure. As a result, a CLO's exposure to losses may be increased, which could result in an adverse impact on the CLO's ability to make payments on the notes it has issued. In addition, in a declining economic environment, the market prices of such loans may be depressed.

### **Refinancing Risk**

A significant portion of a CLO's collateral may consist of loans for which most or all of the principal is due only at maturity. The ability of such obligor to make such a large payment upon maturity typically depends upon its ability either to refinance the collateral prior to maturity or to generate sufficient cash flow to repay the collateral at maturity. The ability of an obligor to accomplish either of these goals will be affected by many factors, including the availability of financing at acceptable rates to such obligor, the financial condition of such obligor, the marketability of the collateral (if any) securing such collateral obligation, the operating history of the related business, tax laws and the prevailing general economic conditions. Consequently, such obligor may not have the ability to repay the collateral at maturity and, unless it is able to refinance such debt, it could default in payment at maturity, which could result in losses to the issuer. Significant numbers of obligors on loans may face the need to refinance their debt over the next few years, and significant numbers of CLO transactions (historically an important source of funding for loans) have reached or are close to reaching the end of their reinvestment periods or the final maturities of their own debt. As a result, there could be significant pressure on the ability of obligors on loans to refinance their debt over the next few years unless a significant volume of new CLO transactions or other sources of funding develop. If such sources of funding do not develop, significant defaults in collateral obligations could occur, and there could be downward pressure on the prices and markets for debt instruments, including collateral obligations.

### **Limited Disclosure about Collateral**

CLOs will not provide noteholders, such as a Portfolio, with financial or other information (which may include material non-public information) the CLOs receive, unless required to do so pursuant to the indenture or other agreements. Noteholders, such as a Portfolio, will not have any right to inspect any records relating to the collateral except in limited circumstances.

### **Equitable Subordination**

Under common law principles that in some cases form the basis for lender liability claims, if a lender (a) intentionally takes an action that results in the undercapitalisation of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called “equitable subordination”). Because of the nature of the debt obligations in which a CLO may invest, it may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the issuer should be equitably subordinated.

### **Reinvestment Risk**

The amount and timing of purchases of assets will affect the cash flows available to make payments on, and the return to noteholders. Reduced liquidity and relatively lower volumes of trading in certain collateral obligations, in addition to restrictions on investment under the CLO’s indenture, could result in periods of time during which a CLO is not able to fully invest its available cash or during which the assets available for investment will not be of comparable quality. It is unlikely that all of a CLO’s available cash will be invested fully in collateral obligations at any time. The level of earnings on reinvestments will depend on the availability of investments and the interest rates thereon. The need to satisfy the relevant investment criteria and identify acceptable investments may require the purchase of collateral having lower yields than that previously acquired, as collateral obligations mature, prepay or are sold or require temporary investment in cash equivalents. Any decrease in the yield on the assets will reduce the amounts available for distribution to noteholders, including the relevant Portfolio.

### **Risks of Investing in Loans**

The underlying collateral will be comprised primarily of loans, which will be obligations of corporations, partnerships or other entities or participation interests in such loans. Loans may become non-performing for a variety of reasons. Non-performing loans may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the principal of a loan, in addition to the devotion of substantial resources of the manager and the incurrence of substantial costs to the CLO. In addition, because of the unique and customised nature of a loan agreement and the private syndication of a loan, certain loans may not be purchased or sold as easily or as quickly as publicly traded securities, and historically the trading volume in the loan market has been small relative to the corporate bond market. Loans may encounter settlement delays which may be significant due to their unique and customised nature, and transfers may require the consent of an agent bank, borrower or other persons.

Other special risks associated with loans or interests therein included in the CLOs include: (i) environmental liabilities that may arise with respect to collateral securing the obligations; and (ii) generation of income that is subject to taxation.

Unsecured loans are unsecured obligations of the applicable obligor, may be subordinated to other obligations of the obligor and generally have greater credit, insolvency and liquidity risk than is typically associated with investment grade obligations and secured obligations. Unsecured obligations will generally have lower rates of recovery than secured obligations following a default. Also, in the event of the insolvency of an obligor of any unsecured obligation, the holders of such unsecured obligation will be considered general, unsecured creditors of the obligor, will have fewer rights than secured creditors of the obligor and will be subordinate to the secured creditors with respect to the related collateral.

Senior secured loans are usually rated below investment grade or may also be unrated. As a result, the risks associated with senior secured loans are similar to the risks of below-investment-grade fixed-income instruments, although senior secured loans are senior and secured in contrast to other below-investment-grade fixed-income instruments, which are often subordinated or unsecured.

In general, the secondary trading market for senior secured loans is not well developed. No active trading market may exist for certain senior secured loans, which may make it difficult to value them. Illiquidity and adverse market conditions may mean that the CLOs may not be able to sell senior secured loans quickly or at a fair price. To the extent that a secondary market does exist for certain senior secured loans, the market for them may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods.

A CLO's underlying collateral may include second lien loans, each of which will be secured by a pledge of collateral, but which is subordinated (with respect to liquidation preferences with respect to pledged collateral) to other secured obligations of the obligors secured by all or a portion of the collateral securing such secured loan. Second lien loans are typically subject to intercreditor arrangements, the provisions of which may prohibit or restrict the ability of the holder of a second lien loan to (i) exercise remedies against the collateral with respect to their second liens; (ii) challenge any exercise of remedies against the collateral by the first lien lenders with respect to their first liens; (iii) challenge the enforceability or priority of the first liens on the collateral; and (iv) exercise certain other secured creditor rights, both before and during a bankruptcy of the borrower. In addition, during a bankruptcy of the obligor, the holder of a second lien loan may be required to give advance consent to (a) any use of cash collateral approved by the first lien creditors; (b) sales of collateral approved by the first lien lenders and the bankruptcy court, so long as the second liens continue to attach to the sale proceeds; and (c) debtor in possession financings.

### **Investments in Distressed Securities and Restructurings**

A CLO may make investments, in restructurings or otherwise, that involve issuers that are experiencing, or are expected to experience, severe financial difficulties. These financial difficulties may never be overcome and may lead to uncertain outcomes, including causing such issuer to become subject to bankruptcy proceedings. In addition, investments in issuers that are experiencing, or are expected to experience, severe financial difficulties could, in certain circumstances, subject the CLOs to certain additional potential liabilities that may exceed the value of their original investment therein.

### **Loans to Private Companies**

The underlying assets of certain of the CLOs may include loans to private and middle market companies. Such involve a number of particular risks that may not exist in the case of large public companies, including: (i) these companies may have limited financial resources and limited access to additional financing, which may increase the risk of their defaulting on their obligations, leaving creditors dependent on any guarantees or collateral they may have obtained; (ii) these companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns; (iii) there may not be as much information publicly available about these companies as would be available for public companies, and such information may not be of the same quality; and (iv) these companies are more likely to depend on the management talents and efforts of a small group of persons and as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations. Such risks may materially increase the risk of loss to the CLOs with respect to such investments.

### **Risk Retention Requirements May Adversely Affect a CLO Manager's Operations**

CLOs in which a Portfolio may invest may be subject to U.S. and/or EU risk retention requirements as follows:

Credit risk retention requirements imposed by Section 15G of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (such retention requirements, the "U.S. Risk Retention Requirements"). The U.S. Risk Retention Requirements were added to the Exchange Act by Section 941 of the Dodd-Frank Act and are the subject of related implementing rules.

Credit risk requirements imposed by Articles 404-410 of Regulation (EU) No. 575/2013 of the European Parliament, Section 5 of the European Union Commission Delegated Regulation (EU) No. 231/2013, Article 135(2) of Directive 2009/138/EC and Articles 254 through 257 of European Union Commission Delegated Regulation (EU) No. 2015/35 (collectively, the "European Risk Retention Requirements").

The U.S. Risk Retention Requirements and the European Risk Retention Requirements are referred to herein collectively as the "Risk Retention Requirements."

The U.S. Risk Retention Requirements require a sponsor of a securitization transaction to retain certain interests in the issuing entity for the transaction. Those interests must generally represent 5% of the credit risk of the securitized assets, and they may take the form of either equity of the issuer or a vertical strip of all interests issued by the issuer (or a combination of both). A sponsor may satisfy its obligations by causing a "majority-owned affiliate" (an "MOA") of the sponsor to retain risk in accordance with the U.S. Risk Retention Requirements.

For purposes of the U.S. Risk Retention Requirements, the sponsor of a CLO transaction is generally the CLO's manager. Failure by a CLO manager to retain an interest in a CLO in accordance with the U.S. Risk Retention Requirements could have a material adverse effect on the CLO manager and/or the related CLO.

On February 9, 2018, the United States Court of Appeals for the District of Columbia (the "DC Circuit Court") ruled in favor of an appeal brought by the Loan Syndications and Trading Association (the "LSTA") from a district court ("District Court") ruling granting summary judgment to the SEC and the Board of Governors of the Federal Reserve System (the



"Applicable Governmental Agencies"). As part of its ruling, the DC Circuit Court remanded the case to the District Court with instructions to grant summary judgment to the LSTA on whether application of the U.S. Risk Retention Rules to CLO managers is valid under Section 941 of the Dodd-Frank Act. If the decision stands, CLO managers of "open-market CLOs" (described in the ruling as CLOs where assets are acquired from "arms-length negotiations and trading on an open market") will no longer be required to comply with the U.S. Risk Retention Rules, and no party to this transaction may be required to acquire and retain an economic interest in the credit risk of the securitised assets.

However, the implementation and effectiveness of the ruling could be delayed, modified or reversed. The effective date of the ruling is currently uncertain and will depend on what, if any, actions the Applicable Governmental Agencies take to appeal or implement the ruling. In particular, the Applicable Governmental Agencies will have the right to (a) petition for en banc review of the decision by the entire court or (b) file a petition for certiorari requesting the case to be heard by the Supreme Court. The U.S. Risk Retention Rules will remain in effect until a new judgment is entered in the District Court, which will not occur until the DC Circuit Court issues a mandate to the District Court to do so (which will occur within one week after the deadline for a petition for rehearing has passed). That will not occur if a petition for rehearing is filed; the deadline for a rehearing is 45 days from the issuance of the decision by the DC Circuit Court. If a petition for rehearing is filed, the DC Circuit Court will not issue a mandate to the District Court to issue such judgment during the consideration of the petition. If the petition for rehearing is denied, the mandate from the DC Circuit Court must be issued within a week from such denial unless a motion to stay the mandate is also filed pending a petition for writ of certiorari to the United States Supreme Court. If the motion to stay the mandate is granted and a petition for a writ of certiorari is filed in the United States Supreme Court, the stay will remain in effect until the Supreme Court's work on the matter (either through a denial of certiorari or a ruling on the merits) is complete.

The European Risk Retention Requirements restrict the ability of certain EEA-regulated financial institutions—including certain credit institutions, investment firms, alternative investment fund managers and insurance and reinsurance undertakings (each, a "Affected EU Investor")—to invest in asset-backed securities, such as CLO securities. The European Risk Retention Requirements allow Affected EU Investors to invest in asset-backed securities only if a sponsor, originator or original lender in respect of that securitisation has disclosed to the Affected EU Investor that it will retain, on an ongoing basis, a specified minimum net economic interest of not less than 5% in the securitisation transaction.

For purposes of the European Risk Retention Requirements, a CLO manager may qualify as an originator with respect to underlying CLO portfolio assets; it may do so as an "entity which purchases a third party's exposures for its own account and then securitises them." As an originator in respect of a CLO, the CLO manager will generally retain, on an ongoing basis, a specified minimum net economic interest of not less than 5% in the CLO. That interest may take one of two forms: either some or all of the CLO's equity or a portion of each class of the CLO's securities. Failure by a CLO manager to retain an interest in a CLO in accordance with the European Risk Retention Requirements could have a material adverse effect on the CLO manager and/or the related CLO. Moreover, in order to qualify as an originator, a CLO manager must bear the economic risk of the assets it is originating before they are transferred to an underlying CLO. Thus, in acting as originator, a CLO manager may acquire assets that subsequently become ineligible for sale to underlying CLOs, either because the assets themselves experience credit events (such as defaults) that preclude their sale to the underlying CLOs, or because the underlying CLOs fail to launch successfully. In these cases, a CLO manager may be required to sell or refinance the ineligible asset and/or acquire replacement assets at a loss, which could have a material adverse effect on a CLO manager and/or the related CLO.

New EU risk retention requirements are expected to apply, in place of the existing European Risk Retention Requirements, to securitisations in respect of which the relevant securities are issued on or after January 1, 2019. The principal European Regulation to implement the new EU risk retention requirements and establish a general framework for securitisation (the "EU Securitisation Regulation") was adopted by the European Parliament on October 26, 2017 and approved by the Council of the EU on November 20, 2017. The risk retention requirements in the Securitisation Regulation are expected to apply to the Affected EU Investors and also to (a) UCITS, and (b) certain institutions for occupational retirement provision (and certain investment managers and authorised entities appointed by such institutions). There are expected to be material differences between the new risk retention requirements in the Securitisation Regulation and the existing European Risk Retention Requirements, and certain aspects of the new requirements are to be specified in new regulatory technical standards that have not yet been published in draft or final form. For example, the new risk retention requirements will impose risk retention obligations directly on the sponsors of securitisations (rather than only restricting the investments made by Affected EU Investors).

More generally, uncertainty remains as to the interpretation and application of the Risk Retention Requirements to CLO managers. Limited guidance has been published by regulatory authorities in respect of the Risk Retention Requirements. There can be no assurances as to whether the CLOs in which a Portfolio may invest, or their managers, will be affected by changes in law or regulation or interpretations thereof relating to the Risk Retention Requirements. Accordingly, it is impossible to determine whether revisions to, or new interpretations of, the Risk Retention Requirements will ultimately have a material adverse effect on the business, financial condition or prospects of a CLO manager or any CLO in which a Portfolio invests or, therefore, of the relevant Portfolio itself. While it is anticipated that each CLO manager of each CLO in which a Portfolio invests will seek to comply with the Risk Retention Requirements, given that CLO managers are navigating new regulatory frameworks, there is no guarantee that CLO managers will comply with the Risk Retention Rules or that such CLO manager's compliance efforts will be deemed sufficient by relevant regulators.

## **Changes to the Risk Retention Requirements May Affect the Leveraged Loan Market**

It is possible that over time, the Risk Retention Requirements may affect the leveraged loan markets generally, including by reducing liquidity historically provided by CLOs and similar vehicles. A contraction or reduced liquidity in the loan market could reduce opportunities for a CLO manager to sell collateral obligations or to invest in collateral obligations when it believes it is in the interest of the underlying CLOs to do so, which in turn could negatively impact the return on the collateral and reduce the market value or liquidity of the subordinated notes, preferred shares or similar securities. The Risk Retention Requirements may also reduce opportunities for a CLO manager to redeem or refinance its subordinated securities. Any of these could have a material adverse effect on the relevant Portfolio.

### **ISSUER RISK**

The performance of a Portfolio depends on the performance of individual securities to which the Portfolio has exposure. Any issuer of these securities may perform poorly, causing the value of its securities to decline. Poor performance may be caused by poor management decisions, competitive pressures, changes in technology, expiration of patent protection, disruptions in supply, labour problems or shortages, corporate restructurings, fraudulent disclosures or other factors. Issuers may, in times of distress or at their own discretion, decide to reduce or eliminate dividends, which may also cause their stock prices to decline.

### **3.b MARKET RISKS: RISKS RELATING TO EMERGING MARKETS**

#### **EMERGING MARKET ECONOMIES**

All securities investing and trading activities risk the loss of capital. While the Manager attempts to moderate these risks, there can be no assurance that the Company's investment and trading activities will be successful or that investors will not suffer significant losses. Investing in emerging markets may involve heightened risks (some of which could be significant) and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include, but are not limited to: (a) greater social, economic and political uncertainty including war; (b) higher dependence on exports and the corresponding importance of international trade; (c) greater risk of inflation; (d) increased likelihood of governmental involvement in and control over the economies; (e) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; and (f) certain considerations regarding the maintenance of Company's securities and cash with non-US brokers and securities depositories. Separately, bid and offer spreads of the price of securities may be significant and accordingly, the Company may incur significant trading costs. The following discussion sets forth additional risks associated with investing in the securities of emerging markets:

#### **General Economic and Market Conditions**

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

The economies of individual emerging markets may differ favourably or unfavourably from developed economies in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, the economies of emerging markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of certain of these countries may be based, predominantly, on only a few industries and may have higher levels of debt or inflation.

With respect to certain countries, there is the possibility of nationalisation, expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of a Portfolio, political changes, government regulation, social instability or diplomatic developments (including war), any of which could affect adversely the economies of such countries or the value of the Portfolio's investments in those countries.

Where a Portfolio's assets are invested in narrowly-defined markets or sectors of a given economy, risk is increased by the inability to broadly diversify investments and thereby subjecting the Portfolio to greater exposure to potentially adverse developments within those markets or sectors.

#### **Volatility**

Emerging markets are more likely than developed markets to experience periods of extreme volatility. For example, many emerging equity markets fell by 80% or more in 1998, after having risen by more than 100% in the previous year. Such volatility could result in substantial losses for a Portfolio.

### **Securities Markets**

Securities markets in emerging market countries may have substantially less volume of trading and are generally more volatile than securities markets of developed countries. In certain periods, there may be little liquidity in such markets. There is often less government regulation of stock exchanges, brokers and listed companies in emerging market countries than in developed market countries. Commissions for trading on emerging markets stock exchanges are generally higher than commissions for trading on developed market exchanges. In addition, settlement of trades in some non-US markets is much slower and more subject to failure than in US markets. Furthermore, some of a Portfolio's investments may not be listed on any stock market.

### **Exchange Rate Fluctuations; Currency Considerations**

The assets of Portfolios which invest in emerging markets will generally be invested in non-US Dollar denominated securities and any income or capital received by such Portfolio from these Investments will be denominated in the local currency of Investment, whereas Shares in the Portfolio will typically be denominated in a range of more developed country currencies. Accordingly, changes in currency exchange rates (to the extent only partially or fully unhedged) between the currency of the relevant emerging market and the currency in which a Class is denominated may affect the value of the Shares. As the currency exchange rates of emerging market countries tend to be more volatile than those of more developed economies, the effect of changes in exchange rates on the value of Shares in a Portfolio which invests in emerging markets may be more pronounced than it would be for Portfolio which invest in more developed markets.

Furthermore, a Portfolio will accept subscriptions and pay distributions and redemption proceeds, in such typically more developed country currencies, as applicable, while it invests in local currency and will therefore incur costs in connection with conversions between various currencies. Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Company at one rate, while offering a lesser rate of exchange should the Company desire immediately to resell that currency to the dealer. Due to the relatively small size of the markets for currencies of emerging market countries, the spread between a dealer's sell and offer prices for such currencies may be greater than that for the currencies of more developed economies which may result in relatively higher currency exchange costs for Portfolios which invest in emerging market economies. The Company will conduct its currency exchange transactions either on a spot (ie, cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell non US currencies. It is anticipated that most of the Portfolios' currency exchange transactions will occur at the time securities are purchased and will be executed through the local broker or custodian acting for the Portfolio.

### **Risk of Errors and Omissions in Information**

Companies in emerging markets are generally subject to less stringent and less uniform accounting, auditing and financial reporting standards, practices and disclosure requirements than those applicable to companies in developed countries. Consequently, there is usually less publicly available information about an emerging markets' company than about a company in a developed country. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not be of the same standard as in more developed economies.

### **Investment and Repatriation Restrictions**

Some emerging markets have laws and regulations that currently preclude direct foreign investment in the securities of their companies. However, indirect foreign investment in the securities of companies listed and traded on the stock exchanges in these countries is permitted by certain emerging markets through investment funds that have been specifically authorised. The Company may invest in these investment funds. If a Portfolio invests in such investment funds, the investors will bear not only the expenses of the Portfolio, but also will indirectly bear similar expenses of the underlying investment funds.

In addition to the foregoing investment restrictions, prior governmental approval for foreign investments may be required under certain circumstances in some emerging markets, and the extent of foreign investment in domestic companies may be subject to limitation in other emerging markets. Foreign ownership limitations also may be imposed by the charters of individual companies in emerging markets. For this and other reasons, some attractive securities may not be available to the Company.

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging markets. The Company could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed

by emerging market countries on interest or dividends paid on securities held by the Company or gains from the disposition of such securities.

### **Legal Risk**

Many of the laws that govern private and foreign investment, securities transactions and other contractual relationships in emerging markets are new and largely untested. As a result, the Company may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the emerging markets in which assets of the Company are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Company and its operations. In addition, the income and gains of the Company may be subject to withholding taxes imposed by foreign governments for which shareholders may not receive a full foreign tax credit.

Regulatory controls and corporate governance of companies in emerging markets usually confer little protection on minority shareholders. Anti-fraud and anti-insider trading legislation is often rudimentary. The concept of fiduciary duty to shareholders by officers and directors is also limited when compared to such concepts in developed markets. In certain instances management may take significant actions without the consent of shareholders and anti-dilution protection also may be limited.

### **Custodial Risk**

A Portfolio that invests in emerging market economies will have certain custodial risks that are described under “*Custodial Risk*”.

## **EMERGING MARKET DEBT SECURITIES**

All or a significant portion of a Portfolio's assets may be invested in debt securities of Emerging Market Countries, including short-term and long-term securities denominated in various currencies, which may be unrated or rated in the lower rating categories by the various credit rating agencies. In addition to the risks related to investments in Emerging Market Countries generally, debt securities of Emerging Market Countries may be subject to greater risk of loss of principal and interest than debt securities issued by obligors in developed countries and may be considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They may also be generally subject to greater risk than securities issued by obligors in developed countries in the case of deterioration of general economic conditions.

Additionally, evaluating credit risk for debt securities of Emerging Market Countries may involve greater uncertainty as companies in emerging markets are sometimes subject to less stringent and less uniform accounting, auditing and financial reporting standards, practices and disclosure requirements than those applicable to companies in developed countries. Consequently, there is usually less publicly available information about an emerging markets' company than about a company in a developed country. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not be of the same standard as in more developed economies. Because investors generally perceive that there are greater risks associated with debt securities of Emerging Market Countries, the yields or prices of such securities may tend to fluctuate more than those for debt securities issued by obligors in developed countries.

The market for debt securities of Emerging Market Countries may be thinner and less active than that for debt securities issued by obligors in developed countries, which can adversely affect the prices at which debt securities of Emerging Market Countries are sold. In addition, adverse publicity and investor perceptions about emerging market debt securities and the economies of Emerging Market Countries generally, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such securities. In regards to the fact that a Portfolio may invest in sukuk structures, investors in these Portfolios should be aware that investments in sukuk structures may be less liquid and more volatile in price than other fixed income securities, may be subject to higher dealing costs and may be unrated by Recognised Rating Agencies.

## **PRC QFI RISKS**

A Portfolio may make investments that are tied economically to issuers from the People's Republic of China (“PRC”). This exposure to the China bond market may be obtained via the Qualified Foreign Institutional Investor (“QFII”) regime and/or the Renminbi Qualified Foreign Institutional Investor (“RQFII”) regime, subject to applicable Chinese regulatory requirements. Under the current Chinese regulations, the QFII regime and RQFII regime have been merged into one qualified foreign investor (“QFI”) regime and are governed by the same set of regulations. A foreign institutional investor having held either a QFII licence or a RQFII licence will automatically be regarded as having a QFI licence and there is

no need for such foreign institutional investor to re-apply for the QFII/RQFII licence. In light of the merger of the QFII and RQFII regimes, the “QFII” and the “RQFII” are collectively referred to as the “QFI” throughout the Prospectus.

### **QFI Regulatory Risks**

PRC investments by overseas institutions can be made by or through holders of a QFI license, as approved under and subject to applicable Chinese regulations and regulatory requirements (the “QFI Regulations”), which are governed by PRC authorities, including the China Securities Regulatory Commission (“CSRC”), the State Administration of Foreign Exchange (“SAFE”) and the People’s Bank of China (“PBOC”).

Neuberger Berman Europe Limited and Neuberger Berman Singapore Pte. Limited have been granted a QFI license (“QFI License”) by CSRC and all references to the Sub-Investment Manager throughout this section shall be construed to mean these entities only. The relevant requirements and restrictions under the QFI Regulations apply to the Sub-Investment Manager (as the QFI License holders) as a whole, and not simply to investments made by a Portfolio. Shareholders should be aware that violations of any QFI Regulations arising from activities through the Sub-Investment Manager’s QFI status other than those conducted by a Portfolio could result in the revocation of, or other regulatory action in respect of, the Sub-Investment Manager’s QFI status as a whole. As a result, the ability of a Portfolio to make investments and/or repatriate monies through the Sub-Investment Manager’s QFI status may be affected adversely by the investments or performance by other investors utilizing the Sub-Investment Manager’s QFI status.

As the QFI Regulations have a relatively short history and their application and interpretation remain relatively untested, there is uncertainty as to how they will be applied and interpreted by the PRC authorities or how regulators may exercise the wide discretionary powers given to them thereunder in future. Any changes to the relevant rules may have a material adverse impact on investors’ investment in a Portfolio.

### **QFI Status Risks**

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

### **QFI Repatriation Risks**

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

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

### **PRC Custody Risks**

Pursuant to PRC requirements, securities such as fixed income securities traded on the interbank bond market and the exchange markets in the PRC through the QFI regime will be safe-kept by one or more local custodian(s) (“QFI Custodian(s)”) through securities accounts with relevant depositories or clearing institutions such as the China Securities Depository and Clearing Corporation Limited, the China Central Depository & Clearing Co. Ltd and/or the Shanghai Clearing House Co. Ltd. Cash shall be maintained in a cash account with the QFI Custodian(s).

The Depository shall ensure that the PRC Custodian(s) has appropriate procedures to properly safe-keep the assets of a Portfolio including the maintenance of records that a Portfolio’s assets are recorded in the name of a Portfolio and segregated from the other assets of the PRC Custodian(s). Under QFI Regulations, any Portfolio’s securities held by the Sub-Investment Manager pursuant to its QFI License will be registered in the joint names of the Sub-Investment Manager and the relevant Portfolio for the sole benefit and use of that Portfolio. Although according to QFI Regulations, the ownership of the assets in such securities accounts belongs to the relevant Portfolio, and shall be segregated from the assets of the Sub-Investment Manager (as the QFI) and the QFI Custodian, it is possible that the judicial and regulatory

authorities in China may interpret that the Sub-Investment Manager could be the party entitled to the securities in such securities trading account. Such securities may be vulnerable to a claim by a liquidator of the Sub-Investment Manager and may not be as well protected as if they were registered solely in the name of a Portfolio. In particular, the Sub-Investment Manager's creditors may seek to gain control of a Portfolio's assets to meet any liabilities owed by the Sub-Investment Manager to such creditors.

Investors should also note that cash deposited in the cash account(s) of a Portfolio with the QFI Custodian(s) will not be segregated but will be a debt owing from the QFI Custodian(s) to the relevant Portfolio as a depositor. Any such cash may be co-mingled with cash belonging to other clients of the QFI Custodian. In the event of bankruptcy or liquidation of the QFI Custodian(s), the relevant Portfolio will become an unsecured creditor ranking pari passu with all other unsecured creditors and without any proprietary rights to the deposited cash. A Portfolio may not be able to recover it in full or at all, in which case the relevant Portfolio may suffer losses. Also, a Portfolio may incur losses due to the acts or omissions of the QFI Custodian(s) in the execution or settlement of any transaction or in the transfer of any funds or securities.

### **PRC Brokerage Risks**

The execution and settlement of transactions or the transfer of any funds or securities may be conducted by brokers ("PRC Brokers") appointed by the QFI. There is a risk that the Portfolios may suffer losses from the default, bankruptcy or disqualification of the PRC Brokers. In such event, the Portfolios may be adversely affected in the execution or settlement of any transaction or in the transfer of any funds or securities.

In the selection of PRC Brokers, the QFI will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. If the QFI considers appropriate, it is possible that a single PRC Broker will be appointed and the Portfolio may not necessarily pay the lowest commission available in the market.

### **Investment Restrictions**

Investments in the PRC securities market via the QFI regime are subject to compliance with certain investment restrictions imposed by the QFI Regulations including the following, which apply to each foreign investor (including the relevant Portfolios) investing through the QFI regime and will affect the Portfolios' ability to invest in the PRC securities market and carry out their investment objectives:

- (i) shares held by each underlying foreign investor (such as the relevant Portfolios) which invests (through the QFI regime or other permissible channels) in one PRC listed company or an National Equities Exchange and Quotations (NEEQ)-admitted company should not exceed 10% of the total shares of such company; and
- (ii) aggregate China A Shares held by all underlying foreign investors (such as the relevant Portfolios and all other foreign investors) which invest (through the QFI regime or other permissible channels) in one PRC listed company or an NEEQ-admitted company should not exceed 30% of the total shares of such company.

Strategic investment in listed companies by qualified foreign investors and other foreign investors in accordance with law is not bound by the restrictions specified in paragraphs (i) and (ii) above.

Although it has not been explicitly provided under the QFI Regulations, in practice, the 10% single foreign shareholding restriction is also applied at the QFI level, under which a QFI may not hold 10% or more shares of any listed company, regardless of the fact that such QFI is holding such shares for a number of different clients. Accordingly, as the QFI status of the Sub-Investment Manager may be utilised by the Portfolios and other investors as well, the capability of the Portfolios to invest in the shares of certain listed company may be limited due to the investments in the shares of such listed company by other investors sharing the QFI status of the Sub-Investment Manager. Specifically, when the shareholding of such other investors in a PRC listed company reaches 10%, the Portfolios may not be able to buy any such shares, even if the then effective price of such shares is advantageous to the Portfolios.

Similarly, since the 30% aggregate foreign shareholding restriction is monitored at the level of all foreign investors, the capability of the Portfolios to invest in China A Shares of certain listed company may also be limited due to the investments made by other foreign investors.

### **Risk of not obtaining PBOC approval**

The Sub-Investment Manager is required to obtain approval from PBOC before it can invest in PRC bonds via the China Interbank Bond Market for a Portfolio. There is no guarantee that any such approval will be obtained or, if obtained, such approval will not be revoked. The investment options available to a Portfolio will be adversely affected and restricted if the required PBOC approval is not obtained or revoked. This may have adverse impact on the performance of a Portfolio.

### **RMB Currency Risk**

RMB is currently not a freely convertible currency and is subject to exchange controls and restrictions. A Portfolio which invests primarily in securities denominated in RMB but its net assets will be quoted in foreign currencies. Accordingly, a

Portfolio's investment may be adversely affected by movements of exchange rates between RMB and other currencies. There can be no assurance that the RMB exchange rate will not fluctuate widely against the US Dollar or any other currency in the future. Any depreciation of the RMB will decrease the value of RMB denominated assets, which may have a detrimental impact on the performance of a Portfolio.

The RMB is traded in both the onshore and offshore markets. While both onshore RMB ("CNY") and offshore RMB ("CNH") represent the same currency, they are traded in different and separate markets which operate independently. Therefore CNY and CNH do not necessarily have the same exchange rate and their movement may not be in the same direction. When calculating the Net Asset Value of Shares of a non-RMB denominated Class, the Administrator will apply the exchange rate for offshore RMB market in Hong Kong, i.e. the CNH exchange rate, which may be at a premium or discount to the exchange rate for onshore RMB market in the PRC, i.e. the CNY exchange rate.

### **Disclosure of Interests**

Whereas the PRC disclosure of interest requirements generally apply to the equities investment in PRC listed companies, the convertible bonds (if any) held by an investor which can be converted to shares of the listed company may also be subject to such requirements. In addition, a Portfolio investing in relevant securities via the Sub-Investment Manager's QFI status may be deemed to be acting in concert with other funds or Portfolios managed by the Sub-Investment Manager and therefore may be subject to the risk that the relevant Portfolio's investments may have to be reported in aggregate with the holdings of such other funds or Portfolios above should the aggregate holding trigger the reporting threshold under the PRC law, currently being 5% of the total issued shares of the relevant PRC listed company. This may expose certain of a Portfolio's investments to the public and may adversely impact the performance of the relevant Portfolio.

### **INVESTING IN THE PRC AND THE GREATER CHINA REGION**

A Portfolio may make investments that are tied economically to issuers from the People's Republic of China ("PRC"), or other issuers associated with the greater China region, such as Hong Kong, Macau or Taiwan. Such Portfolios may also invest in issuers which may be listed or traded on recognised or over-the-counter markets located both inside and outside of the greater China region, such as the United Kingdom, Singapore, Japan or the United States.

Investments in PRC-related securities involve certain risks and special considerations not typically associated with Anglo-sphere markets (ie, Australia, Canada, New Zealand, the United Kingdom and the US), such as greater government control over the economy, political and legal uncertainty, controls imposed by the PRC authorities on foreign exchange and movements in exchanges rates (which may impact on the operations and financial results of PRC companies), confiscatory taxation, the risk that the PRC government may decide not to continue to support economic reform programs, the risk of nationalisation or expropriation of assets, lack of uniform auditing and accounting standards, less publicly available financial and other information, potential difficulties in enforcing contractual obligations and limitations on the ability to distribute dividends due to currency exchange issues, which may result in risk of loss of favourable tax treatment. Accordingly, a Portfolio's investment in PRC-related securities may be subject to greater price volatility than Anglo-sphere markets, as a result of greater interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. Furthermore, these risk factors, particularly regarding the PRC government's decision making processes and ability to nationalise or expropriate assets, reduce the Sub-Investment Manager's ability to anticipate interest rate movements, which may affect the value of the relevant Portfolio.

The SSE and the SZSE may have lower trading volumes when compared to exchanges in developed markets and the market capitalizations of many listed companies are small compared to those on exchanges in developed markets. The listed equity securities of many companies in the PRC, such as China A Shares and China B Shares, are accordingly less liquid and may experience greater volatility than in more developed, OECD countries. China A Shares are shares of companies incorporated in the PRC and listed on the SSE and SZSE that may be subscribed for and traded in Chinese Yuan Renminbi by PRC investors and non-PRC investors with QFI status or via the Stock Connects described below (also known as "Chinese Yuan common stock"). China B Shares are shares of companies incorporated in the PRC and listed on the SSE and the SZSE that may be subscribed for and traded in foreign currencies by non-PRC investors (also known as "Chinese Yuan special shares").

Government supervision and regulation of the PRC securities market and of quoted companies is also less developed than in many OECD countries. The PRC stock market has in the past experienced substantial price volatility and no assurance can be given that such volatility will not occur in the future. The above factors could negatively affect the capital growth and performance of such investments and the Net Asset Value of the relevant Portfolio, the ability to redeem Shares in the relevant Portfolio and the price at which such Shares may be redeemed. The evidence of title of exchange-traded securities in the PRC consists only of electronic book entries in the depository and/or registry associated with the exchange. These arrangements of the depositories and registries are new and not fully tested in regard to their efficiency, accuracy and security.

These risks may be more pronounced for the China A Share market than for PRC securities markets generally because the China A Share market is subject to greater governmental restrictions and control. Moreover, information available about PRC companies may not be as complete, accurate or timely as information about listed Anglo-sphere companies.



Under the current PRC regulations, foreign investors can only invest directly in the China A Share market through institutions that have obtained QFI status or the Stock Connects. While the Sub-Investment Manager currently hold QFI status, it is anticipated that a Portfolio would gain any exposure that they take to the China A Share market through investments in equity linked products issued by financial institutions which are QFI or through the Stock Connects and would not invest in this market through either a QFI license.

Portfolios may elect to gain exposure to certain issuers in the greater China region by utilising existing or future “access” products or programs. For example, a Portfolio may participate in the Stock Connects, programs approved by the China Securities Regulatory Commission (“CSRC”) and the Securities and Futures Commission of Hong Kong, which is intended to provide mutual stock market access between the PRC and Hong Kong. The Stock Connects are securities trading and clearing linked programs developed by the SEHK, the SSE, the SZSE and ChinaClear.

To the extent that a Portfolio participates in the Stock Connects or any similar access program that is novel, new or under development, the Portfolio may be subject to new, uncertain or untested rules and regulations promulgated by the relevant regulatory authorities. Moreover, current regulations governing a Portfolio’s investment in PRC companies may be subject to change. There can be no assurance that the Stock Connects or any other investment program will not be abolished and a Portfolio may be adversely affected as a result of such changes.

## **PRC DEBT SECURITIES MARKET RISKS**

### **Settlement Risk**

Investment in debt securities will expose relevant Portfolios to counterparty default risks. Exchange traded debt securities may be subject to counterparty risk, although such risk may be reduced by a centralised clearing system. Investors may be subject to a higher counterparty risk in the interbank bond market. Interbank bond market is a quote-driven over-the-counter (OTC) market where deals are negotiated between two counterparties through a trading system. The counterparty which has entered into a transaction with a Portfolio may default in its obligation to settle the transaction. There are various transaction settlement methods in the interbank bond market, such as the delivery of security by the counterparty after receipt of payment by a Portfolio; payment by a Portfolio after delivery of security by the counterparty; or simultaneous delivery of security and payment by each party. Although the Sub-Investment Manager may endeavour to negotiate terms which are favourable to a Portfolio, there is no assurance that settlement risks can be eliminated. Where its counterparty does not perform its obligations under a transaction, the Portfolio will sustain losses.

### **Liquidity Risk**

The CNY denominated debt securities market is at a developing stage and the market capitalisation and trading volume may be lower than those of the more developed markets. Market volatility and potential lack of liquidity due to low trading volume in the CNY denominated debt securities market may result in prices of debt securities traded on such markets fluctuating significantly and may affect the volatility of a Portfolio’s Net Asset Value.

The debt securities in which a Portfolio may invest may not be listed on a stock exchange or a securities market where trading is conducted on a regular basis. Even if the debt securities are listed, the market for such securities may be inactive and the trading volume may be low. In the absence of an active secondary market, a Portfolio may need to hold the debt securities until their maturity date. If sizeable redemption requests are received, a Portfolio may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Portfolio may suffer losses in trading such securities.

The price at which the debt securities are traded may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates. Further, the bid and offer spreads of the price of debt securities in which a Portfolio invests may be high and the Portfolio may therefore incur significant trading costs and may even suffer losses when selling such investments.

### **Risks relating to Credit Ratings**

A Portfolio may invest in securities the credit ratings of which are assigned by the Chinese local credit rating agencies. However, the rating criteria and methodology used by such agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies.

If assessments based on Chinese local credit ratings do not reflect the credit quality of and the risks inherent in a security, investors may suffer losses, possibly greater than originally envisaged.

### **Credit Rating Downgrading Risk**

An issuer of RMB denominated debt instruments may experience an adverse change in its financial condition which may in turn result in a decrease in its credit rating. The adverse change in financial condition or decrease in credit rating of an

issuer may result in increased volatility in, and adverse impact on, the price of the relevant RMB denominated debt instruments and negatively affect liquidity, making any such debt instruments more difficult to sell.

### **PRC Debt Instruments Market Risk**

Investment in the Chinese debt instruments market may have higher volatility and price fluctuation than investment in debt instrument products in more developed markets.

### **Credit Risk of Counterparties to RMB Denominated Debt Instruments**

Investors should note that as China's financial market is nascent, most of the RMB denominated debt instruments are and will be unrated. RMB denominated debt instruments can be issued by a variety of issuers inside or outside China including commercial banks, state policy banks, corporations etc. These issuers may have different risk profiles and their credit quality may vary. Furthermore, RMB denominated debt instruments are generally unsecured debt obligations not supported by any collateral. A Portfolio may be fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

### **Interest Rate Risk**

Changes in macro-economic policies of China (i.e. monetary policy and fiscal policy) will have an influence over capital markets affecting the pricing of the debt instruments and thus, the return of a Portfolio. The value of RMB denominated debt instruments held by a Portfolio generally will vary inversely with changes in interest rates and such variation may affect value of the Portfolio's assets accordingly. Typically, when interest rates increase, the value of fixed income assets tend to depreciate. On the contrary, when interest rates decrease, the value of fixed income assets tend to appreciate.

### **Valuation Risk**

RMB denominated debt instruments are subject to the risk of mispricing or improper valuation, i.e. operational risk that the debt instruments are not priced properly. Valuations are primarily based on the valuations from independent third party sources where the prices are available, accordingly valuations may sometimes involve uncertainty and judgemental determination and independent pricing information may not be available at all times.

### **Unrated or High Yield Debt Instruments**

Subject to the QFI Regulations and the investment objective of the relevant Portfolio, the assets of a Portfolio may be invested in unrated or low grade debt instruments which are subject to greater risk of loss of principal and interest than higher-rated debt instruments. The lower ratings of certain debt instruments or unrated debt instruments held for the account of a Portfolio reflect a greater possibility that adverse changes in the financial condition of the issuer, or in general economic conditions, or both, or an unanticipated rise in interest rates, may impair the ability of the issuer to make payments of interest and principal. Such debt instruments generally carry a higher degree of default risk which may affect the capital value of an investment. Unrated debt instruments may be less liquid than comparable rated debt instruments and involve the risk that a Portfolio may not accurately evaluate the debt instrument's comparative credit rating.

### **Risks of Investing in Urban Investment Bonds**

A Portfolio may invest in urban investment bonds which are issued by local government financing vehicles ("LGFVs"). Such bonds are typically not guaranteed by the PRC local governments or the central government. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Portfolio could suffer substantial loss and its Net Asset Value could be adversely affected.

## **RISKS ASSOCIATED WITH THE SHANGHAI-HONG KONG AND SHENZHEN-HONG KONG STOCK CONNECTS**

A Portfolio may invest through Shanghai Stock Connect in certain eligible stocks listed on the SSE ("SSE Securities") and through the Shenzhen Stock Connect in certain eligible stocks listed on the SZSE ("SZSE Securities", collectively with the SSE Securities, "Eligible Securities"), which subjects the Portfolio to other risks including, but not limited to the following:

### **Quota limitations**

The Stock Connects are subject to quota limitations. Trading under the Stock Connects will be subject to a daily quota ("Daily Quota"). Northbound trading and Southbound trading are respectively subject to a separate set of Daily Quota. The Northbound Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connects on each trading day. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during continuous trading or the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance) for the remainder of the day. The relevant PRC government authority has the power to change the Daily Quota or impose other

quota from time to time. Therefore, quota limitations may restrict a Portfolio's ability to invest in China A Shares through the Stock Connects on a timely basis and the Portfolio may not be able to effectively pursue its investment strategies.

### **Suspension Risks**

It is contemplated that the SEHK, the SSE and the SZSE would reserve the right to suspend Northbound and/or Southbound trading of the respective Stock Connects if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. The relevant PRC government authority may also impose "circuit breakers" and other measures to halt or suspend Northbound trading. Where a suspension in the Northbound trading through the Stock Connects is effected, the Portfolios' ability to access the PRC market will be adversely affected.

### **Differences in Trading Day**

The Stock Connects will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore it is possible that there will be occasions when it is a normal trading day for the PRC market but Hong Kong and other overseas investors (such as a Portfolio) cannot carry out any China A Shares trading. Portfolios may be subject to a risk of price fluctuations in China A Shares during the time when the Stock Connects are not trading as a result.

### **Operational Risk**

The Stock Connects provide a channel for investors from Hong Kong and overseas to access the PRC stock markets directly.

The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchanges and/or clearing house. It should be appreciated that the securities regimes and legal systems of the Hong Kong and PRC markets differ significantly and in order for the trial program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connects requires routing of orders across the border. This required the development of new information technology systems on the part of the SEHK and exchange participants (ie, a new order routing system to be set up by the SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the Stock Connects could be disrupted. Portfolios' ability to access the China A Share market (and hence to pursue its investment strategy) will be adversely affected where systems fail to function properly as outlined above.

### **Restrictions on selling imposed by front-end monitoring**

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the relevant PRC exchanges will reject the sell order concerned. The SEHK will carry out pre-trade checking on China A Shares sell orders of its participants (ie, the stock brokers) to ensure there is no over-selling.

If a Portfolio desires to sell certain China A Shares it holds, the SEHK requires that the broker involved in the sale of the China A Shares confirms the Portfolio holds sufficient amount of those China A Shares before the market opens on the day of selling ("trading day"). If the broker cannot confirm this prior to the market opens, it will not be able to execute the sale of those China A Shares on behalf of the Portfolio on that trading day. Because of this requirement, the Portfolios need to facilitate this broker confirmation in order to dispose of holdings of China A Shares in a timely manner.

Some local custodians are offering solutions to assist investors in meeting this requirement without the need to pre-deliver the shares to the broker prior to the trading date. For example, certain local custodians are offering an "integrated brokerage/custodian model" where the local custodian will be appointed to act as the sub-custodian to the relevant Portfolio. Subsequently, the brokerage arm of the local custodian will be provided with sufficient evidence that sufficient shares are held by the Portfolio to allow the broker to execute the sale of the relevant China A Shares. This model allows the Portfolio to ensure that all shares remain in custody at all times. Separately, the SEHK has implemented an enhanced pre-trade checking model which investors will no longer need to pre-deliver shares to brokers. Custodians will need to open a "special segregated account" with CCASS (the Central Clearing and Settlement System operated by the HKSCC for the clearing securities listed or traded on SEHK) for investors which will generate a unique investor ID. CCASS will snapshot the securities holdings in that account to facilitate pre-trade checking requirements. Brokers when executing sell orders for investors who opt to use the enhanced model will need to provide the investor ID as an identifier. The aim of the enhanced model is to allow greater flexibility to investors to use multiple brokers. The SEHK will also be implementing a further enhancement by introducing an additional Renminbi interbank bulk settlement run at night time.

This further enhancement will allow Renminbi cash settlement to be fully confirmed on the same day, achieving a true delivery-versus-payment arrangement.

The Company has currently adopted the integrated custody/brokerage model in respect of a Portfolio but is investigating the above enhancements. The Company intends to adopt the enhanced pre-trade checking model and utilise the enhanced Renminbi interbank bulk settlement in respect of a Portfolio once all the related operational and implementation issues, have been resolved. However, please note that there is no guarantee that any such proposal will be, or will continue to be, implemented and will not be revoked, how effective and it will be in helping to address the requirement or what the costs associated with using it will be.

### **Short swing profit rule**

According to the PRC securities law, a shareholder of 5% or more of the total issued shares of a PRC listed company ("major shareholder") has to return to such listed company any profits obtained from the purchase and sale of shares of such PRC listed company if both transactions occur within a six-month period. In the event that the Company or a Portfolio becomes a major shareholder of a PRC listed company by investing in China A Shares via the Stock Connects or market access products, the profits that Portfolios may derive from such investments may be limited, and thus the performance of the Portfolios may be adversely affected.

### **Restriction on Turnaround (day) Trading**

Turnaround (day) trading is not permitted on the China A Share market. Investors cannot purchase and sell the same securities via the Stock Connects on the same trading day. This may restrict the Portfolio's ability to invest in China A Shares through the Stock Connects and to enter into or exit trades on a timely basis.

### **Recalling of eligible stocks**

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connects, the stock can only be sold and is restricted from being bought. This may affect the investment portfolio or strategies of a Portfolio, for example, when the Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

### **Clearing and settlement risk**

The HKSCC, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited, and ChinaClear have established the clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will, on the one hand clear, and settle with its own clearing participants and, on the other hand, undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, Portfolios may suffer delay in the recovery process or may not be able to fully recover their losses from ChinaClear.

### **Participation in corporate actions and shareholders' meetings**

HKSCC will keep CCASS participants informed of corporate actions of Eligible Securities. Hong Kong and overseas investors (including Portfolios) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (ie, CCASS participants). The time for them to take actions for some types of corporate actions of Eligible Securities may be as short as one business day only. Therefore, Portfolios may not be able to participate in some corporate actions in a timely manner.

Hong Kong and overseas investors (including Portfolios) hold Eligible Securities traded via the Stock Connects through their brokers or custodians. Multiple proxies are currently not available in the PRC market. Therefore Portfolios will not be able to attend meetings as proxy in person in respect of the Eligible Securities.

### **Investor compensation**

Investment through the Stock Connects is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations. The Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance.

For defaults occurring on or after 1 January 2020, the Investor Compensation Fund also covers investors' losses in relation to securities traded on a stock market operated by the SSE or the SZSE and in respect of which an order for sale or purchase is permitted to be routed through the northbound link of a Stock Connect arrangement.

On the other hand, since the Portfolios are carrying out Northbound trading through securities brokers in Hong Kong but not brokers in Mainland China, therefore they are not protected by China Securities Investor Protection Fund in Mainland China.

### **Government Intervention**

Chinese stock markets may be more volatile and unstable due to governmental intervention. The Chinese government has been known to intervene in China's securities markets in a manner that may significantly affect market price and liquidity. Government interventions, such as imposing limits on the sale of shares and trading of index futures, devaluation of the RMB and channelling capital into equities, may increase stock market fluctuations and create uncertainties in the stock markets, which may materially affect a Portfolio's investments.

### **Currency Risk**

Further devaluation of the RMB can materially affect a Portfolio's investments. There is no assurance that the RMB will not be subject to devaluation. Shareholders should also note the downside risk associated with RMB. Any devaluation of the RMB could adversely affect a Portfolio's investment, especially if that Portfolio seeks to focus on equities of Greater China companies and companies with significant exposure to China.

### **Regulatory risk**

The Stock Connects are novel in nature and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connects.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connects will not be abolished. Portfolios which invest in the PRC markets through the Stock Connects may be adversely affected as a result of such changes.

### **Taxation risk**

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

### **Risks associated with the Small and Medium Enterprise board and/or the ChiNext market**

A Portfolio may invest in the Small and Medium Enterprise ("SME") board and/or the ChiNext market of the SZSE via the Shenzhen Stock Connect. Investments in the SME board and/or the ChiNext market may result in significant losses for the Portfolio and its investors. The following additional risks apply:

Higher fluctuation on stock prices: Companies listed on the SME board and/or the ChiNext market are usually of an emerging nature, with a smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main board of the SZSE.

Over-valuation risk: Stocks listed on the SME board and/or the ChiNext market may be overvalued and such exceptionally high valuation may not be sustainable. Stock prices may be more susceptible to manipulation, due to the relatively smaller number of shares in such companies in circulation.

Differences in regulations: The rules and regulations regarding companies listed on the ChiNext market are less stringent in terms of profitability and share capital than those regarding the main board and the SME board.

Delisting risk: It may be more common and faster for companies listed on the SME board and/or the ChiNext to delist. If companies that a Portfolio has invested in delist, it may have an adverse impact on the Portfolio.

### **RISKS ASSOCIATED WITH INVESTMENT IN THE CHINA INTERBANK BOND MARKET THROUGH BOND CONNECT**

A Portfolio may invest through Bond Connect in eligible bonds traded on the China Interbank Bond Market, which exposes the Portfolio to other risks including but not limited to:

### **Suspension Risk**

It is contemplated that the Mainland Chinese authorities will reserve the right to suspend Northbound trading of Bond Connect if necessary for ensuring an orderly and fair market and that risks are managed prudently. Where a suspension in the Northbound trading through Bond Connect is effected, the relevant Portfolios' ability to access the PRC bond market to achieve their investment objectives will be adversely affected.

### **Differences in Trading Day**

Northbound trading through Bond Connect is able to be undertaken on days upon which the China Interbank Bond Market is open to trade, regardless of whether they are a public holiday in Hong Kong. Accordingly, it is possible that bonds traded through Bond Connect may be subject to fluctuation at times where the Portfolio is unable to buy or sell bonds, as its Hong Kong or globally-based intermediaries are not available to assist with trades. Accordingly, this may cause the Portfolio to be unable to realise gains, avoid losses or to benefit from an opportunity to invest in mainland Chinese bonds at an attractive price.

### **Operational Risk**

Bond Connect provides a channel for investors from Hong Kong and overseas to access Mainland China bond markets directly.

The "connectivity" in Bond Connect requires routing of orders across the border, requiring development of new trading platforms and operational systems. There is no assurance that these platforms and systems will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading through Bond Connect may be disrupted. A Portfolio's ability to trade through Bond Connect to pursue its investment strategy may therefore be adversely affected.

For investments via Bond Connect, the relevant filings, registration with the PBoC and account opening have to be carried out via offshore custody agent, registration agent or other third parties (as the case may be). As such, the relevant Portfolios investing via Bond Connect are subject to the risk of default or errors on the part of such third parties.

### **Regulatory risk**

Bond Connect is novel in nature and will be subject to regulations promulgated by regulatory authorities and implementation rules made by regulators in Mainland China and Hong Kong. It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change which may have retrospective effect. There can be no assurance that Bond Connect will not be abolished. The relevant Portfolios which invest in the Mainland China markets through Bond Connect may be adversely affected as a result of regulatory changes.

### **Taxation risk**

In accordance with Caishui [2018] No. 108 ("Circular 108") jointly issued by the PRC State Administration of Taxation and the Ministry of Finance, bond interest income derived by foreign institutional investors from investments in the Mainland China onshore bond market was temporarily exempted from Withholding Income Tax and Value-Added Tax for the period from 7 November 2018 to 6 November 2021 and that exemption period has since been extended by the PRC State Council to run to 31 December 2025. Accordingly, no Withholding Income Tax and Value-Added Tax will be accrued on interest income derived from such investments during the captioned period. Tax withheld on non-government bond interest income prior to the commencement of the above exemption will continue to remain accrued until further guidance is issued by the Mainland China tax authorities.

## **TAXATION IN THE PRC – INVESTMENT IN PRC EQUITIES**

**Please note that this disclosure is only relevant for Portfolios which are stated in the relevant Supplement to invest in PRC equity securities via Stock Connect or through the QFI.**

A Portfolio's direct investment in China A Shares (through the Stock Connects) and China B shares is subject to PRC tax regulations. A Portfolio's investment in equity linked products may also be indirectly affected by any taxation levied against the relevant QFI, issuers or sponsors. The PRC taxation regime that will apply to the Stock Connects, QFI and investments through the QFI regime has some uncertainties. It should be noted that the position with regard to PRC taxation of a Portfolio and its gains and profits in respect of such investments remains unclear in some aspects.

Tax regulations in the PRC are subject to change, possibly with retroactive effect. Changes in PRC tax regulations could have a significant adverse effect on a Portfolio and its Investments, including reducing returns, reducing the value of a Portfolio's Investments and possibly impairing capital invested by a Portfolio.

### **Corporate Income Tax ("CIT") Law**

If the Company or a Portfolio is considered a tax resident enterprise of the PRC, it will be subject to PRC CIT at 25% on its worldwide taxable income. If the Company or a Portfolio is considered a non-tax resident enterprise with a permanent establishment or place of establishment of business ("PE") in the PRC, the profits attributable to that PE would be subject to CIT at 25%.

Under the PRC CIT Law effective from 1 January 2008, a non-PRC tax resident enterprise without a PE in the PRC will generally be subject to PRC withholding income tax ("WIT") of 10% on its PRC sourced income, including but not limited to passive income (e.g. dividends, interest) and gains arising from transfer of assets, etc., unless it is exempt or reduced under specific PRC tax circulars or relevant tax treaty.

The relevant portfolio manager intends to manage and operate the Company or the relevant Portfolio in such a manner that the Company or the Portfolio should not be treated as a tax resident enterprise of the PRC or a non-PRC tax resident enterprise with a PE in the PRC for CIT purposes, although due to uncertainty in tax laws and practices in the PRC, this result cannot be guaranteed.

Although the CIT regulations aim to clarify the application of certain rules under the CIT Law, significant uncertainties remain. Such uncertainties may prevent a Portfolio from achieving certain tax results sought when structuring its investments in the PRC.

#### **(i) Dividend**

Under the current PRC CIT Law, non-PRC tax resident enterprises without a PE in the PRC are subject to WIT on cash dividends and bonus distributions from PRC tax resident enterprises. The general WIT rate applicable is 10%, subject to reduction under an applicable double tax agreement/arrangement by the PRC tax authorities. The PRC resident enterprises who distribute the dividends and bonus distributions to non-PRC tax resident enterprises should be the withholding agent to withhold the WIT.

#### **(ii) Capital gain**

Based on the CIT Law and its Implementation Rules, "income from the transfer of property" sourced from the PRC by non-PRC tax resident enterprises without a PE in the PRC should be subject to 10% WIT unless exempt or reduced under specific PRC tax circulars or an applicable tax treaty agreement/arrangement by the PRC tax authorities.

### **Trading of PRC equity investments including China A Shares and China B Shares through QFI and the Stock Connects**

Under Circular Caishui [2014] no. 79 jointly issued by the PRC Ministry of Finance ("MOF"), the State Administration of Tax ("SAT") and the CSRC on 14 November 2014 ("Circular 79"), effective from 17 November 2014, QFI shall be temporarily exempted from the WIT on capital gains derived from trading China A Shares, China B Shares and other PRC equity investments; however, QFI shall be subject to WIT on capital gains obtained before 17 November 2014 pursuant to the laws.

According to Circular Caishui [2014] No. 81 ("Circular 81") and Circular Caishui [2016] No. 127 ("Circular 127"), both jointly issued by MOF, SAT and CSRC, capital gains derived by overseas investors from the trading of China A Shares via Shanghai Stock Connect and Shenzhen Stock Connect are temporarily exempt from WIT.

It is uncertain how long these temporary exemptions will last, whether any of them will be repealed and whether any tax will be re-imposed retrospectively.

### **Trading of China B Shares**

Under the current PRC CIT regulations, there are no specific rules or regulations governing the taxation of the disposal of China B Shares. Hence, the tax treatment for investment in such securities is governed by the general tax provisions of the CIT Law. Under such general tax provisions, a Portfolio could be technically subject to a 10% WIT on the PRC sourced capital gains (except through the QFI regime), unless exempt or reduced under laws and regulations or the relevant double tax treaties.

However, in practice, the PRC tax authorities have not actively enforced WIT on gains realised by non-resident enterprises from the disposal of China B Shares of PRC enterprises whereby both the purchase and sale of such shares are conducted on public stock exchanges.



In light of the above circulars as well as the current practice, (i) the Portfolio has ceased withholding 10% of realised and unrealised gains on its investments linked to China A Shares, China B Shares and other PRC equity interest investment traded via QFI regime as a tax provision from 17 November 2014, on the basis that any gains realised from 17 November 2014 onwards will be temporarily exempted from WIT; (ii) the amount of tax provision for unrealised gains on a Portfolio's investments linked to China A Shares, China B Shares and other PRC equity interest investments traded via QFI regime withheld by a Portfolio as a tax provision up to 17 November 2014 has been released to the relevant Portfolio; and (iii) the amount withheld up to 17 November 2014 as a tax provision with respect to realised gains on its investments linked to China A Shares, China B Shares and other PRC equity interest investments traded via QFI regime has been applied to pay for the relevant PRC tax liabilities and any remaining balance has been released back to the relevant Portfolio as other income. The relevant Portfolios will generally continue to make a provision for WIT of 10% on dividend income received from PRC investee companies in case such WIT is not withheld at source. With respect to the Stock Connects, as a result of Circular 81 and Circular 127, the relevant Portfolios will not make any PRC WIT provision for realised and unrealised gains derived from trading China A Shares under the Stock Connects until and unless a tax provision is required by any further guidance issued by the PRC tax authorities, which may have a substantial negative impact on the Net Asset Value of the relevant Portfolio. In the event that any relevant exemption is not granted or is revoked or repealed, the Manager may, in its discretion, make additional tax provision on the relevant gains or income and withhold tax for the account of the relevant Portfolio.

### **Value-added Tax ("VAT") and Other Surcharges**

According to Circular Caishui [2016] No.36 ("Circular 36"), the pilot program of the collection of value-added tax ("VAT") in lieu of business tax has been launched nationwide in the PRC in a comprehensive manner as of 1 May 2016 and all taxpayers of business tax are included in the scope of the pilot program with regard to VAT liabilities instead of business tax liabilities.

Gains derived from trading of marketable securities are generally subject to VAT at 6% on net gains (i.e. gains offset against losses). However, Circular 36, Circular Caishui [2016] No.70, Circular 81 and Circular 127 specifically provide that gains derived by (a) QFI from the trading of marketable securities (including China A Shares and China B Shares) in the PRC, or (b) overseas investors (including entities and individuals) from trading of China A Shares through the Stock Connects are temporarily exempted from VAT.

In addition, deposit interest income is not subject to VAT. Dividend income or profit distributions on equity investment derived from Mainland China are also not included in the taxable scope of VAT.

Under the current VAT regulations, there are no specific rules or regulations governing the taxation for the gains derived from trading of China B Shares. Hence, the tax treatment for investment in such securities is governed by the general VAT regulations. Under such general VAT provisions, a Portfolio could be technically subject to a 6% VAT plus local surcharges of up to 12% based on the VAT paid on gains derived from the trading of China B Shares (except through the QFI regime). However, the PRC tax authorities have not actively collected VAT and local surcharges from non-PRC tax resident enterprises on gains realised from China B Shares whereby both the purchase and sale of such shares are conducted on public stock exchanges in practice.

Urban maintenance and construction tax (currently at the rate ranging from 1% to 7%), educational surcharge (currently at the rate of 3%) and local educational surcharge (currently at the rate of 2%) are imposed based on the VAT liabilities.

Taking into account of the current VAT regulations, the relevant portfolio manager would not make VAT provision for gross realised or unrealised gains derived by the relevant Portfolios from trading of China A Shares, China B Shares and other China equity investments via QFI regime or Stock Connects.

### **Stamp Duty ("SD")**

SD under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on SD. SD is generally imposed on the seller for the sale of shares of Chinese companies listed on the PRC stock exchanges at a rate of 0.1% of the sales consideration.

### **Change in Tax Policy or Regulation**

There is no guarantee that the temporary tax exemption with respect to QFI and Stock Connects described above will continue to apply, will not be repealed and re-imposed retrospective, or that no new tax regulations and practice in PRC specifically relating to the QFI and Stock Connects will not be promulgated in the future. Such uncertainties may operate to the advantage or disadvantage of Shareholders and may result in an increase or decrease in net asset value of a Portfolio.

In the event that any relevant exemption is not granted or is revoked or repealed, the relevant portfolio manager may, in its discretion, make additional tax provision on the relevant gains or income and withhold tax for the account of the relevant Portfolio.

Investors should inform themselves of, and where appropriate consult their professional advisors on, the possible tax consequences of subscribing for, buying, holding, converting, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, or domicile or incorporation.

## **TAXATION IN THE PRC – INVESTMENT IN PRC ONSHORE BONDS**

**Please note that this disclosure is only relevant for Portfolios which are stated in the relevant Supplement to invest in PRC bonds via the QFI regime or invest in the China Interbank Bond Market (including via China Bond Connect).**

Tax regulations in the PRC are subject to change, possibly with retroactive effect. Changes in PRC tax regulations could have a significant adverse effect on a Portfolio and its Investments, including reducing returns, reducing the value of a Portfolio's Investments and possibly impairing capital invested by a Portfolio.

### ***Taxation on QFI***

The PRC has not issued guidance with respect to the taxpayer for the income derived from securities held through an intermediary for PRC tax purposes. In addition, there is a general lack of guidance in the PRC tax law with respect to the application of PRC taxes in situations where legal title to assets are held by an intermediary on behalf of the beneficial owners of such assets. Based on current PRC administrative practice, an intermediary that holds Chinese assets is generally treated as the taxpayer with respect to those assets for PRC tax purposes notwithstanding the fact that such assets may be beneficially owned by another entity. It is therefore expected that, although a Portfolio may be the beneficial legal owner of securities held through the Sub-Investment Manager (as QFI license holder), the Sub-Investment Manager may be treated as the taxpayer relating to the trading of securities for PRC tax purposes. In the event the PRC tax authorities issue guidance with respect to the application of PRC taxes in situations where legal title to assets are held by an intermediary on behalf of the beneficial owners of such assets, the expected treatment described above could change, possibly with retroactive effect. In case the Sub-Investment Manager would be considered as the PRC taxpayer of income derived by the Company/Portfolio, the Sub-Investment Manager has the authority to recover the PRC taxes suffered from the Portfolio's assets.

### **WIT**

Unless a specific exemption or reduction is available under the current PRC tax laws and regulations or relevant tax treaties, non-tax resident enterprises without a PE in the PRC are subject to WIT, generally at a rate of 10%, to the extent that it directly derives PRC sourced passive income. PRC sourced passive income (such as dividend income or interest income) may arise from investments in the PRC securities. Accordingly, a Portfolio will be subject to 10% WIT (which may be exempt or reduced by specific PRC tax circulars or the applicable tax treaty) on interest it receives from its investment in PRC debt securities. The PRC entity distributing interest is required to withhold such WIT, if applicable. On the other hand, interest derived from government bonds issued by the MOF or bonds issued by local government of a province, autonomous regions, municipalities directly under the PRC government or municipalities separately listed on the state plan, as approved by the State Council of the PRC are exempt from PRC WIT under the prevailing PRC tax regulations. In accordance with Circular 108, bond interest income derived by foreign institutional investors from investments in the PRC onshore bond market was temporarily exempted from WIT for the period from 7 November 2018 to 6 November 2021 and that exemption period has since been extended by the PRC State Council to 31 December 2025. Accordingly, no WIT will be accrued on interest income derived from such investments during the captioned period. WIT withheld on non-government bond interest income derived by the relevant Portfolio prior to the commencement of the above exemption will continue to remain accrued until further guidance issued by China's tax authorities. The Sub-Investment Manager will make a WIT provision of 10% for the account of the relevant Portfolio on interest received from investment in non-government bonds traded on China Interbank Bond Market and PRC stock exchange prior to the commencement of the above exemption if the WIT is not withheld at source.

Specific rules governing WIT on capital gains derived by QFI from the trading of PRC debt securities have yet to be announced. In the absence of such specific rules, the PRC WIT treatment should be governed by the general tax provisions of the PRC CIT Law. Circular 79 issued in 2014, which clarified the taxation of capital gains on the transfer of PRC equity investment assets derived by QFI, is silent as to the PRC CIT treatment of capital gains realised by QFI from the trading of PRC debt securities. Based on the current interpretation of the SAT and the local tax authorities, on the basis that debt securities are treated as movable assets, gains realised by foreign investors (including QFI, qualified foreign investors investing in China Interbank Bond Market directly) from investment in PRC debt securities should be treated as non-PRC sourced income and thus should not be subject to PRC WIT. However, there are no written tax regulations issued by the PRC tax authorities to confirm such interpretation.

Therefore, it remains uncertain as to the PRC tax authorities' position on whether gains derived from the disposal of debt securities by foreign investors will be treated as a PRC sourced income and hence subject to PRC WIT. However, as a matter of practice, the PRC tax authorities have not levied PRC WIT on capital gains realised by QFI or qualified foreign investors investing in China Interbank Bond Market directly from the trading of debt securities.

In light of the current practice and the interpretation of the regulations by the PRC tax authorities, currently, the Sub-Investment Manager will not provide for any WIT payable for the account of the relevant Portfolio on the gross realised and unrealised capital gains derived from the disposal of onshore debt instruments issued by PRC tax resident enterprises. However, the Sub-Investment Manager reserves the right to provide for WIT on such gains or non-government bond interest income and withhold the tax for the account of the relevant Portfolio.

Investors should note that the provisions at any time may be excessive or inadequate to meet the actual PRC tax liabilities on investments made by the relevant Portfolio. Given the possibility of the PRC tax authorities not implementing the current tax rules, the tax rules being changed and the taxes being applied retrospectively, any provision for taxation made by the Sub-Investment Manager, as arranged with the Depositary/Trustee, may be excessive or inadequate to meet the actual PRC tax liabilities in connection with investments made by the Sub-Investment Manager for the account of the relevant Portfolio in the PRC. Accordingly, the value and the profitability of the relevant Portfolio may be affected. Upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax assessment rules, any sums withheld in excess of the tax liability incurred or is expected to be incurred by the relevant Portfolio shall be released and transferred to that Portfolio's accounts forming part of that Portfolio's assets.

Any tax provision, if made, will be reflected in the Net Asset Value of the relevant Portfolio at the time of debit or release of such provision and thus will only impact Shares which remain in the Portfolio at the time of debit or release of such provision. Shares which are redeemed prior to the time of debit of such provision will not be affected by reason of any insufficiency of the tax provision. In the event that it is satisfied (based on tax advice) that part of the tax provisions are not required, the Sub-Investment Manager will arrange with the Depositary/Trustee to release such provisions back into the relevant Portfolio.

Investors may be advantaged or disadvantaged depending upon the final outcome of how such gains will be taxed and when they subscribed and/or redeemed the Shares of the Portfolio. Investors should note that no Shareholders who have redeemed their Shares in the relevant Portfolio before the release of any excess tax provision shall be entitled to claim in whatsoever form any part of the tax provision or withholding amounts released to the relevant Portfolio, which amount will be reflected in the value of Shares in the Portfolio. Shareholders should seek their own tax advice on their tax position with regard to their investment in the relevant Portfolio.

#### **VAT and Other Surcharges**

According to Circular 36, the pilot program of the collection of VAT in lieu of business tax has been launched nationwide in the PRC in a comprehensive manner as of 1 May, 2016 and all taxpayers of business tax are included in the scope of the pilot program with regard to payment of VAT instead of business tax.

The gains derived by QFI from trading of marketable securities (including debt securities) are exempted from VAT in the PRC under Circular 36 and Circular Caishui [2016] No.70. Capital gains realised from the disposal of PRC onshore bonds by qualified foreign investors on the China Interbank Bond Market are also exempted from VAT. In addition, deposit interest income is not subject to VAT and interest income received from government bonds issued by the MOF, or bonds issued by local government of a province, autonomous regions, and municipalities directly under the Central Government or municipalities separately listed on the state plan, as approved by the State Council is also exempted from VAT. Accordingly, the Sub-Investment Manager will not provide for any VAT payable for the account of the relevant Portfolio on the gross realised and unrealised capital gains derived from the disposal of onshore debt instruments issued by PRC tax resident enterprises via the QFI regime or via the China Interbank Bond Market.

The prevailing VAT regulations do not specifically exempt VAT on non-government bond interest received by QFIs or qualified non-PRC investors investing in the China Interbank Bond Market. Hence, technically, interest income on non-government bonds issued by PRC entities technically should be subject to 6% VAT, effective from 1 May 2016. In accordance with Circular 108, bond interest income derived by foreign institutional investors from investments in the PRC onshore bond market was temporarily exempted from VAT for the period from 7 November 2018 to 6 November 2021 and that exemption period has since been extended by the PRC State Council to run to 31 December 2025. Accordingly, no VAT will be accrued on interest income derived from such investments during the captioned period. VAT withheld on non-government bond interest income derived by the relevant Portfolio prior to the commencement of the above exemption will continue to remain accrued until further guidance issued by China's tax authorities. As at the date of this Prospectus, the relevant Portfolios make a provision for VAT of 6% and local surcharges up to 12% based on the VAT payable with respect to bond interest received from investment in non-government bonds traded on China Interbank Bond Market and PRC stock exchange prior to the commencement of the above exemption.

In addition, urban maintenance and construction tax (currently at the rate ranging from 1% to 7%), educational surcharge (currently at the rate of 3%) and local educational surcharge (currently at the rate of 2%) are imposed based on the VAT liabilities.

It is uncertain how long the above-mentioned VAT exemptions will last, whether any of them will be repealed and whether any tax will be re-imposed retrospectively which may have a negative impact on the relevant Portfolio.

In the event that any relevant exemption is not granted or is revoked or repealed, the Sub-Investment Manager may, in its discretion, make additional tax provision on the relevant gains or non-government bond interest income and withhold tax for the account of the relevant Portfolio. Investors should inform themselves of, and where appropriate consult their professional advisors on, the possible tax consequences of subscribing for, buying, holding, converting, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, or domicile or incorporation.

## **SD**

SD under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on SD. SD is not imposed on the purchase or sale of bonds traded in the PRC.

### ***Potential Changes in PRC Tax Policy or Regulation***

There is no guarantee that there will not be any new tax regulations and practice in China specifically relating to QFI as well as non-PRC investors' investing in the China Interbank Bond Market directly promulgated in the future. Such uncertainties may operate to the advantage or disadvantage of Shareholders of the relevant Portfolio and may result in an increase or decrease in the total value of the Portfolio. For example, to the extent that the PRC tax authority retrospectively imposes taxes on the capital gains realised by the relevant Portfolio through QFI, the total value of the Portfolio would be adversely affected but the amount previously paid to a redeeming Shareholder would not be adjusted. As a result, any detriment from such change would be suffered by the remaining Shareholders.

## **RUSSIAN INVESTMENT RISK**

Investors should note that there are significant risks inherent where a Portfolio invests in Russia. These risks include: delays in settling transactions and the risk of loss arising out of Russia's system of securities registration and custody; the lack of corporate governance provisions, under-developed or non-existent rules regarding management's duties to shareholders, and the lack of general rules or regulations relating to investor protection or investments; pervasiveness of corruption, insider trading and crime in the Russian economic system; difficulties associated in obtaining accurate market valuations of many Russian securities, based partly on the limited amount of publicly available information; the risk of imposition of arbitrary or onerous taxes due to tax regulations that are ambiguous and unclear; the general financial condition of Russian companies, which may involve particularly large amounts of inter-company debt; banks and other financial systems are not well developed or regulated and as a result tend to be untested and have low credit ratings; the lack of local laws and regulations that prohibit or restrict a company's management from materially changing the company's structure without shareholder consent; difficulties involved with seeking redress in a court of law of breach of local laws, regulations or contracts, arbitrary and inconsistent application of laws and regulations by courts; the risk of further economic and political sanctions being imposed against Russia, Russian issuers of securities or individuals in Russia may compromise the ability of a Portfolio to pursue its investment objectives or may adversely affect the value of Russian investments which the relevant Portfolio holds; and the risk that the government of Russia or other executive or legislative bodies may decide not to continue to support the economic reform programs implemented since the dissolution of the Soviet Union.

Securities in Russia are issued only in book entry form and ownership records are maintained by registrars who are under contract with the issuers. The registrars are neither agents of, nor responsible to, the Depositary or its local agents in Russia. Transferees of securities have no proprietary rights in respect of securities until their name appears in the register of holders of the securities of the issuer. The law and practice relating to registration of holders of securities are not well developed in Russia and registration delays and failures to register securities can occur. Although Russian sub-custodians will maintain copies of the registrar's records ("Extracts") on its premises, such Extracts may not, however, be legally sufficient to establish ownership of securities. Furthermore, a quantity of forged or otherwise fraudulent securities, Extracts or other documents are in circulation in the Russian markets and there is therefore a risk that a Portfolio's purchases may be settled with such forged or fraudulent securities. In common with other emerging markets, Russia has no central source for the issuance or publication of corporate actions information. The Depositary therefore cannot guarantee the completeness or timeliness of the distribution of corporate actions notifications.

Investments in securities listed or traded in Russia will only be made in securities that are listed or traded on the Moscow Exchange.

## **4. LIQUIDITY RISKS**

### **LIQUIDITY RISK**

Under certain market conditions, such as decreased trading volume, increased price volatility, concentrated trading positions, limitations on the ability to transfer or liquidate positions and changes in industry or changes in government regulations, or when trading in a financial market is otherwise impaired, the liquidity of a Portfolio's investments (and thereby the liquidity of the Portfolio itself) may be reduced. In addition, certain Portfolios may invest in fixed income securities, the markets for which may experience periods of lower liquidity in circumstances outlined under this heading and under "*Fixed Income Securities*" above, which may further limit the liquidity of a Portfolio.

Under the aforementioned market conditions, Portfolios may be unable to dispose of certain of its investments, including longer-term or lower credit quality investments, which may adversely affect its ability to meet redemption requests or further negatively impact the overall liquidity of the portfolio, if more liquid assets are sold to meet redemptions. In addition, such circumstances may force Portfolios to dispose of their investments at reduced prices, thereby adversely affecting the Portfolios' performance.

This situation could be worsened where other market participants are seeking to dispose of similar investments at the same time and Portfolios may ultimately be unable to sell such investments readily at a favourable time or price or at prices approximating those at which the Portfolio values them at that time, potentially incurring substantial losses.

Furthermore, certain segments of global fixed income markets may experience periods of lower liquidity caused by market events or large sales and raise the risk that securities or other fixed-income instruments cannot be sold during those periods or can only be sold at reduced prices. Those events may challenge affected Portfolios to meet significant volumes of redemption requests and may also influence the value of the relevant Portfolios, as the lower liquidity may be reflected in a reduction in the value of the Portfolios' assets.

Investments suffering from a lack of market liquidity may be subject to wide fluctuations in market value and it may be difficult for a Portfolio to value such investments accurately. Illiquid investments may also entail transaction costs that are higher than those for more liquid investments.

The Company is an investment company with variable capital due to its ability to issue and redeem Shares on demand. The share capital of the Company is divided into different series of Shares with each series of Shares representing a separate investment portfolio of assets. The Portfolios manage capital in accordance with the UCITS Regulations and the investment objectives and policies applicable to such Portfolio as specified in this Prospectus and the relevant Supplement. The Portfolios are not subject to externally imposed capital requirements. While the Portfolios invest in transferable securities and other liquid financial assets, the Manager also employs an appropriate liquidity risk oversight process, which takes into account efficient portfolio management transactions employed by the Portfolios, in order that each Portfolio is able to comply with its stated redemption terms and conditions.

In order to mitigate potential liquidity risks, the Manager tailors its controls to different investment strategies, liquidity terms and historic client behaviour. As part of its risk oversight, the Manager may employ various liquidity tests, the results of which may lead to a variety of possible solutions, including adjusting asset composition, drawing on applicable overdraft or credit facilities or taking other appropriate actions that would maintain an acceptable level of liquidity. Any Portfolio specific arrangements will be reviewed by the Manager's risk function, portfolio managers of the relevant Portfolio, Chief Investment Officer of the Manager as well as the board of directors of the Manager and the Directors. The Manager's risk team stress-tests each Portfolio on a regular basis in the context of portfolio composition and current/potential market conditions. Stress scenarios are run at different hypothetical redemption levels and the ability of the Portfolios to meet redemption requests in an orderly fashion at these levels are evaluated. Should analysis reveal that any of the Portfolios have low liquidity coverage ratios, conversation and steps are taken by the Manager's risk team and the portfolio team to evaluate these risks and the best way to mitigate them. In addition, daily liquidity buffer reports are monitored to gauge the liquidity risk of each Portfolio. Furthermore, market liquidity factors are monitored in order to capture potential anomalies in market liquidity.

The Manager, the Sub-Investment Managers and the Company seek to ensure that adequate liquidity exists in the Portfolios to provide for Shareholder redemptions in normal market conditions and normal levels of redemptions. However, it is possible that in the type of circumstances described above, a Portfolio may not be able to realise sufficient assets to meet all redemption requests that it receives or the Company may determine that the circumstances are such that meeting some or all of such requests is not in the best interests of the Shareholders in a Portfolio as a whole. In such circumstances, the Manager may take the decision to apply the redemption gate provisions described under "Information Specific to Redemptions" in the "Subscription and Redemptions" section of this Prospectus or suspend dealings in the relevant Portfolio as described in the "Temporary Suspension of Dealings" section of this Prospectus.

## **SUBSTANTIAL SUBSCRIPTIONS AND REDEMPTIONS**

In the event that a Portfolio receives a substantial subscription in respect of a Dealing Day, the Manager may not be able to make arrangements to invest all of the net subscription proceeds on or before the relevant Dealing Day. To the extent that a Portfolio's assets are not invested on the relevant Dealing Day, this could have a negative impact on the performance of that Portfolio, as the Portfolio's exposure to its relevant targeted investments will be reduced in respect of the portion of its assets held in cash or other liquid assets.

Similarly, in the event that a Portfolio receives substantial redemption requests in respect of a Dealing Day, the Manager may not be able to make arrangements to realise sufficient assets of the Portfolio to meet such redemption requests on or before the relevant Dealing Day or may not be able to do so in such a manner as to protect the best interests of all of the Shareholders of the relevant Portfolio. In seeking to meet such requests, the Manager will have to balance the competing interests of the redeeming investor to receive their redemption proceeds in accordance with the Company's redemption policy (as described in the "Subscriptions and Redemptions" section) and those of the remaining investors in

the Portfolio to minimise the impact and potential for current and future losses to the Portfolio through selling a large proportion of the Portfolio's assets in a short space of time. In this respect, investors should note that the Directors have certain abilities to calculate the Net Asset Value of Shares in a Portfolio using "swing pricing" and/or apply Duties and Charges to the Net Asset Value which redeeming investors receive in order to prevent the dilution of the Portfolio's assets. In certain circumstances, in accordance with the Articles and as disclosed in the "Subscriptions and Redemptions" and "Temporary Suspension of Dealings" sections, the Manager may also apply a redemption gate or suspend dealings in a Portfolio.

### **SWING PRICING**

As described in the "Determination of Net Asset Value" section, the Manager may, where it so determines, "swing" the Net Asset Value of a Portfolio to attempt to mitigate the potentially dilutive effects of dealing on the Net Asset Value on any Dealing Day on which there are net subscriptions or redemptions in the Portfolio above a certain predefined threshold of the Portfolio. In such cases, investors should be aware that swing pricing may not always prevent the dilution of the Net Asset Value through dealing costs and the adjustments made to the Net Asset Value may also benefit certain investors relative to the Shareholders in the Portfolio as a whole. For example a subscriber into a Portfolio on a day on which the Net Asset Value is swung downwards as a result of net redemptions from the Portfolio may benefit from paying a lower Net Asset Value per Share in respect of his subscription than he would otherwise have been charged. In addition, the Portfolio's Net Asset Value and short-term performance may experience greater volatility as a result of this valuation methodology. The application of Swing Pricing may also increase the variability of a Portfolio's returns.

### **CREDIT FACILITIES**

In order to assist in facilitating the prompt payment of redemption proceeds on behalf of a Portfolio, the Company has entered into an agreement (and may enter into additional agreements) whereby a syndicate of lenders agrees to provide a credit facility to the Company. Any such credit facility will provide for a standing fee which will be payable by the Company in return for the lenders making the facility available to the Company and will also provide for the payment of interest and other charges in the event that the Company or a Portfolio accesses the facility. The costs of accessing the facility will be borne by the relevant Portfolio or Portfolios but the standing fee will be borne pro rata by the Company as a whole, notwithstanding that individual Portfolios may never access the facility. When accessing the facility, the Directors shall inform and, where appropriate, consult with the Depositary.

Any credit facility provided to the Company may be secured by all or any portion of the Company's assets and a secured creditor to the Company may take commercial steps in its own interest, such as requiring repayment of all or part of a loan at a time that may not be desirable for the Company. Any such actions may also have a material adverse effect on the Company or a Portfolio. In addition, actions taken by the Company which result in adverse performance or diminution in value of the Company's or a Portfolio's assets could cause the Company or relevant Portfolio to be in default, or to take certain actions to avoid being in default, in connection with a credit facility. This could have a material adverse effect on the Company and the Portfolios. In the event of the winding up of the Company, secured amounts owed to third party credit facility providers will be paid out in priority over the payment of proceeds to Shareholders.

### **GENERAL SUSPENSION RISK**

Securities of issuers traded on exchanges may be suspended, either by the issuers themselves, by an exchange or by government authorities. The likelihood of such suspensions may be higher for securities of issuers in emerging or less-developed market countries than in countries with more developed markets. Trading suspensions may be applied from time to time to the securities of individual issuers for reasons specific to that issuer, or may be applied broadly by exchanges or governmental authorities in response to market events. Suspensions may last for significant periods of time, during which trading in the securities and instruments that reference the securities, such as participatory notes (or "P-notes") or other FDI, may be halted. In the event that a Portfolio holds material positions in such suspended securities or instruments, the Portfolio's ability to liquidate its positions or provide liquidity to investors may be compromised and the Portfolio could incur significant losses.

## **5. FINANCE-RELATED RISKS**

### **FEES AND EXPENSES**

Whether or not a Portfolio is profitable, it is required to pay fees and expenses including organisation and offering expenses, brokerage commissions, management, administrative and operating expenses and custodian fees. A portion of these expenses may be offset by interest income.

### **SEED INVESTMENT**

As part of its launch, a Portfolio may receive a subscription from an Affiliate as a seed investment, which may be substantial. Investors wishing any further information in respect of any such subscription should contact the Manager.



Investors should be aware that the Affiliate may i) hedge any of its investments in whole or part (ie, reducing the Affiliate's exposure to the performance of the Portfolio) and ii) redeem its investment in the Portfolio at any time, without notice to Shareholders and that the Affiliate is not under any obligation to take the interests of other Shareholders into account when making its investment decisions. As any large redemption from the Portfolio will have the indirect effect of increasing the proportion of the Portfolio's costs that the remaining Shareholders will have to bear, Shareholders should note that any redemption of its seed money by the Affiliate may have a negative effect on the value of their investment.

### **INCENTIVE ARRANGEMENTS**

The incentive arrangement involves the payment of performance fees and could create an incentive for the Manager and the Sub-Investment Managers to select riskier or more speculative trades than would be the case in the absence of such an arrangement. The payment of the performance fee will be based on performance which may include investment income and net realised and net unrealised gains and losses as at the end of each Calculation Period. As a result, payments of performance fees may be made in respect of unrealised gains which may subsequently never be realised.

### **PERFORMANCE FEE METHODOLOGY**

The methodology used by the Company in calculating the performance fees in respect of certain Portfolios may result in inequalities as between Shareholders in relation to the payment of performance fees (with some investors paying disproportionately higher performance fees in certain circumstances) and may also result in certain Shareholders having more of their capital at risk at any time than others. Shareholders should note that the performance fee is based on net realised and net unrealised gains and losses as at the end of each calculation period and as a result, performance fees may be paid on unrealised gains which may subsequently never be realised. Shareholders should also note that a performance fee may be paid in times of negative performance where a Portfolio has outperformed its reference benchmark index, but, overall has a negative performance. Past performance against a benchmark will be shown in the relevant Key Investor Information Documents, where applicable.

### **FOREIGN TAXES**

The Company may be liable to taxes (including withholding taxes) in countries other than Ireland on income earned and capital gains arising on its investments. The Company may not be able to benefit from a reduction in the rate of such foreign tax by virtue of the double taxation treaties between Ireland and other countries. The Company may not, therefore, be able to reclaim any foreign withholding tax suffered by it in particular countries. If this position changes and the Company obtains a repayment of foreign tax, the Net Asset Value of the Company will not be restated and the benefit will be allocated to the then-existing Shareholders rateably at the time of repayment.

### **FATCA**

The Company will require Shareholders to certify information relating to their status for FATCA purposes and to provide other forms, documentation and information in relation to their FATCA status. The Company may be unable to comply with its FATCA obligations if Shareholders do not provide the required certifications or information. In such circumstances, the Company could become subject to US FATCA withholding tax in respect of its US source income if the US Internal Revenue Service specifically identified the Company as being a 'non-participating financial institution' for FATCA purposes. Any such US FATCA withholding tax would negatively impact the financial performance of the Company and all Shareholders may be adversely affected in such circumstances.

### **FUTURE DEVELOPMENTS POTENTIALLY IMPACTING TAXATION OF SHAREHOLDERS**

There are a number of national and international tax initiatives currently in progress which could, if enacted, impact the Company, a Portfolio and/or Shareholders in the future. At this time it cannot be predicted whether these tax initiatives will be enacted, and, if enacted, what their form will be and how they will impact the Company, a Portfolio or Shareholders. As a result, Shareholders should consult their own tax advisors regarding the possible implications of any such future developments on their investments in a Portfolio.

## **6. RISKS RELATED TO FINANCIAL DERIVATIVE INSTRUMENTS ("FDI")**

### **GENERAL**

There are certain investment risks that apply in relation to the use of FDI. A Portfolio may use FDI as a cheaper or more liquid alternative to other investments, to attempt to hedge or reduce the overall risk of its investments, or as part of the investment policies and strategies used in the pursuit of its investment objectives. A Portfolio's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. Investments in FDI are subject to normal market fluctuations and other risks inherent in investment in securities. In addition, the use of FDI involves special risks, and risks different from, and, in certain cases, greater than, the risks presented by more traditional investments, including:



- dependence on the Manager's and Sub-Investment Manager's ability to accurately predict movements in the price of the underlying security and the fact that the skills needed to use these strategies are different from those needed to select portfolio securities;
- imperfect correlation between the movements in securities or currency on which an FDI contract is based and movements in the securities or currencies in a Portfolio;
- the absence of a liquid market for any particular instrument at any particular time which may inhibit the ability of a Portfolio to liquidate an FDI at an advantageous price; and
- possible impediments to efficient portfolio management or the ability to meet repurchase requests or other short term obligations because a percentage of a Portfolio's assets may be segregated to cover its obligations.

Should the Manager's and Sub-Investment Manager's expectations in employing such techniques and instruments be incorrect or ineffective, a Portfolio may suffer a substantial loss, having an adverse effect on the Net Asset Value. Such strategies might also be unsuccessful and incur losses for a Portfolio, due to market conditions.

The use of FDI also means that the Net Asset Value of a Portfolio may at times be volatile. The Manager employs a risk management process which enables it to accurately measure, monitor and manage the various risks associated with FDI.

## **PARTICULAR RISKS OF FDI**

### **General**

The Manager may make use of FDI in a Portfolio's investment program. Certain swaps, options and other FDI may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, swaps and other derivatives can involve significant economic leverage and may, in some cases, involve high risk of significant loss. The Global Exposure of a Portfolio which uses the Commitment Approach to manage the risks associated with their use of FDI will not exceed the Portfolio's Net Asset Value at any time. Portfolios which use the value at risk approach to manage the risks associated with their use of FDI may have a net leveraged exposure of over 100% of their Net Asset Value as a result of their use of FDI, which may result in a significant or a total loss to the Portfolio.

### **Liquidity; Requirement to Perform**

From time to time, the counterparties with which a Portfolio effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, a Portfolio might be unable to enter into a desired transaction or to enter into any offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward or spot contracts do not provide a trader with the right to offset its obligations through an equal and opposite transaction. For this reason, entering into forward or spot contracts, the Company may be required to and must be able to, perform its obligations under the contract.

### **Necessity for Counterparty Trading Relationships**

Participants in the OTC markets typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides super collateral, letters of credit or other credit enhancements. While the Manager believes that the Company will be able to establish the necessary counterparty business relationships to enable it to effect transactions in the OTC markets, including the swaps markets, there can be no assurance that it will be able to do so. An inability to establish such relationships would limit its activities and could require it to conduct a more substantial portion of such activities in the futures markets. Moreover, the counterparties with which it expects to establish such relationships will not be obligated to maintain the credit lines extended to it, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

### **Correlation Risk**

Although the Manager believes that taking exposure to underlying assets through the use of FDI will benefit Shareholders in certain circumstances, due to reduced operational costs and other efficiencies which investment through FDI can bring, there is a risk that the performance of the Portfolio will be imperfectly correlated with the performance which would be generated by investing directly in the underlying assets.

### **Futures**

Positions in futures contracts may be closed out only on an exchange which provides a secondary market for such futures. However, there can be no assurance that a liquid secondary market will exist for any particular futures contract at any specific time. Thus, it may not be possible to close a futures position. In the event of adverse price movements, a

Portfolio would continue to be required to make daily cash payments to maintain its required margin. In such situations, if a Portfolio has insufficient cash, it may have to sell portfolio securities to meet daily margin requirements at a time when it may be disadvantageous to do so. In addition, a Portfolio may be required to make delivery of the instruments underlying futures contracts it holds.

The inability to close options and futures positions also could have an adverse impact on the ability to effectively hedge a Portfolio.

The risk of loss in trading futures contracts in some strategies can be substantial, due both to the low margin deposits required, and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a futures contract may result in immediate and substantial loss (as well as gain) to the investor. For example, if at the time of purchase, 10% of the value of the futures contract is deposited as margin, a subsequent 10% decrease in the value of the futures contract would result in a total loss of the margin deposit, before any deduction for the transaction costs, if the account were then closed out. A 15% decrease would result in a loss equal to 150% of the original margin deposit if the contract were closed out. Thus, a purchase or sale of a futures contract may result in losses in excess of the amount of investment in the contract. The relevant Portfolio also assumes the risk that the Manager will incorrectly predict future stock market trends.

It is also possible that a Portfolio could both lose money on futures contracts and also experience a decline in value of its portfolio securities. There is also a risk of loss by a Portfolio of margin deposits in the event of bankruptcy of a broker with whom a Portfolio has an open position in a futures contract or related option.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. This constraint could prevent the Manager from promptly liquidating unfavourable positions and subject a Portfolio to substantial losses. This could also impair a Portfolio's ability to withdraw its investments in order to make distributions to a redeeming Shareholder in a timely manner. Therefore, although the Company is open to all classes of investors and it is not expected that its investments will impact on its ability to meet redemption requests, it may be more suitable for sophisticated investors that will not be materially impacted by postponements of a Portfolio's normal redemption dates.

## **PARTICULAR RISKS OF OTC FDI**

### **Absence of Regulation; Counterparty Default**

In general, there is less government regulation and supervision of transactions in the over-the-counter markets than of transactions entered into on organised exchanges. In addition, many of the protections afforded to some participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with transactions in OTC FDI. Therefore, although any counterparty with whom a Portfolio enters into a SFT Transaction will be rated at or in excess of the requirements of the Central Bank by a Recognised Rating Agency and the Portfolio may further reduce its exposure to the counterparty through the use of collateral, the Portfolio will be subject to the risk that the counterparty will not perform its obligations under the transactions. In the event that the counterparty is unable or unwilling to meet its contractual liabilities, there may be a limited but detrimental impact on the Portfolio.

### **Tax**

There may also be a detrimental impact on a Portfolio in circumstances where there has been a change in the relevant taxation legislation or practice, regarding the OTC FDI in which the Portfolio has invested, whereby an unforeseen tax liability may have to be borne by the Portfolio. There is also a risk of loss due to the unexpected application of a law or regulation.

### **Legal**

Unlike exchange-traded options, which are standardised with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC FDI, are generally established through negotiation with the other party to the instrument. While this type of arrangement allows a Portfolio greater flexibility to tailor the instrument to its needs, OTC FDI may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if OTC FDI are deemed not to be legally enforceable or are not documented correctly.

There also may be a legal or documentation risk that the parties to the OTC FDI may disagree as to the proper interpretation of its terms. If such a dispute occurs, the cost and unpredictability of the legal proceedings required for the Company to enforce its contractual rights may lead the Company to decide not to pursue its claims under the OTC FDI. The Company thus assumes the risk that it may be unable to obtain payments owed to it under OTC arrangements, that those payments may be delayed or made only after the Company has incurred the costs of litigation.

### **Forward Contracts**

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

### **Valuation Risk**

FDI and forward exchange contracts which are not dealt on a Recognised Market shall either be valued by the counterparty at least daily, provided that the valuation is verified at least weekly either by the Manager or other independent party such person to be independent of the counterparty and approved for that purpose by the Depositary, or by using an alternative valuation. If using an alternative valuation, the Company will follow international best practice and adhere to the principles on valuation of OTC instruments established by bodies such as IOSCO and AIMA. In the event that the Company opts to use an alternative valuation, the Company will use a competent person appointed by the Directors, approved for this purpose by the Directors and the Depositary, or will use such other method approved by the Depositary and such alternative valuation will be reconciled with the counterparty's valuation on a monthly basis. Any significant differences to the counterparty valuation will be promptly investigated and explained.

Investors should note that there is often no single market value for instruments such as OTC FDI. The discrepancies between bid offer spread on OTC FDI may be partly explained by various estimates on their pricing parameters. The Company has put procedures in place to reconcile any differences in valuation between the counterparties as well as pricing anomalies.

## **RISKS ASSOCIATED WITH EXCHANGE-TRADED FUTURES CONTRACTS**

A particular risk associated with this type of contract is the means by which the futures contract is required to be terminated. A futures contract can only be terminated by entering into an offsetting transaction. This needs a liquid secondary market on the exchange on which the original position was established. However, there can be no assurance that such a market will exist for any particular contract at any point in time. In that event, it might not be possible to establish or liquidate a position. In addition, because the instrument underlying a futures contract traded by a Portfolio will often be different from the instrument or market being hedged or to which exposure is sought, the correlation risk could be significant and could result in losses to a Portfolio. The use of futures involves basis risk – the risk that changes in the value of the underlying instrument will not be fully reflected in the value of the futures contract. The liquidity of a secondary market in futures contracts is also subject to the risk of trading halts, suspensions, exchange or clearing house equipment failures, government intervention, insolvency of a brokerage firm, clearing house or exchange or other disruptions of normal trading activity. Each securities exchange typically has the right to suspend or limit trading in all securities which it lists. Such a suspension would render it impossible for a Portfolio to liquidate positions and, accordingly, could expose a Portfolio to losses and potentially have an adverse impact on its ability to redeem Shares. There is also a degree of leverage inherent in futures trading (ie, the loan margin deposits normally required in futures trading means that such trading may be highly leveraged). Accordingly, a relatively small price movement in a futures contract may result in an immediate and substantial loss to a Portfolio.

## **OPTIONS**

A Portfolio may enter into option contracts. These contracts give the right, but not the obligation, to buy or sell an underlying asset or instrument at a specified strike price on or before a specified date.

A put option gives the holder the right to sell the underlying assets to the option writer at an agreed price, whereas a call option gives the holder the right to purchase the underlying assets from the option writer at an agreed price. A Portfolio may sell put options in respect of securities and may, in order to generate additional income, sell call options by setting

target 'strike' prices at which those securities may be sold or bought in the future. This will create exposure for the Portfolio, as it may have to deliver the underlying securities and, should the market move unfavourably, this may result in a loss. The maximum loss for the writer of a put option is equal to the strike price less the premium received. The maximum loss for the writer of a call option is potentially unlimited if the writer does not hold the physical asset that must be delivered. In the case of a written option or a future, the underlying security is not delivered upon exercise, as the contract is cash settled. A Portfolio's financial liability is therefore linked to the marked-to-market value of the notional underlying investments.

An option writing strategy used by a Portfolio carries the risks detailed above. Such an option writing strategy may also limit the potential for capital growth and increase the risk that the Net Asset Value of a Portfolio will underperform global equities markets.

### **CONTRACTS FOR DIFFERENCES**

A contract for differences ("CFD") is an OTC derivative transaction providing synthetic exposure to an underlying asset such as a listed equity, an index or a basket of securities. Such contracts are subject to risks related to OTC investments. They are subject to daily margin adjustment payments and in case of significant market movement, holders of CFDs may sustain more loss than the margin accounts and expose the Portfolio to losses. In addition, if there is no liquidity in the relevant reference security, the Portfolio may be unable to trade the respective CFD which could have impact on the Portfolio's performance and liquidity. In addition, CFDs are exposed to counterparty risk as described in the Operational Risk section.

### **TOTAL AND EXCESS RETURN SWAPS**

Certain Portfolios may use Total Return (TR) or Excess Return (ER) Swaps. A TR Swap is a swap agreement in which the total return of a security is exchanged for some other cash flow, usually tied to a generally accepted money market rate or some other loan or credit-sensitive security/market. TR and ER Swaps are subject to interest rate risk with an additional risk that underlying security/market movements may vary from expectations at the point the position is entered into. Adverse movements in either case would result in losses to the relevant Portfolios. TR Swaps are also subject to counterparty credit risk, which is the possibility that the other party to the swap contract may default on its obligations. Collateralisation arrangements will be in place to minimise this counterparty credit risk. Any collateral received by the Portfolios in respect of OTC FDI will meet the requirements set out in this Prospectus and be valued in accordance with the provisions of the "Determination of Net Asset Value" section hereof.

### **FORWARD CURRENCY CONTRACTS**

Forward contracts are not traded on exchanges, are not standardised and each transaction tends to be negotiated on an individual basis. Forward trading is substantially unregulated.

There is no requirement that the principals who deal in the forward markets are required to continue to make markets in the currencies they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Disruptions can occur in any market traded by a Portfolio due to unusually high trading volume, political intervention or other factors. In respect of such trading, a Portfolio is subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to a Portfolio.

### **COMMODITY POOL OPERATOR – "DE MINIMIS EXEMPTION"**

While certain Portfolios may trade commodity interests (which for CFTC purposes include, but are not limited to, commodity futures contracts, commodity options contracts and/or swaps), including security futures products, the Manager is exempt from registration with the CFTC as a CPO with respect to those Portfolios pursuant to CFTC Rule 4.13(a)(3). Therefore, unlike a registered CPO, the Manager is not required to deliver a CFTC disclosure document to prospective investors, nor is it required to provide investors with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs.

Reliance upon CFTC Rule 4.13(a)(3), the so-called "de minimis exemption", requires limiting each such Portfolio's exposure to the commodity markets. CFTC Rule 4.13(a)(3) requires that a pool for which such exemption is filed must meet one or the other of the following tests with respect to its commodity interest positions, including positions in security futures products, whether entered into for bona fide hedging purposes or otherwise: (a) the aggregate initial margin, premiums, and required minimum security deposit for retail forex transactions, will not exceed 5 per cent. of the liquidation value of the pool's portfolio, after taking into account unrealised profits and unrealised losses on any such positions it has entered into; or (b) the aggregate net notional value of such positions does not exceed 100 per cent. of the liquidation value of the pool's portfolio, after taking into account unrealised profits and unrealised losses on any such positions it has entered into. Additional conditions for reliance upon this exemption are detailed in Annex IV.

## **INVESTMENT IN LEVERAGED CIS**

The Company and the Manager will not generally have control over the activities of any company or collective investment scheme invested in by a Portfolio. Managers of collective investment schemes and companies in which a Portfolio may invest may take undesirable tax positions, employ excessive leverage, or otherwise manage the collective investment schemes or be managed in a manner not anticipated by the Manager. Any leverage employed by managers of collective investment schemes and companies in which a Portfolio may invest, may involve the same leverage risks as those arising where a Portfolio employs leverage, as described in the “Investment Risks” section of this Prospectus and the “Risk” section of the description of such Portfolio in the relevant Supplement.

## **LEVERAGE RISK**

The Portfolios may achieve some leverage through the use of FDI for the purpose of making investments. The use of leverage creates special risks and may significantly increase the Portfolios’ investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, may result in a significant or a total loss of the Portfolio.

## **RISKS OF CLEARING HOUSES, COUNTERPARTIES OR EXCHANGE INSOLVENCY**

The liquidity of a secondary market in derivatives is subject to the risk of trading halts, suspensions, exchange or clearing house equipment failures, government intervention, insolvency of a brokerage firm, clearing house or exchange or other disruptions of normal trading activity.

## **SHORT POSITIONS**

Holding a short position is when a security that the Portfolios do not physically own is sold. This is done if the price of that security is expected to fall so that it can be purchased at a later date for a lower price to make a profit. Uncovered selling of securities is prohibited under the UCITS Regulations but the creation of synthetic short positions through the use of FDI is permitted, as long as any exposure created is covered by the assets of the relevant Portfolio. A short position in a security could create greater risks than would occur with a long position. These include the possibility of an unlimited loss due to potentially unlimited price increases in the securities concerned.

## **CASH COLLATERAL**

Cash collateral re-use or reinvestment could lead to a reduction of the value of the eligible collateral capital. This, in turn may cause losses to the Company and the relevant Portfolio because it is obliged to return collateral to the counterparty.

## **INDEX RISK**

The structure and composition of the relevant index, including the transaction costs which are inherent in the index and are designed to replicate the trading costs which would be borne by an investor seeking to gain access to the exposures provided by the index, will affect the performance, volatility and risk of the index (in absolute terms and by comparison with other indices) and consequently, the performance, volatility and risk of the Portfolio. An index tracking Portfolio may not be successful in selecting a portfolio of investments that will provide a return that correlates closely with that of the relevant index. Application of such screens or techniques may result in investment performance below that of the relevant index and may not produce results expected by the Portfolio. Investors should review the index rules for the relevant Portfolio and the risk disclosures and limitations on liability contained therein prior to investing in such a Portfolio. Additional information on relevant indices (including information on the rebalancing frequency of such indices) shall be made available in the annual report of the Company.

### **Index License Risk**

If in respect of an index, at any time, the licence granted (if required) in respect of any relevant Portfolio or the Manager (or its affiliates) to replicate or otherwise use the index for the purposes of an index tracking Portfolio terminates, or such a licence is otherwise disputed, impaired or ceases (for any reason), the Directors and/or the Manager may be forced to replace the index with another index which they determine to track substantially the same market as the index in question and which they consider to be an appropriate index for the Portfolio to track and such a substitution or any delay in such a substitution may have an adverse impact on the Portfolio. In the event that the Directors and/or the Manager are unable to identify a suitable replacement for the relevant index, they may be forced to terminate the Portfolio.

### **Index Tracking Risk**

Where a Portfolio tracks an index, there is no guarantee that the investment objective of that Portfolio will be achieved. In particular, no financial instrument enables the returns of any index to be reproduced or tracked exactly and any use of portfolio optimisation techniques by a Portfolio instead of full replication may increase the risk of tracking error. Changes in the investments of a Portfolio and re-weightings of the index may give rise to various transaction costs (including in

relation to the settlement of foreign currency transactions), operating expenses or inefficiencies which may adversely impact the performance of the relevant index and the Portfolio's tracking of the index. Furthermore, the total return on investment in the Shares will be reduced by certain costs and expenses which are not taken into account in the calculation of the index, such as the trading costs and fees and expenses borne by a Portfolio. Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the relevant index, or of market disruptions, rebalancing a Portfolio's investment portfolio may not be possible and may result in deviations from the return of the relevant index.

The ability of an index tracking Portfolio to achieve significant correlation between the performance of the Portfolio and the index it tracks may be affected by changes in securities markets, changes in the composition of the relevant index, cash flows into and out of the Portfolio and the fees and expenses of the Portfolio. Such a Portfolio will seek to track index returns regardless of the current or projected performance of the relevant index or of the actual securities comprising the index. Further, the relevant Portfolio generally will not sell a security included in the index as long as such security is part of the index regardless of any sudden or material decline in value or foreseeable material decline in value of such security, even though the Manager/the Sub-Investment Manager may make a different investment decision for other accounts or portfolios that hold such security. As a result, an index-trading Portfolio's performance may be less favourable than that of a portfolio managed using an active investment strategy.

## **BORROWING POLICY**

Under the Articles the Directors are empowered to exercise all of the borrowing powers of the Company subject to any limitations under the UCITS Regulations and to charge the assets of the Company as security for such borrowings.

The Company may not borrow money, grant loans or act as guarantor on behalf of third parties, except:

- (i) foreign currency may be acquired by means of a back-to-back loan (i.e. borrowing one currency against the deposit of an equivalent amount of another currency) provided that where foreign currency borrowings exceed the value of the "back-to-back" deposit, any excess shall be regarded as borrowing and therefore aggregated with other borrowing for the purposes of the 10% limit referred to below; and
- (ii) the Company may incur temporary borrowings (including to finance temporary cash flow mismatches in respect of covering FDI positions which a Portfolio may enter into) in an amount not exceeding 10% of its net asset value and may charge its assets as security for such borrowings.



## DISTRIBUTION POLICY

### ACCUMULATING CLASSES

The Directors have determined to accumulate all net investment income and net realised capital gains attributable to the Accumulating Classes and therefore do not intend to declare dividends in respect of Shares in such Classes.

### DISTRIBUTING CLASSES

#### Source of Distributions

Pursuant to the Articles, the Directors may declare dividends, in respect of any Shares out of net income (including dividend and interest income) and/or the excess of realised and unrealised capital gains over realised and unrealised losses in respect of investments of the Company (collectively "Net Income") and also out of capital. Dividends paid out of capital amount to a return or withdrawal of part of a Shareholder's original investment or from any capital gains attributable to that original investment. Such dividends may result in an immediate decrease in the net asset value of the relevant Shares.

The Directors may pay dividends out of capital and/or Net Income for certain Distributing Classes. However, Shareholders should note that the Directors may, in their discretion, decide not to make such declaration and payment in respect of a Distributing Class.

In respect of Distributing Classes, the Directors may declare and pay a weekly, monthly, quarterly, semi-annual or annual dividend respectively, attributable to the Shares of each such Class out of a combination of Net Income and capital, so that where Net Income during the relevant period is less than the amount declared, the balance will be paid of the capital represented by the relevant Shares, which will enable the Classes to distribute regular, set dividends. In the event that the Net Income attributable to the Distributing Classes exceeds the amount declared during the relevant period, the excess of Net Income over this amount will be retained in a distribution account in respect of the relevant Shares and will form part of the dividend payable in respect of the succeeding distribution period. Further, in the case of the Gross Income Distributing Classes, the Directors may, pay dividends attributable to the Shares of each such Class out of a combination of Net Income and capital with the intention that the amounts distributed will equal the gross income (i.e. total income before the deduction of any fees or expenses) attributable to the relevant Classes. While the foregoing represents the Directors' current intention in respect of the declaration and payment of dividends in respect of certain Distributing Classes, the Directors may in their discretion decide not to make such declaration and payment and there is no guarantee that any such dividends will be paid. Investors should note that dividends declared in respect of a Portfolio may not reflect the dividend characteristics of the underlying investments of that Portfolio.

#### Frequency of Distributions

Under normal circumstances, the Directors intend that dividends in respect of:

- (a) each of the (Weekly) Distributing Classes (where offered by a Portfolio) shall be declared and paid on or prior to the last Business Day of each week;
- (b) each of the (Monthly) Distributing Classes in all Portfolios shall be declared on or prior to the last Business Day of each month and paid within three Business Days thereafter;
- (c) each of the (CG) Distributing Classes in all Portfolios shall be declared on a semi-annual basis and, unless specified in the relevant Supplement, paid within thirty Business Days thereafter;
- (d) any Distributing Classes which have been designated as quarterly distributing Classes shall be declared on a quarterly basis and, unless otherwise provided in the relevant Supplement, paid within thirty Business Days thereafter;
- (e) each of the (Monthly) Gross Income Distributing Classes in all Portfolios shall be declared on or prior to the last Business Day of each month and paid within three Business Days thereafter;
- (f) all other (Gross) Income Distributing Classes in all Portfolios shall be declared on a quarterly basis and paid within thirty Business Days thereafter;
- (g) all other Distributing Classes in all Portfolios shall be declared and paid on the frequency stated in the relevant Supplement in respect of each Portfolio.

Subject to income being available for distribution, the Directors may also decide to declare and pay interim dividends in relation to any of the Distributing Classes. All Shares in issue in a Distributing Class on any date on which the Directors determine to declare a dividend in respect of such Distributing Class will be eligible for such dividend.

#### Method of Payment and Other Conditions



Dividends will be paid by wire transfer in accordance with the bank account details nominated by the Shareholder on the subscription application form unless the Shareholder shall have elected that dividends otherwise payable in cash be automatically re-invested in further Shares in the relevant Distributing Class. Dividends paid in cash will be paid in the class currency of the relevant Distributing Class, except in the case of BRL Classes and CLP Classes, in respect of which distributions will be paid in US Dollars.

The Directors reserve the right to change the dividend policy of any Class at its discretion on not less than one month's prior notice to Shareholders of the relevant Class and this Prospectus will be updated to reflect any such change. Any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and shall revert to the relevant Portfolio.

#### **Information on Past Distributions**

The compositions (i.e. the relative amounts paid from income and capital) of dividends paid for the previous 12 months (if any) in respect of Portfolios which have been authorised in Hong Kong for retail distribution can be obtained from [www.nb.com](http://www.nb.com)

## SUBSCRIPTIONS & REDEMPTIONS

The Directors may issue Shares of any series or Class, and create new series or Classes, on such terms as they may from time to time determine in relation to any Portfolio. For the avoidance of doubt, there will only ever be one (1) series in respect of each Portfolio. Shares of any particular series may be divided into different Classes to accommodate different subscription and/or redemption and/or dividend provisions and/or charges and/or fee arrangements. Investors should note that not all Portfolios described in this Prospectus are currently available for subscription and should refer to the information in the relevant Supplement for further details in respect of the Portfolios in which they intend to invest. Details of the Classes available in each Portfolio are contained in Annex II to this Prospectus and in the relevant Supplement.

Application forms, together with supporting documentation in relation to money laundering prevention checks should be sent by facsimile, or by any other electronic means as agreed with the Administrator, to the Distributor or relevant sub-distributor, if any, for onward transmission to the Administrator in accordance with the details set out in the application form or to the Company at the address set out in the application form.

Subscriptions for Shares in New Classes at the Initial Offer Price will be considered during the Initial Offer Period for the relevant Portfolio, upon receipt by the Administrator of completed share applications and subscription monies as specified below. Such Shares will be issued on the last day of the Initial Offer Period. Details of the Initial Offer Price and Initial Offer Period in respect of each Portfolio are contained in the relevant Supplement. Investors should note that the Directors may, in their absolute discretion, amend the Initial Offer Price in respect of a Class, provided that notice of any such change is provided to all subscribers for such Class before the end of the relevant Initial Offer Period.

Shareholders may request the Company to redeem their Shares on any Dealing Day at their Net Asset Value per Share on such Dealing Day in accordance with the redemption procedures.

In order to receive or redeem Shares at their Net Asset Value per Share as of any particular Dealing Day, a properly completed subscription or redemption form must be received by the Administrator before the relevant Dealing Deadline.

Subscription or redemption application forms received after the relevant deadlines shall be held over until the following Dealing Day, unless the Directors otherwise determine.

Subscriptions or redemptions for Shares may be submitted to the Administrator by fax, or by any other electronic means as agreed with the Administrator (including electronic messaging services such as SWIFT), using the relevant subscription or redemption form as appropriate, provided that all ongoing anti-money laundering checks are complete. If applicable, redemption requests must be accompanied by a share certificate in respect of the Shares (duly endorsed by the Shareholder) or such other evidence of ownership as the Administrator may request.

Investors should review the Prospectus in conjunction with any relevant Key Investor Information Documents.

### Information Specific to Subscriptions

Unless stated otherwise in the relevant Supplement, subscriptions in each Portfolio will be accepted either as a subscription for Shares of a cash value or subscriptions for a specific number of Shares.

Subscription monies should be sent by wire transfer to the relevant account specified in the subscription application form, or by transfer of assets in accordance with the provisions described below, no later than three (3) Business Days after the relevant Dealing Day.

If cleared funds representing the subscription monies are not received by the Company by close of business on the relevant due date, the Directors reserve the right to cancel the provisional allotment of Shares. In such an event the investor shall indemnify the Company, the Manager and the Administrator for any loss suffered by the Company as a result of the investor's failure to transmit the subscription monies in a timely fashion. In the event that the Directors decide not to cancel a provisional allotment of Shares notwithstanding that cleared funds have not been received by the Company by the relevant cut-off time, the Directors reserve the right to charge interest (at a rate equal to LIBOR + 3.5% (or a comparable or successor rate after the expected decommission of the LIBOR rate) or such other rate as the Directors may from time to time determine) on such subscription monies commencing on the third Business Day following the relevant Dealing Day. Subscription monies received from applicants prior to the receipt of a completed subscription application form will be maintained (without interest) in an account opened by the Depositary in the name of the Company, the monies will not be available for investment and will remain the property of the applicant until the relevant share application is accepted by the Company. Investors should also note that where subscription monies received in advance of the relevant Dealing Day are subject to negative interest rates or other charges, the relevant investor will be liable for such costs, which will be billed to the investor in due course.

Subscription monies are to be paid in the specified currency to the bank account indicated in the relevant subscription application form, except in the case of BRL Classes and CLP Classes, in respect of which subscriptions must be paid in US Dollars.

The Directors, or the Administrator as their delegate, may also issue Shares in exchange for assets which the Company is permitted to hold under the investment restrictions of the relevant Portfolio. No Shares may be issued in exchange for such assets unless the Directors are satisfied that:

- (a) the number of Shares issued will not be more than the number which would have been issued for settlement in cash, having valued the assets to be exchanged in accordance with the valuation provisions set out in the Articles and summarised in the “*Determination of Net Asset Value*” section;
- (b) all fiscal Duties and Charges arising in connection with the vesting of such assets in the Depositary for the account of the relevant Portfolio are paid by the person to whom the Shares are to be issued or, at the discretion of the Directors, out of the assets of such Portfolio; and
- (c) the assets would qualify as assets of the relevant Portfolio in accordance with the investment objective, policies and restrictions of such Portfolio;

and the Depositary is satisfied that:

- (i) the terms of such exchange shall not materially prejudice the Shareholders; and
- (ii) that the assets have been vested in the Depositary.

The Minimum Initial Subscriptions and Minimum Holdings that apply to each Portfolio are contained in Annex II to this Prospectus. The Directors may, in their absolute discretion, waive the Minimum Initial Subscription and Minimum Holding for each Class. The Initial Offer Prices for each Portfolio are set out in the relevant Supplement and the Directors may, in their absolute discretion, amend them in respect of a Class, provided that notice of any such change is provided to all subscribers for such Class before the end of the relevant Initial Offer Period.

Measures aimed towards the prevention of money laundering may require a detailed verification of the applicant's identity. Depending on the circumstances of each application, a detailed verification might not be required where (a) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution; or (b) the application is made through a recognised intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised by Ireland as having equivalent anti-money laundering regulations.

The Company, and the Administrator acting on behalf of the Company, reserve the right to request such information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Company, and the Manager and the Administrator acting on behalf of the Company, may refuse to accept the application and all subscription monies. Shareholders will not be permitted to request the redemption of their Shares unless the completed subscription application form has been received by the Administrator, and all anti-money laundering checks required by the Central Bank have been completed in respect of the relevant subscription. Investors should note that the Administrator reserves the right to take any and all actions deemed appropriate to address any concerns regarding the authenticity of the completed subscription form, which may include requesting any document to be provided in original, wet-ink form (or certified true copy or certified copy form). Investors should also note that where the processing of a subscription is delayed as a result of a failure by investors to provide the necessary complete and accurate documentation, if subscription monies received are subject to negative interest rates or other charges, the relevant investor will be liable for such costs, which will be billed to the investor in due course.

Investors should also note that by completing the Application Form they have provided or will provide information to the Company, which may constitute personal data within the meaning of the Data Protection Legislation and should be aware that personal data of investors and Shareholders shall be processed by the Company in accordance with the Privacy Statement.

All Shares issued will be in registered form and written confirmation of ownership will be sent to Shareholders within ten (10) business days of registration. Share certificates will not be issued unless the Directors otherwise determine. The number of Shares issued will be rounded to the nearest one thousandth of a share and any surplus money will be credited to the Company. The Directors and the Manager may, in their absolute discretion refuse to accept any subscription for Shares, in whole or in part.

Sub-distributors appointed by a Distributor may impose deadlines for receipt of applications which are earlier than those set out above, to facilitate such sub-distributor forwarding those applications to the Administrator. However, no subscription application form will be processed by the Administrator on any Dealing Day unless the relevant subscription application form is received in accordance with the provisions outlined above. Applicants should also note that they may be unable to purchase Shares through a sub-distributor on days that such sub-distributor is not open for business.

The Company will not knowingly issue any Shares to any U.S. Person except in a transaction which does not contravene US securities laws. Each applicant for Shares will be required to provide such representations, warranties or documentation as may be required by the Company to ensure that these requirements are met prior to the issue of Shares. Refer to Annex

IV for further information.

### Information Specific to Redemptions

Shareholders will not be entitled to withdraw redemption requests unless otherwise agreed by the Administrator in consultation with the Directors. The Directors, the Manager or the Administrator shall be entitled to refuse to redeem any Shares until the share certificates (if any) in respect of those Shares have been returned to the Company. The requests for redemptions must be received in writing by the Administrator in order for payment to be made, provided, however, that payment may be made where a redemption request has been submitted by fax and where payment is made to the account specified by the Shareholder in its original subscription application form, or such other account as may be specified by original notice in writing to the Administrator. Investors should note that the Administrator reserves the right to take any and all actions deemed appropriate to address any concerns regarding the authenticity of the completed redemption form, which may include requesting any document to be provided in original, wet-ink form (or certified true copy or certified copy form). Investors should also note that where the payment of a redemption is delayed as a result of a failure by an investor to provide the necessary complete and accurate documentation, if redemption monies are subject to negative interest rates or other charges, the relevant investor will be liable for such costs, which will be billed to the investor in due course.

The Shares shall be redeemed at the Net Asset Value per Share on the Dealing Day on which redemption is effected as calculated in accordance with the Articles of Association. Investors in some Portfolios may also be subject to Duties and Charges on a redemption. Investors' attention is drawn to the "*Fees and Expenses*" section.

Redemption Proceeds may, with the consent of the Shareholder concerned, be paid by in specie transfer to the Shareholder in question of assets of the Company. The assets to be transferred shall be selected at the discretion of the Directors and the Manager, subject to the approval of the Depositary and the Manager and taken at their value used in determining the redemption price of the Shares being so repurchased. If requested by the Shareholder, the Company must sell the assets on behalf of the Shareholder at the Shareholder's expense and give the Shareholder cash. Such distributions will not materially prejudice the interests of remaining Shareholders.

That notwithstanding, if on any Dealing Day a Shareholder requests the redemption of Shares equal to 5% or more of the number of Shares in issue in a particular series on such Dealing Day and on such Dealing Day redemption requests from all holders of Shares of that series total an aggregate of more than 25% of all the Shares in issue in that series on such Dealing Day, the Company may, with the prior consent of such Shareholder, taking prevailing market conditions and the best interests of the Shareholders of that series as a whole into account, distribute underlying investments rather than cash in respect of such Shareholder's redemption request. In such circumstances, subject always to the principle that any such distribution shall not materially prejudice the interests of other Shareholders and the approval of the Depositary and the Manager for the allocation of assets as part of such distribution, such distributions will be structured so as to provide such redeeming Shareholder with a pro-rated proportion of each asset held by the relevant Portfolio.

In the event that the Company exercises the power to distribute underlying investments rather than cash in respect of a redemption request, the relevant Shareholder will have the right to instruct the Company to procure the sale of such underlying investments on their behalf, in which case the Shareholder will receive the proceeds net of all Duties and Charges incurred in connection with the sale of such underlying investments.

If on any Dealing Day outstanding redemption requests from all holders of Shares of a particular series total more than such amount as may be determined by the Manager from time to time in respect of a series and disclosed in the relevant Supplement, subject always to a minimum of 10% of the Shares of such series in issue on such Dealing Day, (the "Redemption Ceiling") the Manager shall be entitled, in its discretion, to refuse to redeem such number of Shares in that series in excess of the Redemption Ceiling on that Dealing Day, as the Manager shall determine. When exercising this discretion, the Manager shall inform and, where appropriate, consult with the Depositary. Where no Redemption Ceiling is specified in the relevant Supplement, the Redemption Ceiling shall be 10% of the Shares of such series in issue on such Dealing Day.

If the Manager refuses to redeem Shares for this reason, all requests for redemption on such Dealing Day shall be reduced rateably and the Shares to which each request relates which are not redeemed on that Dealing Day shall be redeemed on each subsequent Dealing Day in accordance with the provisions of the Articles until all the Shares of the series to which the original requests related have been redeemed, provided always that in no case will the Company be obliged to redeem Shares of a particular series in excess of the Redemption Ceiling on any Dealing Day.

Redemption proceeds will be paid in the currency received by the Administrator in respect of the subscription for the Shares being redeemed. Any currency conversion necessary will be undertaken by the Administrator at the investor's expense at the prevailing rate on the date of redemption. Redemption proceeds will be paid within ten (10) Business Days of the relevant Dealing Day unless payment has been suspended in the circumstances described under "*Temporary Suspension of Dealings*" below, although the Company will seek to make such payments within a shorter period of time where possible (up to and including within three (3) Business Days of the relevant Dealing Day). Unless otherwise agreed with the Company, redemption proceeds will be paid by electronic transfer at the expense of the relevant Shareholder to the Shareholder's account as specified in the Shareholder's subscription application form or as otherwise specified by original notice in writing

by the Shareholder to the Company.

Where satisfaction of a redemption request would result in a Shareholder holding a number of Shares in a Class with a value less than the Minimum Holding for that Class, the Directors and the Manager shall be entitled, at their discretion, to treat the application for redemption as an application for the redemption of all of that Shareholder's Shares of the relevant Class or to offer the Shareholder an opportunity to amend or withdraw the redemption request.

### **Operation of the Subscription and Redemption Collection Accounts**

The Company has established a collection account at umbrella level in the name of the Company (the "Umbrella Cash Collection Account") and has not established such accounts in respect of each Portfolio. All subscriptions (including subscriptions received in advance of the issue of Shares) attributable to, and all redemptions, dividends or cash distributions payable from, a Portfolio will be channelled and managed through the Umbrella Cash Collection Account.

Monies in the Umbrella Cash Collection Account, including subscription monies received in respect of a Portfolio in advance of the issue of Shares, will not be subject to the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers. Pending the issue of Shares or pending payment of redemption proceeds or distributions, the relevant investor will be an unsecured creditor of the Portfolio in respect of amounts paid by or due to it.

Subscriptions amounts paid into the Umbrella Cash Collection Account will be paid into an account in the name of the Depositary on behalf of the relevant Portfolio on the contractual settlement date. Where subscription monies are received in the Umbrella Cash Collection Account without sufficient documentation to identify the investor or the relevant Portfolio, such monies shall, subject to compliance with relevant anti-money laundering requirements, be returned to the relevant investor within the timescales and as specified in the operating procedure in respect of the Umbrella Cash Collection Account.

Redemptions and distributions, including blocked redemptions or distributions, will be held in the Umbrella Cash Collection Account until payment due date (or such later date as blocked payments are permitted to be paid) and will then be paid to the relevant or redeeming Shareholder.

Failure to provide the necessary complete and accurate documentation in respect of subscriptions, redemptions or dividends is at the investor's risk. In particular, investors should note that where:

- (i) subscription monies received into the Umbrella Cash Collection Account in advance of the relevant Dealing Day; or
- (ii) subscription, redemption or distribution monies which are held in the Umbrella Cash Collection Account due to failures by investors to provide the necessary complete and accurate documentation

are subject to negative interest rates or other charges, the relevant investor will be liable for such costs, which will be billed to the investor in due course.

The Umbrella Cash Collection Account has been opened in the name of the Company. The Depositary will be responsible for safe-keeping and oversight of the monies in the Umbrella Cash Collection Account and for ensuring that relevant amounts in the Umbrella Cash Collection Account are attributable to the appropriate Portfolios.

The Company and the Depositary have agreed an operating procedure in respect of the Umbrella Cash Collection Account, which identifies the participating Portfolios, the procedures and protocols to be followed in order to transfer monies from the Umbrella Cash Collection Accounts, the daily reconciliation processes and the procedures to be followed where there are shortfalls in respect of a Portfolio due to late payment of subscriptions, and/or transfers to a Portfolio of monies attributable to another Portfolio due to timing differences.

## MANDATORY REDEMPTION OF SHARES

Shareholders are required to notify the Company immediately in the event that they become Irish Residents, U.S. Persons, Benefit Plans or cease to be Exempt Irish Investors, or the Declaration made by or on their behalf is no longer valid. Shareholders are also required to notify the Company immediately in the event that they hold Shares for the account or benefit of Irish Residents, U.S. Persons, Benefit Plans, or otherwise hold Shares in breach of any law or regulation or otherwise in circumstances having or which may have, adverse regulatory, tax or fiscal consequences or be a material administrative disadvantage for the Company or the Shareholders as a whole. In addition, Shareholders are required to notify the Company if any information provided or representations made by them on any subscription application form is no longer correct. It is the responsibility of each Shareholder to ensure that correct and accurate information is provided to the Company and kept up to date.

Where the Company becomes aware that a Shareholder is (a) a U.S. Person or is holding Shares for the account or benefit of a U.S. Person and such person is not an "accredited investor" (as defined in Rule 501(a) of Regulation D under the 1933 Act) and a "qualified purchaser" (as defined in Section 2(a)(51) of the 1940 Act; (b) a Benefit Plan or is holding Shares for the account or benefit of a Benefit Plan; (c) holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, legal, pecuniary or tax consequences or material administrative disadvantage for the Company or the Shareholders as a whole; or (d) not holding Shares equal to or greater than the Minimum Holding, the Company may, at its absolute discretion, acting in accordance with applicable laws and regulations and in good faith and on reasonable grounds: (i) direct the Shareholder to dispose of those Shares to a person who is entitled to own the Shares within such time period as the Company stipulates; or (ii) redeem the Shares at their Net Asset Value per Share as at the next Business Day after the date of notification to the Shareholder or following the end of the period specified for disposal pursuant to (i) above.

Under the Articles, any person who becomes aware that he is holding Shares in contravention of any of the above provisions and who fails to transfer, or deliver for redemption, his Shares pursuant to the above provisions or who fails to make the appropriate notification to the Company shall indemnify and hold harmless each of the Directors, the Company, the Manager, the Sub-Investment Manager, the Administrator, the Depositary and the Shareholders (each an "Indemnified Party") from any claims, demands, proceedings, liabilities, damages, losses, costs and expenses directly or indirectly suffered or incurred by such Indemnified Party arising out of or in connection with the failure of such person to comply with his obligations pursuant to any of the above provisions. The potential costs to the Indemnified Parties, in respect of which the aforementioned indemnity is provided, may be substantial and may exceed the value of their investment in the Company.

The Company shall be entitled to redeem Shares in respect of any Portfolio or Class in the circumstances described in the "*Termination of Portfolios or Share Classes*" section.

## EXCHANGE PRIVILEGE

Except where dealings in Shares have been temporarily suspended in the circumstances described in this Prospectus and subject to the restrictions in respect of specific Classes below, Shareholders may request the exchange of Shares of any Class in a Portfolio (the "Original Class") on any Business Day for Shares of any Class in any Portfolio (including the same Portfolio as the Original Class). A properly completed exchange request form must be received by the Administrator before the relevant Dealing Deadline.

Requests for exchanges of Shares shall be effected by notice in writing to the Company in such form as the Directors may approve. The general provisions and procedures relating to redemptions of Shares of the Original Class and subscriptions for Shares of the New Class will apply to any exchange of Shares. Accordingly, for these purposes, an exchange request will be treated as a redemption request in respect of the Original Class and as a subscription application request in respect of Shares of the New Class. Exchange fees, if any, will be disclosed in the "*Fees and Expenses*" section and the relevant Supplement.

Exchange request forms should be sent by post or facsimile to the Distributor or relevant sub-distributor for onward transmission to the Administrator at the address specified above in the "*Subscriptions*" section or to the Administrator. Exchange requests forms received after the above deadlines will be held over and dealt with on the following Business Day. The price at which Shares will be exchanged will be determined by reference to the Net Asset Value per Share of the relevant Shares on the relevant Business Day.

When requesting the exchange of Shares as an initial investment in a New Class, Shareholders should ensure that the Net Asset Value of the Shares exchanged is equal to or exceeds the Minimum Initial Subscription for the New Class, except and insofar as the Directors may in their absolute discretion vary or waive such requirement, either generally or in any specific case. If the number of Shares of the New Class to be issued on exchange is not an integral number of Shares, the Company may issue fractional new Shares or return the surplus arising to the Shareholder seeking to convert the Shares of the Original Class. The Directors may, in their absolute discretion refuse to accept any request for exchange for Shares, whole or in part.

### Class-Specific Restrictions

#### B Shares

B Shares can only be exchanged for B Shares of another Portfolio which continues to issue B Shares of the same currency and which are subject to the same CDSC. The aging of the Shares exchanged will be carried over to the New Class and no CDSC will be payable at the time of such exchange. No other Class may be exchanged for B Shares. The attention of Shareholders is drawn to this restriction, which may limit their ability to acquire Shares in another Portfolio through exchanging because B Shares are not available in all Portfolios and the further issue of B Shares in any Portfolio may be suspended at any time by the Directors and there can be no guarantee that B Shares of any currency in any Portfolio will continue to be offered by the Company.

#### C1 Shares

C1 Shares can only be exchanged for C1 Shares of another Portfolio which continues to issue C1 Shares of the same currency and which are subject to the same CDSC. The aging of the Shares exchanged will be carried over to the New Class and no CDSC will be payable at the time of such exchange. No other Class may be exchanged for C1 Shares. The attention of Shareholders is drawn to this restriction, which may limit their ability to acquire Shares in another Portfolio through exchanging because C1 Shares are not available in all Portfolios and the further issue of C1 Shares in any Portfolio may be suspended at any time by the Directors and there can be no guarantee that C1 Shares of any currency in any Portfolio will continue to be offered by the Company.

#### C2 Shares

C2 Shares can only be exchanged for C2 Shares of another Portfolio which continues to issue C2 Shares of the same currency and which are subject to the same CDSC. The aging of the Shares exchanged will be carried over to the New Class and no CDSC will be payable at the time of such exchange. No other Class may be exchanged for C2 Shares. The attention of Shareholders is drawn to this restriction, which may limit their ability to acquire Shares in another Portfolio through exchanging because C2 Shares are not available in all Portfolios and the further issue of C2 Shares in any Portfolio may be suspended at any time by the Directors and there can be no guarantee that C2 Shares of any currency in any Portfolio will continue to be offered by the Company.

#### C Shares

C Shares can only be exchanged for C Shares of another Portfolio which continues to issue C Shares of the same currency and which are subject to the same CDSC. The aging of the Shares exchanged will be carried over to the New Class and no CDSC will be payable at the time of such exchange. The attention of Shareholders is drawn to this restriction, which may limit their ability to acquire Shares in another Portfolio through switching because C Shares are



not available in all Portfolios and the further issue of C Shares in any Portfolio may be suspended at any time by the Directors and there can be no guarantee that C Shares in any currency in any Portfolio will continue to be offered by the Company.

#### E Shares

E Shares can only be exchanged for E Shares of another Portfolio which issues E Shares denominated in the same currency and which are subject to the same CDSC. The aging of the Shares exchanged will be carried over to the New Class and no CDSC will be payable at the time of such exchange. No other Class may be exchanged for E Shares. The attention of Shareholders is drawn to this restriction, which may limit their ability to acquire Shares in another Portfolio through exchanging because E Shares are not available in all Portfolios and the further issue of E Shares in any Portfolio may be suspended at any time by the Directors and there can be no guarantee that E Shares of any currency in any Portfolio will continue to be offered by the Company.

## TRANSFER OF SHARES

Transfers of Shares must be effected by transfer in writing in any usual or common form or in any other form approved by the Directors from time to time. Every form of transfer must state the full name and address of each of the transferor and the transferee and must be signed by or on behalf of the transferor. The Directors or their delegate may decline to register any transfer of Shares unless the transfer form is deposited at the registered office of the Company, or such other place as the Directors may reasonably require, accompanied by such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and to determine the identity of the transferee. The transferor shall be deemed to remain the holder of the Shares until the name of the transferee is entered in the register of Shareholders. A transfer of Shares will not be registered unless the transferee, if not an existing Shareholder, has completed a subscription application form with respect to the relevant Shares to the satisfaction of the Directors. The Directors may also, at their absolute discretion, decline to register a transfer which would result in either the transferee holding Shares with a Net Asset Value less than the Minimum Initial Subscription, or the transferor holding Shares with a Net Asset Value less than the Minimum Holding for the relevant Class.

Shares are freely transferable except that the Directors may decline to register a transfer of Shares (a) if the transfer is in breach of US securities laws; (b) in the absence of satisfactory evidence that the proposed transferee is not a Benefit Plan; (c) if in the opinion of the Directors the transfer would be unlawful or result or be likely to result in any adverse regulatory, legal, pecuniary or tax consequences or material administrative disadvantage for the Company or the Shareholders as a whole; (d) in the absence of satisfactory evidence of the transferee's identity; or (e) where the Company is required to redeem appropriate or cancel such number of Shares as are required to meet the appropriate tax of the Shareholder on such transfer. A proposed transferee may be required to provide such representations, warranties or documentation as the Directors may require in relation to the above matters. In the event that the Company does not receive a Declaration in respect of the transferee, the Company will be required to deduct appropriate tax in respect of any payment to the transferee or any sale, transfer, cancellation, redemption, repurchase, cancellation or other payment in respect of the Shares as described in the section headed "*Taxation*" below.

## TEMPORARY SUSPENSION OF DEALINGS

The Directors may at any time, with prior notification to, or, where necessary, consultation with, the Depositary, temporarily suspend the issue, valuation, sale, purchase, redemption or conversion of Shares and/or the payment of redemption proceeds at any time during:

- (a) any period when any Recognised Market on which a substantial portion of the investments for the time being comprised in the relevant Portfolio are quoted, listed or dealt in is closed otherwise than for ordinary holidays, or during which dealings on any such Recognised Market are restricted or suspended;
- (b) any period when, as a result of political, military, economic or monetary events or other circumstances beyond the control, responsibility and power of the Directors, the disposal or valuation of investments for the time being comprised in the relevant Portfolio cannot, in the opinion of the Directors, be effected or completed normally or without prejudicing the interests of Shareholders;
- (c) any breakdown in the means of communication normally employed in determining the value of any investments for the time being comprised in the relevant Portfolio or during any period when for any other reason the value of investments for the time being comprised in the relevant Portfolio cannot, in the opinion of the Directors, be promptly or accurately ascertained;
- (d) any period when the Company is unable to repatriate funds for the purposes of making redemption payments or during which the realisation of investments for the time being comprised in the relevant Portfolio, or the transfer or payment of funds involved in connection therewith cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange;
- (e) any period when, as a result of adverse market conditions, the payment of redemption proceeds may, in the opinion of the Directors, have an adverse impact on the relevant Portfolio or the remaining Shareholders in such Portfolio;
- (f) any period after a notice convening a meeting of Shareholders for the purpose of dissolving the Company or terminating a Portfolio has been issued, up to and including the date of such meeting of Shareholders;
- (g) any period during which dealings in a collective investment scheme in which the Portfolio has invested a significant portion of its assets are suspended;
- (h) any period in which the repurchase of the Shares would, in the opinion of the Directors, result in a violation of applicable laws; or
- (i) any period when the Directors determine that it is in the best interests of the Shareholders to do so.

Notice of any such suspension shall be published by the Company at its registered office and in such newspapers and through such other media as the Directors may from time to time determine, if in the opinion of the Directors, it is likely to exceed thirty (30) days, and shall be transmitted immediately to the Central Bank, Euronext Dublin, where applicable, and the Shareholders. Shareholders who have requested the issue or redemption of Shares of any series or Class will have their subscription or redemption request dealt with on the first Dealing Day after the suspension has been lifted unless applications or redemption requests have been withdrawn prior to the lifting of the suspension. The Directors will take all necessary steps to resume normal operations as soon as practicable and regularly review any prolonged suspension of dealings.

## DETERMINATION OF NET ASSET VALUE

The Net Asset Value of each Portfolio, and the Net Asset Value per Share in each Portfolio, shall be calculated by the Administrator to the nearest two (2) decimal places in the Base Currency as at the Valuation Point for each Dealing Day in accordance with the valuation provisions set out in the Articles and summarised below.

The Net Asset Value of a Portfolio shall be calculated by ascertaining the value of the assets of the relevant Portfolio and deducting from such amount the liabilities of the Portfolio, which shall include all fees and expenses payable and/or accrued and/or estimated to be payable out of the assets of the Portfolio.

In the event that a Portfolio is divided into different Classes to accommodate different dividend policies and/or charges and/or fee arrangements and/or currencies and/or investments in FDI in accordance with the requirements of the Central Bank, the amount of the Net Asset Value of the Portfolio attributable to a Class shall be determined by establishing the number of Shares issued in the Class at the relevant Valuation Point and by allocating the relevant fees and expenses and any costs, liabilities and/or benefits of any foreign exchange hedging or any investments in FDI entered into in respect of a Class, to the Class, making appropriate adjustments to take account of distribution, subscriptions, redemptions, gains and expenses of that Class and apportioning the Net Asset Value of the Portfolio accordingly. The Net Asset Value per Share in respect of a Class will be calculated by dividing the Net Asset Value of the relevant Class by the number of Shares of the relevant Class in issue. The Net Asset Value of a Portfolio attributable to a Class and the Net Asset Value per Share in respect of a Class will be expressed in the relevant Class Currency, if it is different to the Base Currency.

The Net Asset Value of each Portfolio and the Net Asset Value per Share in each Portfolio in respect of any Dealing Day will be calculated using the value of each the relevant assets or liabilities as at their respective Valuation Point. They will be determined at the Net Asset Value Calculation Time on the relevant Dealing Day.

The currency exposures of the assets of the Portfolios will not be allocated to separate Classes. The Manager or Sub-Investment Manager shall seek to limit hedging to the extent of the particular Hedged Class' currency exposure. Foreign exchange hedging shall not be used for speculative purposes. The periodic reports of the Company will indicate how hedging transactions have been utilised.

Each asset which is quoted, listed or traded on or under the rules of any Recognised Market shall be valued at the latest available dealing price or, if unavailable or if bid and offer quotations are made, the latest available middle market quotation (i.e. the mean of the bid and offer price quoted) on the relevant Recognised Market at close of business on such Recognised Market on each Dealing Day. Prices will be obtained for this purpose by the Administrator from independent sources, such as recognised pricing services or brokers specialising in the relevant markets, which in the opinion of the Administrator represent objective and accurate sources of information. If the investment is normally quoted, listed or traded on or under the rules of more than one Recognised Market, the relevant Recognised Market shall be that which the Directors determine provides the fairest criterion of value for the investment. If prices for an investment quoted, listed or traded on the relevant Recognised Market are not available at the relevant time, or are unrepresentative in the opinion of the Directors or their delegates, such investment shall be valued at such value as shall be estimated with care and in good faith as the probable realisation value of the investment by a competent person appointed for such purpose by the Directors or their delegates and approved for the purpose by the Depositary. If the investment is quoted, listed or traded on a Recognised Market but acquired or traded at a premium or discount outside of or off the Recognised Market, the investment shall be valued taking into account the level of premium or discount as of the date of valuation of the instrument with the approval of the Depositary. Neither the Directors or their delegates nor the Depositary shall be under any liability if a price reasonably believed by them to be the latest available dealing price or, as the case may be, middle market quotation for the time being, may be found not to be such.

The value of any investment which is not normally quoted, listed or traded on or under the rules of a Recognised Market, will be valued at its probable realisation value estimated with care and in good faith by the Directors (who shall be approved for the purpose by the Depositary) in consultation with the Administrator or by a competent person appointed by the Directors and approved for such purpose by the Depositary.

Fixed income securities may be valued by reference to the valuation of the securities which are considered comparable in rating, yield, due date and other characteristics where reliable market quotations are not available, using a methodology which will be compiled by the Directors or their delegate.

Cash deposits and similar investments shall be valued at their face value together with accrued interest unless in the opinion of the Directors (in consultation with the Manager, the Administrator and the Depositary) any adjustment should be made to reflect the fair value thereof.

Units or shares in collective investment schemes (including Shares held by a Portfolio in another Portfolio) shall be valued on the basis of the latest available net asset value per unit as published by the collective investment scheme. If such prices are unavailable, the units will be valued at their probable realisation value estimated with care and in good faith by the Manager (who shall be approved for the purpose by the Depositary) in consultation with the Administrator or by a competent person appointed for such purpose by the Administrator and approved for such purpose by the Manager and the Depositary.

In determining a Portfolio's Net Asset Value per Share, all assets and liabilities initially expressed in foreign currencies will be converted into the Base Currency of the relevant Portfolio using the market rates prevailing at the Valuation Point. If such quotations are not available, the rate of exchange will be determined in accordance with policies established in good faith by the Manager.

Derivative instruments including swaps, interest rate futures contracts and other financial futures and options contracts which are traded on a Recognised Market shall be valued at the settlement price as determined by the relevant Recognised Market at the close of business on such Recognised Market, provided that where it is not the practice of the relevant Recognised Market to quote a settlement price, or if a settlement price is not available for any reason, such instruments shall be valued at their probable realisation value estimated with care and in good faith by the Manager (who shall be approved for the purpose by the Depositary) in consultation with the Administrator.

In accordance with the requirements of the Central Bank, OTC derivatives will be valued at least daily at such value as shall be estimated with care and in good faith as the probable realisation value of the investment by the Manager, by a competent person (appointed for such purpose by the Manager and approved for such purpose by the Depositary) or by any other means (provided the value is approved by the Depositary). This verification procedure is described in greater detail in the RMP Statement.

In order to help prevent market timing and protect investors in the relevant Portfolios, the Directors, with the approval of the Depositary, have appointed ICE Data Pricing & Reference Data, LLC ("IDPR") as a competent person for the purposes of valuing the assets held by each Portfolio in certain circumstances. IDPR will follow international best practice and adhere to the principles on valuation of such instruments.

Forward foreign exchange and interest rate swap contracts may be valued in accordance with the preceding provisions or alternatively by reference to freely available market quotations.

#### **Adjustment of Valuations and Swing Pricing**

Notwithstanding the above provisions the Manager may, with the approval of the Depositary (a) adjust the valuation of any listed investment; or (b) in relation to a specific asset permit some other method of valuation approved by the Depositary to be used if, having regard to currency, applicable rate of interest, maturity, marketability and/or such other considerations as they deem relevant, they consider that such adjustment or alternative method of valuation is required to reflect more fairly the value thereof.

In addition, on any Dealing Day on which there are net subscriptions into or net redemptions out of a Portfolio, the actual cost of acquiring or disposing of assets on behalf of the Portfolios, due to dealing charges, taxes, and any spread between acquisition and disposal prices of assets, may be such as to affect the Net Asset Value of the Portfolio to the detriment of Shareholders in the Portfolio as a whole. The adverse effect that these costs could have on the Net Asset Value is known as "dilution".

In order to seek to mitigate the potentially dilutive effect of dealing on the Net Asset Value of a Portfolio on any Dealing Day on which there are net subscriptions or redemptions in a Portfolio above a certain predefined threshold of the relevant Portfolio, the Manager may determine, at their discretion, to "swing" the Net Asset Value to counter the possible negative effects of dilution. Where they so determine, the Administrator will calculate the Net Asset Value for the relevant Portfolio, as described above, and then adjust ("swing") the Net Asset Value by a pre-determined amount. The direction of the swing will depend on whether there are net subscriptions or redemptions in the relevant Portfolio on the relevant Dealing Day, while the magnitude of the swing will be based on pre-determined estimates of the average trading costs in the relevant asset class(es) in which the Portfolio is invested. For example, if the relevant Portfolio is experiencing net inflows, its Net Asset Value will be swung upwards, so that the incoming shareholders are effectively bearing the costs of the dealing that their subscriptions generate by paying a higher Net Asset Value per Share than they would otherwise be charged. Conversely, where there are net redemptions in the Portfolio, the Net Asset Value will be swung downwards, so that the outgoing investors are effectively bearing the costs of the dealing that their redemptions generate by receiving a lower Net Asset Value per Share than they would otherwise receive. These swings are intended to protect non-dealing Shareholders from the impact of trading costs triggered by dealing investors.

The determination to swing the Net Asset Value in respect of a Portfolio will be made following a consideration of the dealing activity (i.e. level of subscriptions and redemptions) in the relevant Portfolio on a Dealing Day, in accordance with criteria approved by the Manager from time to time. These criteria will include whether the costs of investing or divesting the net inflows into or outflows from a Portfolio on a Dealing Day will create, in the Manager's opinion, a significant dilutive impact. Swing pricing will only be exercised for the purpose of reducing dilution in the interests of the Shareholders in a Portfolio as a whole and will be applied consistently in respect of a Portfolio and in respect of all assets of that Portfolio.

The maximum swing in normal market circumstances where swing pricing is adopted is not expected to exceed 1.5% of the Net Asset Value on the relevant Dealing Day. Investors should note that in extreme market conditions the factor may exceed that level. The application of Swing Pricing may increase the variability of a Portfolio's returns. The Manager reserves the right to increase or vary the 'swing' of the Net Asset Value without notice to Shareholders.

### **Indicative Net Asset Value**

The Company may cause an indicative net asset value (“**INAV**”), which is an estimate of the Net Asset Value per Share calculated using market data, to be calculated in respect of any Class, on any Business Day that is not a Dealing Day, in respect of any Portfolio. Any such INAV will be based on recent prices available for the securities and other investments held by a Portfolio, calculated using the methodologies outlined above. Premiums and discounts between the INAV and the market prices of the relevant Portfolio’s assets may occur and the INAV should not be viewed as a “real-time” update of the Net Asset Value per Share, which is calculated only on each Dealing Day. The INAV is not an official Company record. None of the Company, the Manager, any of their affiliates, or any third party calculation agents involved in, or responsible for, the calculation or publication of such INAVs makes any warranty as to their accuracy and/or agree to update any INAV if it determines that the INAV was materially inaccurate. Details as to whether or not an INAV is available in respect of any Portfolio, as well as details of any INAV calculated, where available, shall be available to Shareholders from the Manager upon request.

### **Publication**

Save where the determination of the Net Asset Value per Share in respect of the Company has been temporarily suspended in the circumstances described under “*Temporary Suspension of Dealings*” above, the Net Asset Value per Share of each Portfolio shall be made public at the registered office of the Manager and may also be published by the Administrator on Bloomberg and various other publications as required (see Annex III) and will be notified immediately and without delay upon calculation to Euronext Dublin on each Dealing Day and published by Euronext Dublin on its website (<https://www.euronext.com/en/markets/dublin>), where such delay impacts any Portfolio that is listed on Euronext Dublin.

## TERMINATION OF PORTFOLIOS OR SHARE CLASSES

The Company is established for an unlimited period and may have unlimited assets in its Portfolios. However, the Company is obliged to (in the case of (a) and (b) below) and may, but is not obliged to (in the case of (c), (d) and (e) below), redeem all of the Shares of any series or Class in issue if:

- (a) the Shareholders in that Portfolio or Class pass a special resolution providing for such redemption at a general meeting of the holders of the Shares of that Portfolio or Class;
- (b) the redemption of the Shares in that Portfolio or Class is approved by a resolution in writing signed by all of the holders of the Shares in that Portfolio or Class;
- (c) the Net Asset Value of the relevant Portfolio does not exceed or falls below the Base Currency equivalent of US\$75,000,000 (or such other amount as may be approved by the Directors in respect of any Portfolio); or
- (d) the Directors have determined to redeem all Shares in the Portfolio in accordance with the provisions specified under the heading "*Termination of appointment of the Manager, the Sub-Investment Manager or any other sub-investment manager at the initiative of the Shareholders*" in the "*The Sub-Investment Manager*" section; or
- (e) the Directors deem it appropriate because of adverse political, economic, fiscal or regulatory changes affecting the relevant Portfolio or Class.

If the Depositary has given notice of its intention to retire and no new custodian acceptable to the Central Bank has been appointed within ninety (90) days of such notice, the Company shall apply to the Central Bank for revocation of its authorisation and shall redeem all of the Shares of any series or Class in issue.

In each such case, the Shares of the relevant Portfolio or Class shall be redeemed after giving not less than one month's but no more than three (3) months' prior notice to all holders of such Shares. The Shares will be redeemed at the Net Asset Value per Share on the relevant Dealing Day less such sums as the Company in its discretion may from time to time determine as an appropriate provision for Duties and Charges in relation to the estimated realisation costs of the assets of the relevant Portfolio and in relation to the redemption and cancellation of the Shares to be redeemed.

Unamortised establishment and organisational expenses shall be borne by the Company or Portfolio as applicable.

Any unclaimed termination proceeds of a Portfolio or a Class may be paid into court at the expiration of 12 months, or if impossible, impractical or the Company otherwise determines it to be inappropriate to do so (for whatever reason), may be paid to charity at the expiration of 3 years, from the date of termination, subject to the right of Depositary to deduct therefrom any expense that it may incur in making such payment. During such period as unclaimed termination proceeds are held on behalf of the Company, Shareholders who are entitled to the relevant part of the unclaimed termination proceeds may make a claim to the Company, the Manager or the Administrator for payment of its entitlement and will be paid upon provision of all required information and/or documents as required by the Company, the Manager and/or the Administrator.



## MANAGEMENT AND ADMINISTRATION

### THE DIRECTORS AND SECRETARY

The Directors are responsible for the overall management and control of the Company in accordance with the Articles. The Directors review the operations of the Company at their regular meetings. The Directors have appointed the Manager to provide the day to day management of the Company's business affairs and have for this purpose delegated certain of their duties and powers to the Manager. The Directors will receive periodic reports from the Manager detailing, inter alia, its review of the performance of the Company and the Portfolios and providing an analysis of their respective investment portfolios. The Manager will also provide such other information as may from time to time be reasonably required by the Directors for the purposes of such meetings. The Directors have appointed the Depositary in respect of the safekeeping of the Company's assets.

The Directors are listed below with their principal occupations. None of the Directors has entered into an employment or service contract with the Company nor is any such contract proposed. Consequently, the Directors are all non-executive Directors. The Company has granted indemnities to the Directors in respect of any loss or damages which they may suffer save where this results from the Directors' negligence, default, breach of duty or breach of trust in relation to the Company. The Articles do not stipulate a retirement age for Directors, nor do they provide for retirement of Directors by rotation. However, the Directors may be removed by the Shareholders by ordinary resolution in accordance with the procedures established under the Irish Companies Act 2014. The address of the Directors is the registered office of the Company.

**Gráinne Alexander** (resident in Ireland) is an independent non-executive director. A Fellow of the Society of Actuaries in Ireland, she has worked in the investment industry for over twenty years with experience as a senior executive in fund management, investment strategy, investment consultancy and company management. She was a European partner at Mercer Investment Consulting (involved in the establishment of Mercer's funds business) and following that, chief executive at F&C Management's Irish asset management firm, F&C Ireland. She was also a director of the Irish Association of Investment Managers and a director of Cayman listed funds. Gráinne is currently a non-executive director of a broad range of investment fund complexes with investment managers Goldman Sachs, Neuberger Berman and Mercer Europe. She received a Diploma in Company Direction from the Institute of Directors in 2013.

**Tom Finlay** (resident in Ireland) is a barrister by profession who worked for 26 years (February 1975 to May 2001) for Bank of Ireland Asset Management (the Fund Management division of the Bank of Ireland Group). His most recent role was head of Bank of Ireland Asset Management's Irish Business. In the early 1990's, Mr Finlay had a direct involvement in setting up Bank of Ireland Group's fund administration and custodial services to international clients. Over the last 19 years, Mr Finlay's main professional activity has been acting as an independent director on a number of Funds' and Management Company Boards. He also operates as an executive coach. Mr Finlay has a long-standing involvement with the Irish Association of Pension Funds (IAPF) being a Council Member from 1981-1986 and again from 1990-2001. He was Chairman of the Association from 1999-2001. Between 2001 and 2005, Mr Finlay was a member of the Irish Pension Board; In addition, he chaired their key Policy Committee.

**Michelle Green** (resident in the United Kingdom) joined Neuberger Berman in 2015. Michelle is General Counsel for Neuberger Berman EMEA and is responsible for the legal, compliance and operational risk functions across EMEA and LatAm. Prior to joining Neuberger Berman, Michelle was General Counsel and Chief Legal and Risk Officer for Hermes Investment Management for 17 years. Michelle began her career at the City law firm Druces LLP. Michelle graduated from Middlesex University with an LLB Honours degree in Law as well as the Maxwell Law Prize. Michelle subsequently continued her legal training at the College of Law in London. In 2017, Michelle was awarded an honorary doctorate from Middlesex University. For the last five years Michelle has served as a director of a number of Irish UCITS funds and QIAIFs and is presently a director of the Company, the Manager and Neuberger Berman Investment Funds II plc.

**Naomi Daly** (resident in Ireland) currently serves as a full time specialist independent director to a number of Irish domiciled investment funds. She has worked as an independent director and also as an employee and a senior executive of MPMF Fund Management (Ireland) Limited from 2013 to 2018. Prior to joining MPMF Fund Management (Ireland) Limited, Ms Daly spent 10 years with Goldman Sachs in London where she held a number of positions driving operational excellence in the hedge fund industry. From 2007- 2013, Ms Daly led the team responsible for growing the Goldman Sachs Managed Account Platform AUM across multiple jurisdictions (including Ireland, the Cayman Islands and Luxembourg). She was responsible for developing a product to facilitate investment by institutional investors into hedge funds via the Goldman Sachs Managed Account Platform. From 2003-2007, Ms Daly worked as part of the hedge fund consulting team in prime brokerage advising start-up hedge fund managers with launch and on-going operational support required to grow their businesses. Ms Daly was previously a business analyst at Allied Irish Bank in Dublin. Ms Daly holds a Bachelor of Arts Degree (Hons) in Business Studies and an MSc in International Business, from the U.C.D. Michael Smurfit Graduate School of Business.

**Alex Duncan** (resident in the United Kingdom) has held leadership positions in several asset management firms, most recently serving as chief operating officer at ESO Capital, a European private debt firm, as well as Ashmore and New Star. Alex has a BA in Economics from the University of Durham and is a Fellow of the Institute of Chartered Accountants in England and Wales. He began his career in 1996 as an associate at Price Waterhouse.

Save for the information given in this document, no further information is required to be given in respect of the Directors pursuant to the listing requirements of Euronext Dublin, where relevant.

The Company Secretary is Matsack Trust Limited.

## THE MANAGER

The Company has appointed Neuberger Berman Asset Management Ireland Limited to act as its management company pursuant to the Management Agreement. The Manager, subject to the overall responsibility and supervision of the Directors, is responsible for portfolio and risk management services, administrative services, marketing services and certain distribution services to the Company and the Portfolios and, more generally, is responsible for the day to day management of the business affairs of the Company. The Manager is the financial group promoting the Company.

The Manager is responsible for ensuring the Company's compliance with the UCITS Regulations, including the investment and reinvestment of each Portfolio's assets, having regard to the investment objective and policies of each Portfolio.

In accordance with the UCITS Regulations and with the prior approval of the Company, the Manager has delegated certain of its duties and powers, namely (a) the administration of the Company's affairs, including responsibility for the preparation and maintenance of the Company's records and accounts and related fund accounting matters (including the calculation of the Net Asset Value per Share) and Shareholder registration and transfer agency services to the Administrator; (b) the investment, management and disposal of some or all of the assets of each Portfolio to the Sub-Investment Managers; and (c) the marketing, distribution and sale of Shares of certain Portfolios to the Distributors, with the power to sub-delegate these responsibilities to such companies or persons as it may from time to time determine in accordance with the requirements of the Central Bank. Notwithstanding the foregoing, the Manager will also provide investment management and advisory services to certain Portfolios, as specified in the relevant Supplements.

The Manager is a private limited liability company, incorporated under registration number 629805 on 5 July 2018 under the laws of Ireland whose registered office is 32 Molesworth Street, Dublin 2, Ireland. The Manager is a subsidiary of Neuberger Berman Group LLC, a management controlled company. The Manager's main business includes provision of fund management services to collective investment schemes such as the Company. The Manager is authorised by the Central Bank to carry on the regulated activity of managing UCITS for the purposes of the UCITS Regulations. The company secretary of the Manager is MFD Secretaries Limited.

The directors of the Manager are:

### **James Harvey (UK resident)**

James Harvey, Managing Director, joined Neuberger Berman Group LLC in 2016. James is Managing Director and Head of Finance for EMEA, LatAm & Asia (Asia Pacific and East Asia). Prior to joining the Firm, James was Head of Finance for Hermes Investment Management. Prior to this, he was at Morgan Stanley Investment Management and JP Morgan, serving in both Finance and Operational roles. He began his career at KPMG, holds a MA Honours in English Language and Literature from the University of St. Andrews and is a Fellow of the Institute of Chartered Accountants.

### **Michelle Green (UK resident)**

Biographical details provided in the "*The Directors and Secretary*" section.

### **Grainne Alexander (Irish resident)**

Biographical details provided in the "*The Directors and Secretary*" section above.

### **Mary Brady (Irish resident)**

Mary M. Brady, Executive Director & Chief Executive Officer of the Manager, rejoined Neuberger Berman in 2019 and is responsible for overseeing the activities of the Manager and its branch offices. Previously, Mary spent 11 years at Neuberger Berman in the US from 2004 to 2015. As Managing Director, Institutional Client Coverage, Mary led Neuberger Berman's global institutional client service teams across the US, Europe and Asia with ultimate responsibility for servicing our institutional client base from 2008-2015. Mary came to Neuberger Berman in 2004 following its acquisition by Lehman Brothers and drove the consolidation of the Fixed Income asset management division within the broader Lehman Brothers and Neuberger Berman asset management platform, with particular focus on client management activities. Prior to joining Neuberger Berman, Mary spent 10 years with J.P. Morgan Administration Services (Ireland) Limited, joining in 1994 early in the emergence of the Dublin funds industry, first in a number of Fund Accounting roles and later building out the Administrator's Client Service capabilities. Mary was awarded a Bachelor of Business Studies with First Class Honours from the Institute of Public Administration in 1998.

### **John O'Callaghan (Irish resident)**

John O'Callaghan, Managing Director, joined Neuberger Berman Group LLC in 2020. John O'Callaghan has over 20 years' experience in the financial services industry. John transferred back to Ireland from the US in 2019 where he had been based in Boston working for a number of asset management firms including Fidelity, GMO, Oechsle and Putnam, mostly in client coverage roles focused on Multi Asset Class solutions. John started his career at Bank of Ireland in Dublin as a Portfolio Manager. John has a combination of Portfolio Management and Client Coverage skills. John holds a B.A.I., M.A., Computer Engineering from Trinity College and is a CFA Charter Holder.

#### **Deborah Reidy (Irish resident)**

Deborah Reidy has over 35 years' experience in the investment management and consulting industries in New York and Ireland. Most recently she was Head of Investment Consulting at Aon Hewitt Ireland where she led a team which advised DB and DC Pension Funds on investment strategy and manager selection and was heavily involved in the development of Aon's delegated investment offering in Ireland. Previously she was Head of Investment Manager Selection and Monitoring at the Irish National Pensions Reserve Fund as well as a Partner at Mercer Ireland. She is now a full time Non-Executive Director with substantial experience serving on the Boards of various financial institutions including JP Morgan Asset Management (UK) and International, Irish Life Investment Managers and Waystone Asset Management as well as serving a recent term on the Financial Services and Pensions Ombudsman Council. In addition she serves as an INED on various Fund Boards and Management Companies including Neuberger Berman Asset Management Ireland Ltd as well as on numerous committees. Deborah has an MBA, is a member of the Irish Fund Directors Association and the Institute of Directors.

Pursuant to the Management Agreement, the Manager has been appointed as the manager to the Company. The Manager will be entitled to receive fees as described in each Supplement and in the "*Fees and Expenses*" section. The Management Agreement may be terminated by either party on giving not less than ninety (90) days' prior written notice to the other party. The Management Agreement may also be terminated forthwith by either party giving notice in writing to the other party upon certain breaches as outlined in the Management Agreement or upon the insolvency of a party (or upon the happening of a like event).

The Manager (or any of its directors, officers, employees or agents) shall not be liable to the Company or any Shareholder or otherwise for any loss or damage suffered by the Company or any such Shareholder arising directly or indirectly out of or in connection with the performance of its obligations and duties under the Management Agreement unless such loss or damage arose out of or in connection with the negligence, wilful default, fraud or bad faith of or by the Manager (or any of its directors, officers, employees or agents) in the performance of its duties under the Management Agreement. The Company has agreed to indemnify the Manager and the directors, officers, employees, delegates and agents of the Manager, out of the assets of the relevant Portfolio, from and against any and all actions, proceedings, claims, demands, losses, damages, costs and expenses (including reasonable legal and professional fees and expenses arising therefrom or incidental thereto) which may be made or brought against or directly or indirectly suffered or incurred by the Manager (or any of its directors, officers, employees, delegates or agents) arising out of or in connection with the performance of its obligations and duties under the Management Agreement in the absence of any negligence, wilful default, fraud or bad faith of or by the Manager (or any of its directors, officers, employees, delegates or agents) in the performance of its duties under the Management Agreement or as otherwise may be required by law.

#### **THE MANAGER – REMUNERATION**

The Manager is subject to remuneration policies, procedures and practices (together, the "**Remuneration Policy**"). The Remuneration Policy is consistent with and promotes sound and effective risk management. It is designed not to encourage risk-taking which is inconsistent with the risk profile of the Portfolios. The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Manager and includes measures to avoid conflicts of interest. The Remuneration Policy applies to staff whose professional activities have a material impact on the risk profile of the Manager and ensures that no individual will be involved in determining or approving their own remuneration. The Remuneration Policy will be reviewed annually.

Details of the Manager's remuneration policy are available at <http://www.nb.com/remuneration> and a paper copy is also available free of charge upon request.

#### **THE SUB-INVESTMENT MANAGERS**

Pursuant to an amended and restated investment management and distribution agreement between the Manager and Neuberger Berman Europe Limited dated 30 June 2021, Neuberger Berman Europe Limited has been appointed as a sub-investment manager, advisor and distributor to, inter alia, provide (i) investment management and advisory services to certain Portfolios as specified in the relevant Supplements; and (ii) market and promote the sale and distribution of Shares.

Pursuant to an amended and restated investment management and distribution agreement between the Manager and Neuberger Berman Asia Limited dated 30 June 2021, Neuberger Berman Asia Limited has been appointed as a sub-investment manager, advisor and distributor to, inter alia, provide (i) investment management and advisory services to

certain Portfolios as specified in the relevant Supplements; and (ii) market and promote the sale and distribution of Shares.

Pursuant to an amended and restated investment management and distribution agreement between the Manager and Neuberger Berman Singapore Pte. Limited dated 30 June 2021, Neuberger Berman Singapore Pte. Limited has been appointed as a sub-investment manager, advisor and distributor to, inter alia, provide (i) investment management and advisory services to certain Portfolios as specified in the relevant Supplements; and (ii) market and promote the sale and distribution of Shares.

Pursuant to an amended and restated investment management agreement between the Manager and Neuberger Berman Investment Advisers LLC dated 30 June 2021, Neuberger Berman Investment Advisers LLC has been appointed as a sub-investment manager to provide investment management and advisory services to certain Portfolios as specified in the relevant Supplements.

Pursuant to an amended and restated investment management agreement between the Manager and Neuberger Berman Canada ULC dated 30 June 2021, Neuberger Berman Canada ULC has been appointed as a sub-investment manager to provide investment management and advisory services to certain Portfolios as specified in the relevant Supplements.

Pursuant to an amended and restated investment management agreement between the Manager and Neuberger Berman East Asia Limited dated 30 June 2021, Neuberger Berman East Asia Limited has been appointed as a sub-investment manager to provide investment management and advisory services to certain Portfolios as specified in the relevant Supplements.

Pursuant to an amended and restated investment management agreement between the Manager and NB Alternatives Advisers LLC dated 30 June 2021, NB Alternatives Advisers LLC has been appointed as a sub-investment manager to provide investment management and advisory services to certain Portfolios as specified in the relevant Supplements.

Pursuant to an investment management agreement between Neuberger Berman Europe Limited and Green Court Capital Management Limited dated 28 April 2017 (as novated to the Manager by way of a novation agreement between Green Court Capital Management Limited, Neuberger Berman Europe Limited and the Manager dated 30 June 2021), Green Court Capital Management Limited has been appointed as a sub-investment manager to provide investment management and advisory services to certain Portfolios as specified in the relevant Supplements.

Neuberger Berman Europe Limited, Neuberger Berman Investment Advisers LLC, Neuberger Berman Asia Limited, Neuberger Berman Singapore Pte. Limited, Neuberger Berman Canada ULC and NB Alternatives Advisers LLC are registered as Investment Advisers with the Securities and Exchange Commission in the United States and are wholly-owned indirect subsidiaries of Neuberger Berman Group LLC. Neuberger Berman Europe Limited is authorised and regulated by the FCA in the UK to conduct designated investment business.

Neuberger Berman Asia Limited is regulated by the Securities and Futures Commission of Hong Kong, Neuberger Berman Singapore Pte. Limited is regulated by the Monetary Authority of Singapore and Neuberger Berman East Asia Limited is regulated by the Japanese Financial Services Agency.

As noted above, the Manager will also provide investment management and advisory services to certain Portfolios as specified in the relevant Supplements.

The agreements between the Manager and the Sub-Investment Managers described above are referred to in this section as the “Sub-Investment Management Agreements”.

**Sub-Investment Management Agreements with Neuberger Berman Europe Limited, Neuberger Berman Investment Advisers LLC, Neuberger Berman Asia Limited, Neuberger Berman Singapore Pte. Limited, Neuberger Berman East Asia Limited, NB Alternatives Advisers LLC, Green Court Capital Management Limited and Neuberger Berman Canada ULC**

Under the above Sub-Investment Management Agreements, none of the Sub-Investment Managers or any of their directors, officers, employees or agents shall be liable for any loss or damage arising directly or indirectly out of or in connection with the performance by the Sub-Investment Managers (and their directors, officers, employees and agents) of their obligations and duties unless such loss or damage arises out of or in connection with the negligence, wilful default, fraud or bad faith of or by the Sub-Investment Managers (or any of their directors, officers, employees or agents) in the performance of their duties thereunder, and in no circumstances shall the Sub-Investment Managers or their directors, officers, employees or agents be liable for special, indirect or consequential damages, or for lost profits or loss of business, arising out of the performance of their duties, or the exercise their powers. In addition, the Manager has agreed to indemnify and keep indemnified (out of the assets of the relevant Portfolio) and hold harmless the Sub-Investment Managers (and each of their directors, officers, employees, delegates and agents) from and against any and all actions, proceedings, claims, liabilities, demands, losses, damages, costs and expenses (including legal and professional fees and expenses arising therefrom or incidental thereto) which may be made or brought against or directly or indirectly

suffered or incurred by the Sub-Investment Managers (or any of their directors, officers, employees or agents) arising out of or in connection with the performance of their obligations and duties thereunder in the absence of any negligence, wilful default, fraud or bad faith of or by the Sub-Investment Managers (or any of their directors, officers, employees, delegates or agents) in the performance of their duties thereunder or as otherwise may be required by law.

The Sub-Investment Management Agreements shall continue in force until terminated by either the Manager or the relevant Sub-Investment Manager at any time upon ninety (90) days' prior notice in writing to the other party or until terminated by either the Manager or the relevant Sub-Investment Manager forthwith by notice in writing to the other party in certain circumstances as specified in the Sub-Investment Management Agreements, and in the event that a Force Majeure Event (as defined in the Sub-Investment Management Agreements) continues for longer than fourteen (14) consecutive days or until otherwise terminated by either the Manager or the relevant Sub-Investment Manager in accordance with the terms of the Sub-Investment Management Agreements.

The Sub-Investment Managers may from time to time, with the prior approval of the Manager and the Central Bank, appoint sub-investment managers in respect of any particular Portfolio. Details of any such appointment may be obtained, on request, from the Manager and will be included in the periodic reports of the Company. The fees payable to such sub-investment manager(s) shall be met by the Sub-Investment Manager and shall not be payable by the Company.

#### **Termination of appointment of the Manager, the Sub-Investment Managers or any other sub-investment manager at the initiative of the Shareholders**

Shareholders representing 10% or more of the Net Asset Value of a Portfolio, may at any time serve notice on the Directors requiring them as soon as practical to convene an extraordinary general meeting of the Company and to include as an agenda item a proposal to terminate the appointment of the Manager, any Sub-Investment Manager or any other sub-investment manager (each referred to in this section as the "investment adviser") to act in respect of the relevant Portfolio. A Shareholder proposing to terminate the appointment of an investment adviser in this manner must request the Directors to select a replacement investment adviser for the relevant Portfolio.

In order to be approved, the proposal to terminate the appointment of the investment adviser must be passed by Shareholders representing more than 50% of the Net Asset Value of that proportion of the Net Asset Value of the relevant Portfolio not held by the incumbent investment adviser or any of its affiliates, save for any Shares held under a nominee arrangement, on the date of the general meeting. If the proposal is approved by the Shareholders of the relevant Portfolio, the Directors shall as soon as practical serve six (6) months' notice of termination on the investment adviser and direct that the Independent Directors use their reasonable endeavours to ensure that all necessary steps are taken in relation to the selection and/or appointment of the replacement investment adviser, including, without limitation, obtaining all necessary consents and approvals from the Central Bank and Euronext Dublin, where applicable. The Independent Directors, may, in following such direction from the Directors, in their absolute discretion appoint such advisers as they deem reasonable, with the costs of such appointments to be borne by the relevant Portfolio.

In the event that the Independent Directors, in their sole discretion, having used their reasonable endeavours, at any time believe that it will not be possible to finalise the appointment of a suitable new investment adviser before the termination of the agreement in respect of the incumbent investment adviser, they shall notify the Directors who shall serve not less than one (1) months' notice on all Shareholders of the relevant Portfolio of their intention to redeem all Shares in the Portfolio on or before the termination of the appointment of the incumbent investment adviser.

In the event that agreement on the terms of a new agreement is reached by the Independent Directors and the proposed new investment adviser, the Directors shall convene a general meeting of the Shareholders of the relevant Portfolio in order to consider a resolution to approve the terms of such new agreement. In order to be accepted, the terms of the new agreement must be approved by Shareholders representing more than 50% of the Net Asset Value of that proportion of the Net Asset Value of the relevant Portfolio not held by the incumbent investment adviser or any of its affiliates, save for any Shares held under a nominee arrangement on the date of the general meeting of the Shareholders. In the event that the Shareholders do not accept the terms of the new agreement, the Directors shall serve not less than one month's notice on all Shareholders of the relevant Portfolio of their intention to redeem all Shares in the Portfolio on or before the termination of the appointment of the incumbent investment adviser.

In the event that the appointment of the Manager and/or a Sub-Investment Manager is terminated as described above and a company which is not a related company is appointed in its place as the management company or a sub-investment manager, prior to or immediately following such termination becoming effective, the Directors may consider a proposal that the name of the Company and/or the relevant Portfolio be changed to remove the words "Neuberger Berman" from it.

#### **THE ADMINISTRATOR AND REGISTRAR**

The Manager has appointed Brown Brothers Harriman Fund Administration Services (Ireland) Limited to act as Administrator of the Company responsible for performing the day to day administration of the Company and for providing fund accounting for the Company, including the calculation of the Net Asset Value of the Company and the Shares, and for providing registrar, transfer agency and related support services to the Company.



The Administrator was incorporated with limited liability in Ireland on 29 March 1995 under registration number 231236.

The administration agreement shall continue in force until terminated by the Manager, the Company or the Administrator on ninety (90) days' notice in writing to the other parties or until terminated by the Manager, the Company or the Administrator in accordance with the terms of the administration agreement, which provide that the administration agreement may be terminated forthwith by any party giving notice in writing to the other parties if at any time: (i) any party shall go into liquidation (except for a voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the non-defaulting party/parties) or a receiver or examiner is appointed to such party or upon the happening of a like event whether at the direction of an appropriate regulatory agency or court of competent jurisdiction or otherwise; or (ii) any party shall commit any breach of the provisions of the administration agreement which, if capable of remedy, shall not have been remedied within thirty (30) consecutive calendar days after the service of written notice requiring it to be remedied; or (iii) any party ceases to be permitted to act as in its current capacity under any applicable laws.

The Administrator shall use reasonable care in performing its duties hereunder, but shall not be held accountable or liable for any losses, damages or expenses to the Company or any Shareholder or former Shareholder, the Manager or any other person may suffer or incur arising from acts, omissions, errors or delays of the Administrator in the performance of its obligations and duties including, without limitation, any error of judgment or mistake of law, except a damage, loss or expense resulting from the Administrator's wilful malfeasance, bad faith, fraud, recklessness or negligence in the performance of such obligations and duties. In addition, the Manager and the Company have agreed (out of the assets of the relevant Portfolio) to indemnify the Administrator against and hold it harmless from any and all losses, claims, damages, liabilities or expenses (including reasonable counsel's fees and expenses) resulting from any act, omission, error or delay or any claim, demand, action or suit, in connection with or arising out of performance of its obligations and duties under the administration agreement, not resulting from the wilful malfeasance, bad faith, fraud, recklessness or negligence of the Administrator in the performance of such obligations and duties.

### THE DEPOSITARY

The Company has appointed Brown Brothers Harriman Trustee Services (Ireland) Limited to act as Depositary for the safekeeping of all the investments, cash and other assets of the Company and to ensure that the issue and repurchase of Shares by the Company and the calculation of the Net Asset Value and Net Asset Value per Share is carried out and that all income received and investments made are in accordance with the Articles and the UCITS Regulations. In addition, the Depositary is obliged to enquire into the conduct of the Company in each financial year and report thereon to Shareholders. The Depositary is a private limited company incorporated under the laws of Ireland to provide custody and trustee services to Irish domiciled collective investment schemes and to international and Irish institutions.

Pursuant to the Depositary Agreement, the Depositary will provide safekeeping for the Company's assets in accordance with the UCITS Regulations and will collect any income arising on such assets on the Company's behalf. In addition, the Depositary has the following main duties, which may not be delegated:

- (i) ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with the UCITS Regulations and the Articles;
- (ii) ensuring that the value of the Shares is calculated in accordance with the UCITS Regulations and the Articles;
- (iii) carrying out the instructions of the Company unless they conflict with the UCITS Regulations and the Articles;
- (iv) ensuring that in transactions involving the Company's assets or the assets of any Portfolio that any payment in respect of same is remitted to the relevant Portfolio within the usual time limits;
- (v) ensuring that the income of the Company or of any Portfolio is applied in accordance with the UCITS Regulations and the Articles;
- (vi) enquire into the conduct of the Company in each accounting period and report thereon to Shareholders; and
- (vii) ensure that the Company's cash flows are properly monitored in accordance with the UCITS Regulations.

The Depositary Agreement provides that the Depositary shall be liable to the Company and the Shareholders (i) in respect of a loss of a financial instrument held in its custody (or in the custody of any third party to whom the Depositary's safekeeping functions have been delegated in accordance with the UCITS Regulations) unless the Depositary can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary; and (ii) in respect of all other losses arising as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Regulations.

The Company has agreed to indemnify the Depositary against any losses (as defined in the Depositary Agreement) suffered by it in acting as the Company's depositary other than losses (as defined above) in respect of which the Depositary is found to be liable to the Company and/or the Shareholders in accordance with the terms of the Depositary Agreement or applicable

law.

The Depositary Agreement shall continue in force until terminated by any party thereto on 90 calendar days' advance written notice to the other party or immediately by written notice to the other party if (i) a receiver or examiner is appointed to such party or upon the happening of a like event whether at the direction of an appropriate regulatory agency or court of competent jurisdiction or otherwise; (ii) the other party shall commit any breach of the provisions of the Depositary Agreement which, if capable of remedy, shall not have been remedied within thirty (30) calendar days after the service of written notice requiring it to be remedied; or (iii) the Depositary ceases to be permitted to act as a depositary of collective investment schemes authorised by the Central Bank under Irish law.

If within 90 days from the date of the Depositary serving a termination notice, a replacement depositary acceptable to the Company and the Central Bank has not been appointed to act as depositary, the Company shall at the request of the Depositary serve notice on all Shareholders convening a general meeting of the Shareholders at which a resolution will be tabled to approve the redemption of all participating Shares in accordance with the provisions of the Articles and shall procure that, immediately following the redemption of such Shares, the Company be wound up. In the event of such redemption, the Depositary's appointment under the Depositary Agreement will not terminate until the authorisation of the Company has been revoked by the Central Bank.

The Depositary may delegate its safekeeping duties only in accordance with the UCITS Regulations and provided that: (i) the tasks are not delegated with the intention of avoiding the requirements of the UCITS Regulations; (ii) the Depositary can demonstrate that there is an objective reason for the delegation; and (iii) the Depositary has exercised all due, skill, care and diligence in the selection and appointment of any third party to whom it has delegated its safekeeping duties either wholly or in part and continues to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any such third party and of the arrangements of such third party in respect of the matters delegated to it. Any third party to whom the Depositary delegates its safekeeping functions in accordance with the UCITS Regulations may, in turn, sub-delegate those functions subject to the same requirements as apply to any delegation effected directly by the Depositary. The liability of the Depositary under the UCITS Regulations will not be affected by any delegation of its safekeeping functions.

The Depositary has delegated safekeeping of the Company's assets to Brown Brothers Harriman & Co., its global sub-custodian, through which it has access to BBH&Co.'s global network of sub-custodians. The entities to whom safekeeping of the Company's assets have been sub-delegated by Brown Brothers Harriman & Co. as at the date of this Prospectus are set out at Annex V. The Depositary does not anticipate that there would be any specific conflicts of interest arising as a result of any such delegation. The Depositary will notify the Directors of any such conflict should it so arise.

In accordance with the UCITS Regulations, the Depositary must not carry out activities with regard to the Company or the Manager that may create conflicts of interest between itself and (i) the Company; (ii) the Manager acting on behalf of the Company and/or (iii) the Shareholders unless it has separated the performance of its depositary tasks from its other potentially conflicting tasks in accordance with the UCITS Regulations and the potential conflicts are identified, managed, monitored and disclosed to Shareholders.

Up-to-date information in relation to the Depositary, its duties, the safe-keeping functions delegated by the Depositary, the list of delegates and sub-delegates to whom safe-keeping functions have been delegated and any relevant conflicts of interest that may arise will be made available to Shareholders upon request.

## **THE DISTRIBUTORS**

The Manager has appointed Neuberger Berman Europe Limited to market and promote the sale and distribution of Shares pursuant to the amended and restated investment management and distribution agreement between the Manager and Neuberger Berman Europe Limited dated 30 June 2021.

The Manager has appointed Neuberger Berman Asia Limited to market and promote the sale and distribution of Shares pursuant to the amended and restated investment management and distribution agreement between the Manager and Neuberger Berman Asia Limited dated 30 June 2021.

The Manager has appointed Neuberger Berman Singapore Pte. Limited to market and promote the sale and distribution of Shares pursuant to the amended and restated investment management and distribution agreement between the Manager and Neuberger Berman Singapore Pte. Limited dated 30 June 2021.

The Manager has appointed Neuberger Berman BD LLC to market and promote the sale and distribution of Shares pursuant to a distribution agreement between the Manager and Neuberger Berman BD LLC dated 30 June 2021.

The Manager has appointed Neuberger Berman Taiwan (SITE) Limited to act as master agent and distributor with respect to the offer and sale of certain Portfolios in the Republic of China pursuant to a master agent and distribution agreement dated 16 November 2012 as novated and amended by way of a novation and amendment agreement dated 30 June 2021.

The agreements between the Manager and the Distributors described above are referred to in this section as the



"Distribution Agreements".

**Distribution Agreements with Neuberger Berman Europe Limited, Neuberger Berman Asia Limited, Neuberger Berman Singapore Pte. Limited and Neuberger Berman BD LLC**

Under the Distribution Agreements, none of the Distributors or any of their directors, officers, employees or agents shall be liable for any loss or damage arising directly or indirectly out of or in connection with the performance by the Distributors (or any of their directors, officers, employees or agents) of their obligations and duties unless such loss or damage arises out of or in connection with the negligence, wilful default, fraud or bad faith of or by the Distributors (or any of their directors, officers, employees or agents) in the performance of their duties thereunder, and in no circumstances shall the Distributors or their directors, officers, employees or agents be liable for special, indirect or consequential damages, or for lost profits or loss of business, arising out of the performance of their duties, or the exercise their powers. In addition, the Manager has agreed to indemnify and keep indemnified (out of the assets of the relevant Portfolio) and hold harmless the Distributors (and each of their directors, officers, employees, delegates and agents) from and against any and all actions, proceedings, claims, liabilities, demands, losses, damages, costs and expenses (including legal and professional fees and expenses arising therefrom or incidental thereto) which may be made or brought against or directly or indirectly suffered or incurred by the Distributors (or any of their directors, officers, employees, delegates or agents) arising out of or in connection with the performance of their obligations and duties thereunder in the absence of any negligence, wilful default, fraud or bad faith of or by the Distributors (or any of their directors, officers, employees, delegates or agents) in the performance of their duties thereunder or as otherwise may be required by law.

The Distribution Agreements shall continue in force until terminated by either the Manager or the relevant Distributor at any time upon ninety (90) days' prior notice in writing to the other party or until terminated by either the Manager or the relevant Distributor forthwith by notice in writing to the other party in certain circumstances as specified in the Distribution Agreements, and in the event that a Force Majeure Event (as defined in the Distribution Agreements) continues for longer than fourteen (14) consecutive days or until otherwise terminated by either the Manager or the relevant Distributor in accordance with the terms of the Distribution Agreements.

**Distribution Agreement with Neuberger Berman Taiwan (SITE) Limited**

Under the Distribution Agreement, the Distributor shall be liable for any loss, damages, expenses, liabilities, costs or claims resulting from its negligence, fraud, malice or wilful default in the performance or non-performance of its obligations thereunder.

The Distribution Agreement may be terminated by either the Manager or the Distributor by providing three (3) months written notice to the other party or until terminated by either party forthwith by notice in writing to the other party in certain circumstances as specified in the Distribution Agreement.

Pursuant to the Management Agreement, the Manager will also provide distribution services to certain Portfolios.

## TAXATION

The following is primarily a summary of certain Irish tax consequences of the purchase, ownership and disposal of Shares by Shareholders. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant. The summary is based on Irish tax laws and the practice of the Irish Revenue Commissioners in effect on the date of this Prospectus (and is subject to any prospective or retroactive change). Potential investors in Shares should consult their own advisors as to the Irish or other tax consequences of the purchase, ownership and disposal of Shares. The summary relates only to the position of persons who are the absolute beneficial owners of Shares and may not apply to certain other classes of persons.

### TAXATION OF THE COMPANY

The Company intends to conduct its affairs so that it is Irish tax resident. On the basis that the Company is Irish tax resident, the Company qualifies as an "investment undertaking" for Irish tax purposes and, consequently, is exempt from Irish corporation tax on its income and gains.

The Company may be obliged to account for Irish tax to the Irish Revenue Commissioners in certain circumstances, as described below. Explanations of the terms "*resident*" and "*ordinarily resident*" are set out at the end of this summary.

### TAXATION OF NON-IRISH SHAREHOLDERS

Where a Shareholder is not resident (or ordinarily resident) in Ireland for Irish tax purposes, the Company will not deduct any Irish tax in respect of the Shareholder's Shares once the declaration set out in the application form accompanying this Prospectus has been received by the Company confirming the Shareholder's non-resident status. The declaration may be provided by an Intermediary who holds Shares on behalf of investors who are not resident (or ordinarily resident) in Ireland, provided that, to the best of the Intermediary's knowledge, the investors are not resident (or ordinarily resident) in Ireland. An explanation of the term '*Intermediary*' is set out at the end of this summary.

If this declaration is not received by the Company, the Company will in most cases deduct Irish tax (at a rate of 25% or 41% depending on the circumstances) in respect of distributions, redemptions, transfers and deemed disposal events relating to that Shareholder as if the Shareholder was not an Exempt Irish Investor (see below). The Company will also deduct Irish tax if the Company is in possession of any information which reasonably suggests that a Shareholder's declaration is not (or is no longer) materially correct. A Shareholder will generally have no entitlement to recover such Irish tax, unless the Shareholder is a company and holds the Shares through an Irish branch and in certain other limited circumstances. The Company must be informed if a Shareholder becomes Irish tax resident.

The Company may, in limited cases, make payments without the deduction of Irish tax to an Intermediary who has not provided this declaration where that Intermediary held Shares in the Company before 12 December 2019. However, such Intermediary remains obliged to inform the Company if it becomes aware that any investor who is beneficially entitled to the Shares held by the Intermediary may be resident or ordinarily resident in Ireland for Irish tax purposes. The Company will be obliged to deduct Irish tax if the Intermediary so informs the Company.

Generally, Shareholders who are not Irish tax resident will have no other Irish tax liability with respect to their Shares. However, if a Shareholder is a company which holds its Shares through an Irish branch or agency, the Shareholder may be liable to Irish corporation tax in respect of profits and gains arising in respect of the Shares (on a self-assessment basis).

### TAXATION OF EXEMPT IRISH SHAREHOLDERS

Where a Shareholder is an Exempt Irish Investor, the Company will not deduct Irish tax in respect of the Shareholder's Shares once the declaration set out in the application form accompanying this Prospectus has been received by the Company confirming the Shareholder's exempt status.

Exempt Irish Investors who claim exempt status will be obliged to account for any Irish tax due in respect of Shares on a self-assessment basis.

If this declaration is not received by the Company in respect of a Shareholder, the Company will deduct Irish tax in respect of the Shareholder's Shares as if the Shareholder was a non-exempt Irish resident Shareholder (see below). A Shareholder will generally have no entitlement to recover such Irish tax, unless the Shareholder is a company within the charge to Irish corporation tax and in certain other limited circumstances.

### TAXATION OF OTHER IRISH SHAREHOLDERS

Where a Shareholder is resident (or ordinarily resident) in Ireland for Irish tax purposes and is not an Exempt Irish Investor, the Company will deduct Irish tax on distributions, redemptions and transfers and, additionally, on 'eighteenth anniversary' events, as described below.

### *Distributions by the Company*

If the Company pays a distribution to a non-exempt Irish resident Shareholder, the Company will deduct Irish tax from the distribution. The amount of Irish tax deducted will be:

1. 25% of the distribution, where the distributions are paid to a Shareholder who is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the distribution, in all other cases.

The Company will pay this deducted tax to the Irish Revenue Commissioners.

Generally, a Shareholder will have no further Irish tax liability in respect of the distribution. However, if the Shareholder is a company for which the distribution is a trading receipt, the gross distribution (including the Irish tax deducted) will form part of its taxable income for self-assessment purposes and the Shareholder may set off the deducted tax against its corporation tax liability.

### *Redemptions and Transfers of Shares*

If the Company redeems Shares held by a non-exempt Irish resident Shareholder, the Company will deduct Irish tax from the redemption payment made to the Shareholder. Similarly, if such an Irish resident Shareholder transfers (by sale or otherwise) an entitlement to Shares, the Company will account for Irish tax in respect of that transfer. The amount of Irish tax deducted or accounted for will be calculated by reference to the gain (if any) which has accrued to the Shareholder on the Shares being redeemed or transferred and will be equal to:

1. 25% of such gain, where the Shareholder is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the gain, in all other cases.

The Company will pay this deducted tax to the Irish Revenue Commissioners. In the case of a transfer of Shares, to fund this Irish tax liability the Company may appropriate or cancel other Shares held by the Shareholder. This may result in further Irish tax becoming due.

Generally, a Shareholder will have no further Irish tax liability in respect of the redemption or transfer. However, if the Shareholder is a company for which the redemption or transfer payment is a trading receipt, the gross payment (including the Irish tax deducted) less the cost of acquiring the Shares will form part of its taxable income for self-assessment purposes and the Shareholder may set off the deducted tax against its corporation tax liability.

If Shares are not denominated in Euro, a Shareholder may be liable (on a self-assessment basis) to Irish capital gains taxation on any currency gain arising on the redemption or transfer of the Shares.

### *Eighth Anniversary' Events*

If a non-exempt Irish resident Shareholder does not dispose of Shares within eight years of acquiring them, the Shareholder will be deemed for Irish tax purposes to have disposed of the Shares on the eighth anniversary of their acquisition (and any subsequent eighth anniversary). On such deemed disposal, the Company will account for Irish tax in respect of the increase in value (if any) of those Shares over that eight year period. The amount of Irish tax accounted for will be equal to:

1. 25% of such increase in value, where the Shareholder is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the increase in value, in all other cases.

The Company will pay this tax to the Irish Revenue Commissioners. To fund the Irish tax liability, the Company may appropriate or cancel Shares held by the Shareholder.

However, if less than 10% of the Shares (by value) in the Company in the relevant Sub-Fund are held by non-exempt Irish resident Shareholders, the Company may elect not to account for Irish tax on this deemed disposal. To claim this election, the Company must:

1. confirm to the Irish Revenue Commissioners, on an annual basis, that this 10% requirement is satisfied and provide the Irish Revenue Commissioners with details of any non-exempt Irish resident Shareholders (including the value of their Shares and their Irish tax reference numbers); and
2. notify any non-exempt Irish resident Shareholders that the Company is electing to claim this exemption.

If the exemption is claimed by the Company, any non-exempt Irish resident Shareholders must pay to the Irish Revenue Commissioners on a self-assessment basis the Irish tax which would otherwise have been payable by the Company on the eighth anniversary (and any subsequent eighth anniversary).

Any Irish tax paid in respect of the increase in value of Shares over the eight year period may be set off on a proportionate basis against any future Irish tax which would otherwise be payable in respect of those Shares and any excess may be recovered on an ultimate disposal of the Shares.

#### *Share Exchanges*

Where a Shareholder exchanges Shares on arm's length terms for other Shares in the Company or for Shares in another Sub-Fund of the Company and no payment is received by the Shareholder, the Company will not deduct Irish tax in respect of the exchange.

### **STAMP DUTY**

No Irish stamp duty (or other Irish transfer tax) will apply to the issue, transfer or redemption of Shares. If a Shareholder receives a distribution in specie of assets from the Company, a charge to Irish stamp duty could potentially arise.

### **GIFT AND INHERITANCE TAX**

Irish capital acquisitions tax (at a rate of 33%) could apply to gifts or inheritances of the Shares (irrespective of the residence or domicile of the donor or donee) because the Shares could be treated as Irish situate assets because they have been issued by an Irish company. However, any gift or inheritance of Shares will be exempt from Irish capital acquisitions tax once:

1. the Shares are comprised in the gift or inheritance both at the date of the gift or inheritance and at the 'valuation date' (as defined for Irish capital acquisitions tax purposes);
2. the person from whom the gift or inheritance is taken is neither domiciled nor ordinarily resident in Ireland at the date of the disposition; and
3. the person taking the gift or inheritance is neither domiciled nor ordinarily resident in Ireland at the date of the gift or inheritance.

### **MEANING OF TERMS**

#### **Meaning of 'Residence' for Companies**

A company which has its central management and control in Ireland is tax resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which was incorporated in Ireland on or after 1 January 2015 is tax resident in Ireland except where the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country.

Until 1 January 2021, a company which does not have its central management and control in Ireland but which was incorporated before 1 January 2015 in Ireland is resident in Ireland except where:

1. the company (or a related company) carries on a trade in Ireland and either the company is ultimately controlled by persons resident in EU Member States or countries with which Ireland has a double tax treaty, or the company (or a related company) are quoted companies on a recognised stock exchange in the EU or in a tax treaty country; or
2. the company is regarded as not resident in Ireland under a double tax treaty between Ireland and another country.

Finally, until 1 January 2021 a company that was incorporated in Ireland before 1 January 2015 will also be regarded as resident in Ireland if the company is (i) managed and controlled in a territory with which a double taxation agreement with Ireland is in force (a 'relevant territory'), and such management and control would have been sufficient, if exercised in Ireland, to make the company Irish tax resident; and (ii) the company would have been tax resident in that relevant territory under its laws had it been incorporated there; and (iii) the company would not otherwise be regarded by virtue of the law of any territory as resident in that territory for the purposes of tax.

#### **Meaning of 'Residence' for Individuals**

An individual will be regarded as being tax resident in Ireland for a calendar year if the individual:

1. spends 183 days or more in Ireland in that calendar year; or
2. has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that calendar year together with the number of days spent in Ireland in the preceding year. Presence in Ireland by an individual of not more than 30 days in a calendar year will not be reckoned for the purposes of applying this 'two year' test.

An individual is treated as present in Ireland for a day if that individual is personally present in Ireland at any time during that day.

### **Meaning of 'Ordinary Residence' for Individuals**

The term 'ordinary residence' (as distinct from 'residence') relates to a person's normal pattern of life and denotes residence in a place with some degree of continuity. An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year. An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which the individual is not resident. For example, an individual who is resident and ordinarily resident in Ireland in 2020 and departs Ireland in that year will remain ordinarily resident in Ireland up to the end of the tax year in 2023.

### **Meaning of 'Intermediary'**

An 'intermediary' means a person who:

1. carries on a business which consists of, or includes, the receipt of payments from a regulated investment undertaking resident in Ireland on behalf of other persons; or
2. holds units in such an investment undertaking on behalf of other persons.

## **OECD COMMON REPORTING STANDARD**

The Council of the EU has adopted Directive 2014/107/EU, which amends Directive 2011/16/EU on administrative cooperation in the field of taxation. This 2014 Directive provides for the adoption of the regime known as the "Common Reporting Standard" proposed by the Organisation for Economic Co-operation and Development and has generalised the automatic exchange of information within the European Union with effect from 1 January 2016. Under these measures, the Company may be required to report information relating to Shareholders, including the identity and residence of Shareholders and income, sale or redemption proceeds received by Shareholders in respect of the Shares to the Irish Revenue. This information may then be shared with tax authorities in other EU Member States and other jurisdictions which have implemented the OECD Common Reporting Standard.

## **FATCA**

The provisions commonly known as the Foreign Accounts Tax Compliance Act in the enactment of the United States of America known as Hiring Incentives to Restore Employment Act 2010 ("**FATCA**") represent an expansive information reporting regime enacted by the U.S. which is aimed at ensuring that U.S. persons with financial assets outside the U.S. are paying the correct amount of U.S. tax. FATCA will generally impose a withholding tax of up to 30% with respect to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends paid to a foreign financial institution ("**FFI**") unless the FFI complies with certain obligations including disclosure of certain information about U.S. investors to the US Internal Revenue Service ("**IRS**" or the "**Service**") and the imposition of withholding tax in the case of non-compliant investors. The Company is an FFI for the purpose of FATCA.

Ireland has an intergovernmental agreement with the United States of America (the "**IGA**") in relation to FATCA, of a type commonly known as a 'model 1' agreement. Ireland has also enacted regulations to introduce the provisions of the IGA into Irish law. The Company intends to carry on its business in such a way as to ensure that it is treated as complying with FATCA, pursuant to the terms of the IGA. The Company has registered with the IRS as a 'reporting financial institution' for FATCA purposes and will report information to the Irish Revenue Commissioners relating to Shareholders who, for FATCA purposes, are specified US persons, non-participating financial institutions or passive non-financial foreign entities that are controlled by specified US persons. Any information reported by the Company to the Irish Revenue Commissioners will be communicated to the IRS pursuant to the IGA. It is possible that the Irish Revenue Commissioners may also communicate this information to other tax authorities pursuant to the terms of any applicable double tax treaty, intergovernmental agreement or exchange of information regime.

The Company should generally not be subject to the FATCA withholding tax of 30% in respect of its US source income for so long as it complies with its FATCA obligations. FATCA withholding tax should only arise on US source payments to the Company if the Company did not comply with its FATCA registration and reporting obligations and the IRS specifically identified the Company as being a 'non-participating financial institution' for FATCA purposes. Nevertheless, there is no guarantee that the Company will be absolutely free from future FATCA related direct or indirect withholding

implications which may be borne by the Company and therefore adversely impact the Net Asset Value per Share of the respective Portfolio and the Company remains subject to other withholding taxes, including withholding taxes applicable to U.S. source income that exist outside of the FATCA regime. Any such US FATCA withholding tax would negatively impact the financial performance of the Company and all Shareholders may be adversely affected in such circumstances. In addition, in order to comply with its obligations under the IGA, the Company will generally be required to obtain proper documentation from each of its investors to establish such investor's tax status for FATCA purposes.

Shareholders should consult their own tax advisors regarding the possible implications of this legislation on their investments in a Portfolio.

## FEES AND EXPENSES

### MANAGEMENT AND DISTRIBUTION FEES

In respect of each Class, the Manager shall be entitled to a fee in respect of the management services provided by it to each Portfolio (the "**Management Fee**"). The Management Fee shall accrue daily and be payable monthly in arrears at the end of each calendar month. The Manager will pay any Sub-Investment Managers or investment advisers appointed in respect of a Portfolio out of its Management Fee, unless otherwise specified in the Supplement for the relevant Portfolio.

The maximum annual fee which the Company will be charged in respect of a Portfolio is 2.5% of its Net Asset Value, however the current Management Fee payable in respect of each Portfolio shall be disclosed in the relevant Supplement. Shareholder consent will be required and an extraordinary general meeting will be convened or a written resolution passed by all Shareholders if there is any increase beyond the maximum annual fee.

The Manager shall also be entitled to a fee in respect of the administrative support services it provides to the Company, further details of which are set out below under the "*Administration Fees*" section.

The Manager shall be entitled to recover from the Company all out-of-pocket expenses suffered or incurred by it (or its delegates) in the performance of its duties and shall pay any such expenses recovered to the appropriate service provider.

Where the Management Agreement is terminated prior to the end of a month, the Manager shall be entitled to the fees in respect of such services accrued up to the date of termination on a pro-rata basis.

In respect of the B Shares, C Shares, E Shares, C1 Shares and C2 Shares in each Portfolio, the Manager and/or the relevant Distributor shall be entitled to a distribution fee at the annual rate of 1% of the Net Asset Value of the relevant Classes in respect of the distribution services provided to such Classes, which shall accrue daily and be payable monthly in arrears at the end of each calendar month.

In respect of the M Shares in each Portfolio, the Manager and/or the relevant Distributor shall be entitled to a distribution fee at an annual rate expressed as a percentage of the Net Asset Value of the relevant Classes in respect of the distribution services provided to such Classes, which shall accrue daily and be payable monthly in arrears at the end of each calendar month. The rate of such distribution fee varies between Portfolios and is disclosed in the Supplement for each Portfolio.

In respect of all other Classes, the Manager may pay the Distributor a fee (which shall be at normal commercial rates), in respect of its distribution services, which shall also be payable out of the Management Fee.

Without prejudice to the above, the Manager and any Sub-Investment Manager or Distributor may from time to time and at their sole discretion and out of their own resources decide to waive, share or rebate to associated companies or to some or all Shareholders or to intermediaries, part or all of the management, investment management, performance and/or distribution fees. Rebates to Shareholders or intermediaries may be applied in paying up additional Shares to be issued to the Shareholder. Such Shares shall be issued to the Shareholders at their Net Asset Value.

### Investment in other CIS

If a Portfolio invests in Shares in other collective investment schemes, the Portfolio will be liable as an investor in such collective investment schemes for its proportion of the fees of such collective investment schemes and investors may be subject to higher fees arising from the layered investment structure. The Portfolio will invest in collective investment schemes, which generally charge management fees of up to 2.5% of their net asset value. In addition to these fees, subscription and redemption fees of up to 3%, may apply to the Portfolio's investments in and redemptions from the collective investment schemes. On an exceptional basis, the Manager and/or the Sub-Investment Manager may decide to invest in collective investment schemes which apply higher fees.

However, where a Portfolio invests in other collective investment schemes (including Portfolios) which are managed directly or indirectly by the Manager, the Sub-Investment Manager or by any other company with which the Manager or the Sub-Investment Manager is linked by common management or control or by a substantial direct or indirect holding of more than 10% of the share capital or of the votes, (an "Affiliate"), or any person acting on behalf of the Company, the Manager, the Sub-Investment Manager or an Affiliate, the Manager, the Sub-Investment Manager or such Affiliate will not receive any quantifiable monetary benefits or charge any investment management fee or initial charge in respect of such investment and the Portfolio will not be charged any subscription, conversion or redemption fees on account of its investment in such collective investment schemes.

### Performance Fees

The Manager and a Sub-Investment Manager may, for one or more Portfolios charge a performance fee. If applicable, such performance fee will be set out in the relevant Supplement. In addition, investment advisers appointed in respect of a Portfolio may be entitled to receive a performance fee payable out of the Portfolio's assets, as described in the relevant



Supplement.

Performance fees will be charged at the level of specific performance fee Classes, which will be labelled “PF”.

### **CUSTODY FEES**

The Company will pay the Depositary a fee in respect of the trustee services for each Portfolio which shall not exceed 0.02% per annum of the Net Asset Value of the relevant Portfolio and which will accrue monthly and be payable monthly in arrears. The Depositary will also be entitled to reimbursement by the Company out of the assets of the Portfolio for safekeeping fees, transaction charges and reasonable out-of-pocket expenses incurred for the benefit of the Portfolio including the fees (which will not exceed normal commercial rates) and reasonable out-of-pocket expenses of any sub-custodian appointed by the Depositary. The Company will also bear the cost of any value added tax applicable to any fees or other amounts payable to the Depositary in relation to the Company. At the date of this Prospectus it is not envisaged that any such value added tax shall be payable.

### **ADMINISTRATION FEES**

The Company will pay Administration Fees which shall not exceed 0.20% per annum of the Net Asset Value of the relevant Portfolio. The Administration Fee shall comprise of a fee payable to the Administrator in respect of the administration services which it provides for each Portfolio and a fee payable to the Manager in respect of the administrative support services which it provides for each Portfolio and will accrue monthly and be payable monthly in arrears. The administrative support services which the Manager include, among other things: (i) assisting in the preparation of all periodic reports by the Company to Shareholders; (ii) assisting in the preparation of all reports and filings required to maintain the registration and qualification of the Company and its Shares, or to meet other regulatory or tax requirements applicable to the Company; and (iii) compliance monitoring, operational and investment risk management, legal and administrative services and portfolio accounting services.

In addition to the fee payable out of the Administration Fee, the Administrator shall receive reimbursement for any other fees and expenses at normal commercial rates, including fees in respect of transfer agency, transaction processing fees and tax reclaim services and all out-of-pocket expenses reasonably and properly incurred by the Administrator in the performance of its duties.

### **EXCHANGE CHARGE**

There is no charge payable to the Company for exchanging Shares in a Portfolio for Shares in any other Portfolio established by the Company, although investors should note that fees and other service charges in respect of exchanges of Shares may be payable to any intermediaries through whom they invest, as described below under the “*Sub-Distributor/Intermediary Charges*” section.

### **DUTIES AND CHARGES**

In calculating the Net Asset Value per Share of a Portfolio in connection with any subscription application or redemption request, the Directors may on any Dealing Day when there are net subscriptions or redemptions adjust the Net Asset Value per Share by adding or deducting Duties and Charges to cover dealing costs and to act as an anti-dilution levy to preserve the value of the underlying assets of the relevant Portfolio. Any such Duties and Charges will account for actual expenditure on the purchase or sale of the assets of the Portfolio and will be retained for the benefit of the Portfolio. The Directors reserves the right to waive such charge at any time.

Where Swing Pricing is adopted in respect of a Portfolio on a Dealing Day, as described in the “Determination of Net Asset Value” section, no other Duties and Charges will be applied in respect of subscriptions to or redemptions from the relevant Portfolio.

### **CONTINGENT DEFERRED SALES CHARGE**

Contingent deferred sales charges will be payable in respect of the following Classes at the rates specified below, unless otherwise specified in the relevant Supplement, depending on the period that has elapsed since the issue of the Shares being redeemed and will be charged on the lower of the Net Asset Value per Share on the relevant Dealing Day in respect of which the relevant Shares were (i) initially subscribed or (ii) redeemed. Any such contingent deferred sales charges will be paid to the relevant Distributor, the Manager or the relevant Sub-Investment Manager:

Class	Redemption Period in Calendar Days				
	< 365	365 - 729	730 - 1094	1095 – 1459	> 1459
<b>B</b>	4%	3%	2%	1%	0%
<b>E</b>	3%	2%	1%	0%	0%
<b>C2</b>	2%	1%	0%	0%	0%
<b>C, C1</b>	1%	0%	0%	0%	0%

## **ESTABLISHMENT AND ORGANISATIONAL EXPENSES**

The Company's organisational expenses have been amortised.

Each Portfolio's establishment and organisational expenses (including expenses relating to the negotiation and preparation of the contracts to which it is a party, the costs of preparing and printing the Prospectus and related marketing materials, the costs of obtaining a listing on Euronext Dublin, where applicable, and the fees and expenses of its professional advisors), which will payable out of the assets of the Portfolio, are estimated not to have exceeded US\$100,000. These expenses will be amortised over the first three (3) annual accounting periods of each Portfolio or such other period as may be determined by the Directors.

## **MISCELLANEOUS FEES, COSTS AND EXPENSES**

The Company and the Portfolios will also pay certain other costs, charges, fees and expenses incurred in its operation, including without limitation fees and expenses incurred in relation to banking (including the costs associated with the provision and accessing of any credit facilities) and brokerage in respect of the purchase and sale of Portfolio securities, taxes, insurance, the costs and expenses of maintaining its books of account and of preparing, printing, publishing and distributing (in such languages as may be necessary) prospectuses, supplements, annual and semi-annual reports and other documents or information to current and prospective Shareholders, the expense of publishing price and yield information, in relevant media, the costs and expenses of obtaining authorisations or registrations of the Company or of any Shares with the regulatory authorities in various jurisdictions, including any levy applied by the Central Bank, the cost of listing and maintaining a listing of Shares on any stock exchange, the cost of convening and holding Directors and Shareholders meetings, the costs of exercising voting rights attached to the Company's investments in the best interests of the Shareholders, professional fees and expenses for legal, auditing and other consulting services, any and all expenses arising in respect of the termination or liquidation of the Company and such other costs and expenses (including non-recurring and extraordinary costs and expenses) as may arise from time to time and which have been approved by the Directors as necessary or appropriate for the continued operation of the Company or of any Portfolio. In connection with the registration of the Company or the Shares for sale in certain jurisdictions, the Company may pay the fees and expenses of paying agents, information agents and/or correspondent banks, such payments to be made at normal commercial rates.

The Manager will directly pay for all research which it consumes, regardless of where the research originates. Sub-Investment Managers that are located outside the EU, which do not send any research that they receive into the EU, may charge research expenses to the relevant Portfolio through the provision of an annual research budget for each Portfolio.

The Directors shall be entitled to a fee as remuneration for their services at a rate to be determined from time to time by the Directors, provided that in accordance with the restrictions set out in this respect in the Articles, the amount of remuneration payable to any Director in any one year in respect of the Company shall not exceed €75,000 (or €85,000, in the case of the chairperson of the Company) or such other amount as the Directors may from time to time determine and disclose to the Shareholders in the latest annual or semi-annual report. The Directors, and any alternate Directors, shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in attending Directors or Shareholders meetings or any other meetings in connection with the business of the Company. None of the Directors have entered into a service contract with the Company nor is any such contract proposed and none of the Directors is an executive of the Company. The Directors who are also employees of Neuberger Berman Europe Limited will receive a nil fee for their services as directors of the Company.

The expenses of each Portfolio of the Company are deducted from the total income of such Portfolio before dividends are paid. Expenses of the Company which are not directly attributable to the operation of a particular Portfolio are allocated among all Portfolios in a manner determined by the Directors. Expenses of the Company which are not directly attributable to a specific Class and which are directly attributable to a specific Portfolio are allocated among all Classes of such Portfolio in a manner determined by the Directors acting fairly and equitably. In such cases, the expenses will normally be allocated among all Classes of such Portfolio pro-rata to the value of the net assets of the Portfolio which are attributable to those Classes. Expenses of the Company which are directly attributable to a specific Class shall be allocated to that Class.

The Company shall also discharge any fees or expenses payable to any agent appointed in connection with the registration of the Company or any of the Portfolios in any jurisdiction, which fees shall be at normal commercial rates.

Where a Portfolio invests in a (proprietary) strategy managed by an affiliate of the Manager or a third party or in a (proprietary) index, the Portfolio may be required to pay fees in respect of such strategies based on the value of assets under management in those strategies or exposure to such an index. An affiliate of the Manager or a third party may therefore benefit from any additional exposure taken to a strategy or index.

The Manager may also act as investment manager or adviser to parties other than the Company, including parties who are counterparties to OTC FDI entered into on behalf of a Portfolio, and may receive remuneration in respect of those services which will not be paid into the assets of the Portfolio. The Manager or, as the case may be, an affiliate may benefit from any exposure taken by a counterparty to OTC FDI seeking to hedge its exposure there under by investing in strategies or funds managed by either the Manager or an affiliate. Such fees will not be paid into the assets of the

Portfolio.

The Manager and the Sub-Investment Manager will at all times have regard to their obligations to the Company and, in particular, but without limitation to their obligations to act in the best interests of the Shareholders, when undertaking any investments where conflicts of interest may arise and will endeavour to ensure that such conflicts are resolved fairly and, in particular, the Manager and the Sub-Investment Manager has agreed to act in a manner which it in good faith considers fair and equitable in allocating investment opportunities to the Portfolio.

#### **SUB-DISTRIBUTOR / INTERMEDIARY CHARGES**

Additional fees and other service charges in respect of subscriptions for, redemptions of and exchanges of Shares, may be payable by Shareholders or investors to intermediaries through whom they invest in such amount as they may agree with the relevant intermediaries and this may result in differing yields to different investors in relation to their Shares. Such fees and charges may include:

- (a) an initial sales charge of up to 5% in respect of all A Shares, P Shares and T Shares, up to 3% in respect of all U Shares and up to 2% in respect of all M Shares; and
- (b) an exchange fee of up to 1% in respect of exchanges by Shareholders into all A Shares, M Shares and P Shares (including exchanges into such Classes from within the same Portfolio). For the avoidance of doubt, Shareholders exchanging into such Classes and paying an exchange fee will not be subject to contingent deferred sales charges or initial sales charges in respect of such exchanges.

Any such fees or charges will not be payable to and will not directly benefit the Company and accordingly are not disclosed in this document or elsewhere by the Company. The initial sales charge and exchange fee may be shared between the intermediary and a Distributor.

**The investor is advised to carefully consider these fees charged by the intermediary. The intermediary might be required to make appropriate disclosures to its clients (including, but not limited to, disclosure of any inducements and/or fees received or paid).**

## CONFLICTS OF INTEREST

The Depositary, the Administrator, the Manager, the Sub-Investment Managers, the Directors, the Distributors and their affiliates (the "Interested Parties") may from time to time act as manager, registrar, administrator, trustee, custodian, investment manager, adviser, director, FDI counterparty or distributor in relation to, or be otherwise involved in, other funds or collective investment schemes which have similar investment objectives to those of the Company and/or in any of the Portfolios, or be otherwise involved in securities distribution, research and trading. It is, therefore, possible that any of them may, in the due course of their business, have potential conflicts of interests with the Company or any Portfolio, or a material interest or potential conflict of interest in services or transactions with or for the Company or any Portfolio. Each will at all times have regard in such event to its obligations under the Articles and/or any agreements to which it is party or by which it is bound in relation to the Company or any Portfolio and, in particular, but without limitation to its obligations to act in the best interests of the Shareholders so far as practicable, having regard to its obligations to other clients, when undertaking any investments where conflicts of interest may arise and will endeavour to ensure that such conflicts are resolved fairly and, in particular, the Manager has agreed to act in a manner which it in good faith considers fair and equitable in allocating investment opportunities to the Company.

While a conflict of interest may arise when the Manager simultaneously manages Portfolios that charge only management fees and Portfolios that charge both management fees and performance fees, in that a Portfolio with a performance fee will offer the potential for higher profitability when compared to a Portfolio with only a management fee, the Manager has appropriate policies and procedures in place to manage any such potential and actual conflicts of interest, including policies to ensure investment opportunities are allocated on a fair and equitable basis, and without regard to whether any performance fees are charged to a Portfolio.

The Interested Parties may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the Company. Subject to applicable law, the Interested Parties may purchase or sell securities of, or otherwise invest in or finance, issuers in which the Company has an interest. The Interested Parties also may manage, advise or service other accounts or investment funds that have investment objectives similar or dissimilar to those of the Company and which engage in transactions in the same type of securities, currencies and instruments as the Company. Trading activities of the Interested Parties are carried out without reference to positions held directly or indirectly by the Company and may have an effect on the value of the positions so held or may result in the Interested Parties having an interest adverse to that of the Company. The Interested Parties are under no obligation to offer investment opportunities of which any of them becomes aware to the Company or to account to the Company in respect of (or share with the Company or inform the Company of) any such transaction or any benefit received by any of them from any such transaction, but will allocate any such opportunities on an equitable basis between the Company and other clients. As a result, the Interested Parties may compete with the Company for appropriate investment opportunities.

The Manager may have a conflict of interest when determining whether to invest or maintain Portfolio assets in registered collective investment schemes, managed by the Manager or an Affiliate (each an "Affiliated Underlying Fund"). The Manager seeks to mitigate this conflict by waiving or reimbursing any investment management, performance-based fees or similar fees charged by Affiliated Underlying Funds in respect of such investment or allocations. The Manager and its affiliates may derive indirect benefits such as increased assets under management from using Portfolio assets to invest in an Affiliated Underlying Fund, which benefits would not be present if investments were made in unaffiliated pooled investment vehicles.

In addition, while the above-referenced fees charged by the Affiliated Underlying Fund will be waived or reimbursed, the relevant Portfolio will be charged its pro-rata share of any other fees or expenses associated with such investment in accordance with the expense provisions set forth in each Affiliated Underlying Fund's governing documents and such fees or expenses may be paid to the Manager, an Affiliate or a third party.

In addition, investments by an Investing Portfolio in a Receiving Portfolio will not be charged management fees, investment management fees or performance fees by the Receiving Portfolio but will be charged the appropriate management fees, investment management fees and performance fees (if any) by the Investing Portfolio.

The Manager and its delegates will have no obligation to purchase, sell or exchange any investment for the Company which the Manager or its delegates may purchase, sell or exchange for the account of one or more of its other clients if the Manager and its delegates believe in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for the Company. As a general policy, investment opportunities will be allocated among those accounts for which participation in the respective opportunity is considered appropriate pro rata based on the relative capital size of the accounts. In addition, the Manager and its delegates may also take into consideration such other factors as the investment programs of the accounts, tax consequences, legal or regulatory restrictions, the relative historical participation of an account in the investment, the difficulty of liquidating an investment for more than one account, new accounts with a substantial amount of investable cash and such other factors considered relevant. Such considerations may result in allocations among the Company and one or more other clients on other than a *pari passu* basis (which could result in different performance among them).

The Manager or its delegates or affiliates may manage the assets ("Discretionary Assets") of one or more pooled investment vehicles or separate accounts that provide the Manager or its delegates or affiliates with discretion to allocate such Discretionary Assets among various investment strategies through separate accounts or other pooled investment vehicles managed by the Manager or its delegates or affiliates (including the Company). In these instances, the Manager or its delegates or affiliates will, from time to time, exercise full discretion to determine the investment strategies to which Discretionary Assets should be allocated and the amount of each such allocation, subject to any applicable investment guidelines. In addition to making an initial allocation among strategies, the Manager or its delegates or affiliates are typically vested with discretion to rebalance, adjust or make different allocations for Discretionary Assets from time to time, solely in their discretion, as market conditions or the needs of owners of Discretionary Assets dictate. Therefore, Discretionary Assets invested in the Company or in funds that invest in the Company, if applicable, will generally be directed by the Manager or its delegates or affiliates and the Manager or its delegates or affiliates could effect a redemption or other adjustment of such investment. The Manager has no duty or responsibility to inform or advise any Shareholder to undertake the same or similar action with respect to its own investments. To the extent that the Manager or its delegates or affiliates determines to cause certain Discretionary Assets to redeem from the Company or another fund that invests in the Company, if applicable, each Shareholder will bear its pro rata share of any transaction costs associated with the sale of the Company's assets to meet such redemption and may experience increased Company expenses, especially in the event of a large redemption relative to the size of the Company. Each Shareholder is responsible for making its own decision as to the timing of any redemption it wishes to make.

The Manager and its officers and employees will devote as much of their time to the activities of the Company as they deem necessary and appropriate. The Manager and its delegates and affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Company and/or may involve substantial time and resources. These activities could be viewed as creating a conflict of interest in that the time and effort of the Manager, its delegates and their officers and employees will not be devoted exclusively to the business of the Company but will be allocated between the business of the Company and such other activities. Future activities by the Manager and its delegates and affiliates, including the establishment of other investment funds, may give rise to additional conflicts of interest.

The relationship between the Manager and the Company is as described in the Management Agreement. Neither that relationship, nor the services the Company or Manager provides nor any other matter, will give rise to any fiduciary or equitable duties on the Company or Manager's part or on the part of the Company or Manager's affiliates which would prevent or hinder the Company, the Manager, or any of their affiliates in doing business under those agreements, acting as both market maker and broker, principal and agent or in doing business with or for affiliates, connected customers or other customers or investors and generally acting as provided in the agreements.

In providing services to the Company, neither, the Manager, any Sub-Investment Manager, nor their affiliates shall be obliged to disclose to the Company or take into consideration any information, fact, matter or thing if:

- (i) such information is held solely on the other side of a Chinese Wall from the individual making the decision or taking the step in question; and
- (ii) disclosure or use of such information would breach a duty or confidence to any other person or result in a breach of the law; and
- (iii) such information has not come to the actual notice of the individual making the decision or taking the step in question (whether or not such information comes to the notice of any officer, director, member, employee or agent of the Manager's or any affiliate).

No further disclosure to, or consent from, the Company is required in relation to or as a result of any matter referred to above.

Where the competent person valuing unlisted securities is an Interested Party the fees payable by the Company which are based on Net Asset Value may increase as the value of the Company's investments increase.

There is nothing to prevent the Directors or other Interested Parties from dealing as principal in the sale or purchase of assets to or from the Company, or to prevent the Depositary from acting as custodian and/or trustee in any other capacity for other clients, or from buying, holding and dealing in any assets for its own account or for the account of any client notwithstanding that similar or the same assets may be held or dealt in by or for the account of the Company. The Depositary shall not be deemed to be affected by notice of, or to be under any duty to disclose to the Company, information which has come into its or its associates' possession as a result of any such arrangements. Neither the Depositary nor any of its associates shall be liable to account to the Company for any profits or benefits made or derived by or in connection with any such transaction. However, any such transactions must be carried out as if effected on normal commercial terms negotiated at arm's length and consistent with the best interest of Shareholders. Transactions will be deemed to have been effected on normal commercial terms negotiated at arm's length if: (a) a certified valuation of the transaction by a person approved by the Depositary as independent and competent is obtained; (b) execution of the transaction is on best terms on organised investment exchanges in accordance with the rules of the exchange; or (c) where (a) and (b) are not practical,

the transaction is executed on terms which the Depositary is satisfied (or, in the case of a transaction involving the Depositary, on terms which the Directors are satisfied) conform to the principle of execution on normal commercial terms negotiated at arm's length and in the best interest of Shareholders.

A Director may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is interested, provided that he has disclosed to the Directors prior to the conclusion of any such transaction or arrangement the nature and extent of any material interest of his therein. Unless the Directors determine otherwise, a Director may vote in respect of any contract or arrangement or any proposal whatsoever in which he has a material interest, having first disclosed such interest. With that exception, at the date of this Prospectus no Director or any connected person of any Director has any interest, beneficial or non-beneficial, in the share capital of the Company or any material interest in the Company or in any agreement or arrangement with the Company except that one or more of the Directors may hold Subscriber Shares. The Directors shall endeavour to ensure that any conflict of interest is resolved fairly.

Michelle Green is general counsel for EMEA and Latin America at Neuberger Berman. Alex Duncan is Director of Operations and Infrastructure for Neuberger Berman Europe Limited. Michelle Green and Grainne Alexander are both directors of the Manager.

In selecting brokers to make purchases and sales for the Company for the account of a Portfolio, the Manager will choose those brokers who have agreed to provide best execution to the Company. In this regard, best execution means taking all reasonable steps to obtain the best possible result for the Company, taking into account price, costs, speed, likelihood of execution and settlement, the size and nature of the order and any other considerations relevant to the execution of the order. In managing the assets of each Portfolio, the Manager may receive or purchase certain research and statistical and other information and assistance from brokers. The Manager may allocate brokerage business to brokers who have provided such research and assistance to the Company and/or other accounts for which the Manager exercises investment discretion provided that (i) the transaction execution is consistent with best execution standards (as described above) and brokerage rates are not in excess of customary institutional full-service brokerage rates; and (ii) the availability of soft commission arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer. The benefits provided under any soft commission arrangements must assist in the provision of investment services to the Company and be of demonstrable benefit to the Shareholders. The Manager shall notify the Company of any soft commission arrangements and these arrangements shall be disclosed in the periodic reports, including the annual audited accounts of the Company and in this Prospectus.

In circumstances where the Manager or any Sub-Investment Manager recaptures a portion of brokerage fees from a broker in relation to the purchase and/or sale of securities for a Portfolio, such rebate (less any reasonable properly vouched fees and expenses directly incurred by the Manager or the Sub-Investment Manager in arranging such rebate and agreed with the Company) must be paid into that Portfolio.

Neuberger Berman Investment Advisers LLC currently engages in soft commission arrangements on behalf of the Portfolios managed by it. Appropriate disclosure will be in the periodic reports.

From time to time, and in order to manage its balance sheet in an efficient manner, the Manager may hedge its investment in a Portfolio through the use of FDI or other instruments. Such hedging activity is designed to protect the Manager's investment in a Portfolio in the event that such Portfolio fails to achieve its investment objectives.

### **Material Non-Public Information**

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

In the ordinary course of operations, however, certain businesses within the Firm may seek access to material non-public information. For instance, the Manager may utilise material non-public information in purchasing investments and from time to time, the Manager may be offered the opportunity on behalf of applicable clients to participate on a creditors' or other similar committee, which participation may provide access to material non-public information. The Firm maintains procedures that address the process by which material non-public information may be acquired intentionally by the Firm and shared between different businesses within the Firm. When considering whether to acquire or share material non-public information, the Firm will attempt to balance the interests of all clients, taking into consideration relevant factors, including but not limited to, the extent of the prohibition on trading that may occur, the size of the Firm's existing position in the issuer, if any, and the value of the information as it relates to the investment decision-making process. The intentional acquisition of material non-public information may give rise to a potential conflict of interest since the Firm may be prohibited from rendering investment advice to clients regarding the public securities of such issuer and thereby potentially limiting the universe of public securities that the Manager on behalf of the Company, may purchase or potentially limiting the ability of



the Firm, including the Company, to sell such securities. Similarly, where the Firm declines access to (or otherwise does not receive or share within the Firm) material non-public information regarding an issuer, the Manager may base its investment decisions for its clients, including the Company, with respect to the securities of such issuer solely on public information, thereby limiting the amount of information available to the Manager in connection with such investment decisions. In determining whether or not to elect to receive material non-public information, the Firm will endeavour to act fairly to its clients as a whole. The Firm reserves the right to decline access to material non-public information, including declining to join a creditors' or similar committee.

### **MiFID Implementation**

Where the Manager executes an order on the Company's behalf and when placing an order with, or passing an order to, other entities, the Manager will do so in accordance with its order execution policy, as may be amended from time to time.

### **The Manager's Conflict of Interest Policy**

In accordance with the current Central Bank's requirements and the requirements of the SEC as applicable, the Manager has in place arrangements to manage conflicts of interest between itself and its clients and between different clients. The Manager will operate in accordance with a conflicts of interest policy. Where the Manager does not consider that the arrangements under its conflicts of interest policy are sufficient to manage a particular conflict, it will inform the Company of the nature of the conflict so that it can decide how to proceed.

## **MEETINGS**

At least one general meeting of the Company shall be held in each year as the Company's annual general meeting. At least twenty one (21) days' notice (inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) shall be given to Shareholders. The notice shall specify the place, day and hour of the meeting and the terms of the resolutions to be proposed. A proxy may attend on behalf of any Shareholder. The voting rights attached to the Shares are set out under the heading "Voting Rights" in this Prospectus.

## **REPORTS AND ACCOUNTS**

The Directors shall cause to be prepared an annual report and audited annual accounts for the Company and each Portfolio for the period ending 31 December in each year. These will be forwarded to Shareholders and the Companies Announcements Office of Euronext Dublin, where applicable, within four months of the end of the relevant accounting period end and at least twenty one (21) days before the annual general meeting. In addition, the Directors shall cause to be prepared a half-yearly report which shall include unaudited half-yearly accounts for the Company and each Portfolio. Half-yearly accounts for each Portfolio will be forwarded to Shareholders in the relevant Portfolio and the Companies Announcements Office of Euronext Dublin, where applicable, within two months of the end of the relevant accounting period. The annual report and the half-yearly report will be sent to Shareholders by electronic mail or other electronic means of communication, although Shareholders may also, on request, receive reports by hard copy mail. The Manager will give the Shareholders at least one month's prior notice in the event of any change in the mode of distributing the annual report and audited annual accounts, and half-yearly report and unaudited half-yearly accounts, of the Company.

## **WINDING UP**

The Articles contain provisions to the following effect:

- (a) If the Company shall be wound up the liquidator shall apply the assets of the Company in such manner and order as he thinks fit in satisfaction of creditors' claims.
- (b) The assets available for distribution among the Shareholders shall then be applied in the following priority:
  - (i) First, in the payment to the holders of the Shares or Class of each series of a sum in the currency in which that series or Class is designated (or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined by the liquidator) to the Net Asset Value of the Shares of such series or Class held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available in the relevant Portfolio to enable such payment in full to be made. In the event that there are insufficient assets as aforesaid, to enable such payment in full to be made, no recourse shall be had to any of the assets comprised within any of the Portfolios.
  - (ii) Secondly, in the payment to the holders of the Subscriber Shares of sums up to the nominal amount paid thereon out of the assets of the Company not comprised within any Portfolios remaining after any recourse thereto under sub-paragraph (i) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Portfolios.



- (iii) Thirdly, in the payment to the holders of each series or Class of any balance then remaining in the relevant Portfolio, such payment being made in proportion to the number of Shares of that series held.
- (iv) Fourthly, in the payment to the holders of the Shares of any balance then remaining and not comprised within any of the Portfolios, such payment being made in proportion to the number of Shares held.
- (c) If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the Court) the liquidator may, with the authority of a special resolution and any other sanction required by the Irish Companies Act 2014, divide among the Shareholders in specie the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. Shareholders may request that assets which are to be distributed to them in specie will be first liquidated to cash. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no Shareholder shall be compelled to accept any assets in respect of which there is liability.

### **MATERIAL CONTRACTS**

The following contracts, which are summarised in the “*Management and Administration*” and “*Fees and Expenses*” sections in this Prospectus, have been entered into and are, or may be, material:

- (a) Management Agreement dated 30 June 2021 between the Company and the Manager;
- (b) Amended and restated administration agreement dated 30 June 2021 between the Company, the Manager and the Administrator pursuant to which the Administrator has been appointed to provide administration, accounting and Shareholder registration and transfer agency services to the Company;
- (c) Depositary agreement dated 12 October 2016 between the Company and the Depositary pursuant to which the Depositary has been appointed as custodian of the Company's assets;
- (d) Amended and restated investment management and distribution agreement dated 30 June 2021 between the Manager and Neuberger Berman Europe Limited, pursuant to which Neuberger Berman Europe Limited has been appointed to provide (i) investment management and advisory services to certain Portfolios as specified in the relevant Supplements; and (ii) market and promote the sale and distribution of Shares;
- (e) Amended and restated investment management and distribution agreement dated 30 June 2021 between the Manager and Neuberger Berman Singapore Pte. Limited pursuant to which Neuberger Berman Singapore Pte. Limited has been appointed to provide (i) investment management and advisory services to certain Portfolios as specified in the relevant Supplements; and (ii) market and promote the sale and distribution of Shares;
- (f) Amended and restated investment management and distribution agreement dated 30 June 2021 between the Manager and Neuberger Berman Asia Limited, pursuant to which Neuberger Berman Asia Limited has been appointed to provide (i) investment management and advisory services to certain Portfolios as specified in the relevant Supplements; and (ii) market and promote the sale and distribution of Shares;
- (g) Amended and restated investment management agreement dated 30 June 2021 between the Manager and Neuberger Berman Canada ULC, pursuant to which Neuberger Berman Canada ULC has been appointed to provide investment management and advisory services to certain Portfolios;
- (h) Amended and restated investment management agreement dated 30 June 2021 between the Manager and Neuberger Berman East Asia Limited, pursuant to which Neuberger Berman East Asia Limited has been appointed to provide investment management and advisory services to certain Portfolios;
- (i) Amended and restated investment management agreement dated 30 June 2021 between the Manager and NB Alternatives Advisers LLC, pursuant to which NB Alternatives Advisers LLC has been appointed to provide investment management and advisory services to certain Portfolios;
- (j) Amended and restated investment management agreement dated 30 June 2021 between the Manager and Neuberger Berman Investment Advisers LLC, pursuant to which Neuberger Berman Investment Advisers LLC has been appointed to provide investment management and advisory services to certain Portfolios;
- (k) Investment management agreement dated 28 April 2017 between Neuberger Berman Europe Limited and Green Court Capital Management Limited (as novated to the Manager by way of a novation agreement between Green Court Capital Management Limited, Neuberger Berman Europe Limited and the Manager dated 30 June

2021), pursuant to which Green Court Capital Management Limited has been appointed to provide investment management and advisory services to certain Portfolios;

- (l) Distribution agreement dated 30 June 2021 between the Manager and Neuberger Berman BD LLC, pursuant to which Neuberger Berman BD LLC has been appointed to market and promote the sale and distribution of Shares; and
- (m) Master agent and distribution agreement dated 16 November 2012 as novated and amended and restated by way of a novation agreement dated 30 June 2021, pursuant to which Neuberger Berman Taiwan (SITE) Limited has been appointed to act as master agent with respect to the offer and sale of certain Portfolios in the Republic of China.

#### **DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Administrator during normal business hours on any Dealing Day:

- (a) the material contracts referred to above;
- (b) the Memorandum and Articles of Association of the Company;
- (c) the UCITS Regulations and the Central Bank Regulations issued pursuant thereto;
- (d) a list of all directorships and partnerships held by each of the Directors at any time in the previous 5 years; and
- (e) the most recent audited financial statements for the Company.

In addition, the annual audited financial statements for the Company will be sent to shareholders and prospective investors on request. The Memorandum and Articles of Association of the Company and any yearly or half-yearly reports may also be obtained from the Administrator free of charge or may be inspected at the registered office of the Administrator during normal business hours on any Dealing Day.

## DEFINITIONS

In this Prospectus the following words and phrases shall have the meanings indicated below:

<b>Accumulating Classes</b>	any Class in respect of which the Directors have determined to accumulate all net investment income and net realised capital gains attributable to such Classes and in respect of which it is not intended to declare dividends;
<b>Administrator</b>	Brown Brothers Harriman Fund Administration Services (Ireland) Limited, or such other company in Ireland as may from time to time be appointed to provide administration, accounting, registration and transfer agency and related support services to the Company;
<b>Articles</b>	the articles of association of the Company for the time being in force and as may be modified from time to time;
<b>A Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as an "A" Class;
<b>Associate</b>	<ol style="list-style-type: none"> <li>1. any person who is a director, officer, employee, servant or agent of the Manager or a person connected to any director of the Company within the meaning of Section 22 of the Companies Act 2014;</li> <li>2. any company which is related to the Manager within the meaning of Section 559 of the Companies Act 2014 or which would be so related if it was incorporated in Ireland;</li> <li>3. any person or body of persons or any company, partnership, consortium, joint venture, related or affiliated to or controlled or managed by the Manager or by any person or group of persons connected to any director of the Manager within the meaning of Section 220 of the Companies Act 2014 or by any company which is related to the Manager within the meaning of Section 599 of the Companies Act 2014 or which would be so related if it was incorporated in Ireland;</li> </ol>
<b>AUD</b>	the lawful currency of the Australia;
<b>Base Currency</b>	the currency in which the Net Asset Value of each Portfolio is calculated, as specified in the relevant Supplement;
<b>Benchmarks Regulation</b>	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014);
<b>Benefit Plan</b>	an employee benefit plan as described in Section 3(3) of ERISA that is subject to Title I of ERISA, a plan subject to Section 4975 of the Code, or an entity whose assets are treated as the assets of any such employee benefit plan or plan;
<b>B Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as a "B" Class;
<b>BRL</b>	the lawful currency of Brazil;
<b>BRL Classes</b>	Classes which have been issued in any Portfolio, which are denominated in BRL but in respect of which subscriptions and redemptions will be in US Dollars;
<b>Business Day</b>	a day on which the relevant financial markets are open for business in the countries specified in respect of a Portfolio in the relevant Supplement;
<b>CAD</b>	the lawful currency of Canada;
<b>CDSC</b>	contingent deferred sales charge;
<b>Central Bank</b>	the Central Bank of Ireland;
<b>Central Bank UCITS Regulations</b>	the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, as may be amended, constituted or substituted from time to time and any notices or guidance issued by the Central

	Bank pursuant thereto for the time being in force;
<b>CFTC</b>	U.S. Commodity Futures Trading Commission;
<b>(CG) Distributing Class</b>	any Class in respect of which the Directors intend to declare dividends out of Net Income and capital on a semi-annual basis in accordance with the Articles and as specified in the “ <i>Distribution Policy</i> ” section;
<b>CHF</b>	the lawful currency of Switzerland;
<b>ChinaClear</b>	China Securities Depository and Clearing Corporation Limited;
<b>Class</b>	each class of Shares within a series carrying rights to participate in the assets of the Portfolio attributable to that series and such other rights and obligations as may be determined by the Directors from time to time and specified in this Prospectus;
<b>CLP</b>	the lawful currency of Chile;
<b>CLP Classes</b>	Classes which have been issued in any Portfolio, which are denominated in CLP but in respect of which subscriptions and redemptions will be in US Dollars;
<b>Closed Portfolios</b>	<ul style="list-style-type: none"> <li>• Neuberger Berman Global Long Short Equity Fund</li> <li>• Neuberger Berman US Large Cap Growth Fund</li> <li>• Neuberger Berman Global Equity Income Fund</li> <li>• Neuberger Berman World Equity Fund</li> <li>• Neuberger Berman Long Short Multi Manager Fund</li> <li>• Lehman Brothers Global Value Fund</li> <li>• Lehman Brothers USA Value Fund</li> <li>• Lehman Brothers European Value Fund</li> <li>• Lehman Brothers Commodity Plus Fund</li> <li>• Lehman Brothers Alpha Select 2 Fund</li> <li>• Lehman Brothers Alpha Select 4 Fund</li> <li>• Neuberger Berman Multi-Asset Growth Fund</li> <li>• Neuberger Berman Global Equity Fund</li> <li>• Neuberger Berman Absolute Alpha Fund</li> <li>• Neuberger Berman China Equity Opportunities Fund</li> <li>• Neuberger Berman Global Bond Absolute Return Fund</li> <li>• Neuberger Berman Diversified Currency Fund</li> <li>• Neuberger Berman Multi-Style Premia Fund</li> <li>• Neuberger Berman Absolute Return Multi Strategy Fund</li> <li>• Neuberger Berman Global Equity Index Putwrite Fund</li> <li>• Neuberger Berman Global High Yield FMP – 2025</li> </ul> <p>Investors should note that the Company and the Neuberger Berman Group LLC, which includes the Manager, the Sub-Investment Managers and the Distributor, are independent entities from and are not controlled by any Lehman Brothers entity;</p>
<b>CNY</b>	Chinese Yuan Renminbi, the lawful currency of the People’s Republic of China;
<b>CPO</b>	Commodity Pool Operator;
<b>Code</b>	the United States Internal Revenue Code of 1986, as amended;
<b>Commitment Approach</b>	represents a methodology to measure risk or “Global Exposure” based on the calculation of the portfolio leverage which includes the netting and hedging of FDI that a Portfolio may have in place according to the UCITS Regulations. A Portfolio, which is using the Commitment Approach to measure its Global Exposure, is limited to 100% commitment leverage;
<b>Company</b>	Neuberger Berman Investment Funds plc;
<b>C Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as a “C” Class;
<b>C1 Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as a “C1” Class;

<b>C2 Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as a “C2” Class;
<b>Data Protection Legislation</b>	means (i) the Data Protection Acts 1988 and 2018 or any other legislation or regulations implementing Directive 95/46/EC, (ii) the European Communities (Electronic Communications Networks and Services) (Privacy and Electronic Communications) Regulations 2011, (iii) the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016) and any consequential national data protection legislation and (iv) any guidance and/or codes of practice issued by the Irish Data Protection Commissioner or other relevant supervisory authority, including without limitation the European Data Protection Board;
<b>Dealing Deadline</b>	such time or times in respect of a Portfolio as shall be specified in the relevant Supplement, or such other time or times as the Directors may determine and notify to the Administrator and to Shareholders in advance, provided always that such times shall be in advance of the relevant Valuation Point;
<b>Dealing Day</b>	each Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance, provided there shall be at least two (2) Dealing Days per month in each Portfolio;
<b>Declaration</b>	a valid declaration in a form prescribed by the Irish Revenue Commissioners for the purposes of Section 739D TCA (as may be amended from time to time);
<b>Depository</b>	Brown Brothers Harriman Trustee Services (Ireland) Limited, or such other company in Ireland as may from time to time be appointed, with the prior approval of the Central Bank, as custodian of all the assets of the Company;
<b>Directors</b>	the directors of the Company for the time being and any duly constituted committee thereof;
<b>Distributing Class</b>	any Class in respect of which the Directors intend to declare dividends in accordance with the Articles, the “Distribution Policy” section and the relevant Supplement;
<b>Distributors</b>	Neuberger Berman Europe Limited, Neuberger Berman Asia Limited, Neuberger Berman Taiwan (SITE) Limited, Neuberger Berman Singapore Pte. Limited, Neuberger Berman BD LLC, Neuberger Berman Asset Management Ireland Limited (each acting in such capacity) or such other firm or company as may from time to time be appointed as distributor;
<b>DKK</b>	the lawful currency of Denmark;
<b>D Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as a “D” Class;
<b>Duties and Charges</b>	all stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions, transfer fees and expenses, agents’ fees, brokerage fees, commissions, bank charges, registration fees and other duties and charges, whether payable in respect of the constitution, increase or reduction of all of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, redemption, sale or transfer of Shares or assets held by the Company by or on behalf of the Company or in respect of the issue or cancellation of any share certificates of the Company or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. Duties and charges may, for the avoidance of doubt, include an amount by which the Directors may adjust the subscription monies or redemption proceeds on any Business Day on which there are net subscriptions or redemptions, by deducting an anti-dilution levy to cover dealing costs and to preserve the value of the underlying assets of the Company;
<b>Emerging Market Country</b>	any country other than one which the World Bank defines as a High Income OECD member country, being, at the date of this Prospectus: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, The Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom and the United States of America;
<b>ERISA</b>	the United States Employee Retirement Income Security Act of 1974, as amended;

<b>E Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as an “E” Class;
<b>€, Euro or EUR</b>	the single currency of participating member states of the European Monetary Union introduced on 1 January 1999;
<b>EU</b>	the European Union;
<b>EU Member State</b>	a member state of the EU;
<b>Eurozone</b>	the EU Member States which have adopted the Euro as their national currency;
<b>Exempt Irish Investor</b>	any of the following Irish Residents: <ul style="list-style-type: none"> <li>(i) a qualifying management company or a specified company as referred to in Section 739B;</li> <li>(ii) a company carrying on life business within the meaning of Section 706 TCA;</li> <li>(iii) a pension scheme as referred to in Section 739B;</li> <li>(iv) any other investment undertaking as referred to in Section 739B;</li> <li>(v) a special investment scheme as referred to in Section 739B;</li> <li>(vi) a unit trust of a type referred to in Section 739D(6)(e) TCA;</li> <li>(vii) an investment limited partnership as referred to in Section 739J TCA;</li> <li>(viii) a person who is entitled to exemption from income tax or corporation tax by virtue of Section 207(1)(b) TCA;</li> <li>(ix) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 784A(2) TCA or 848E TCA in circumstances where the Shares held are assets of an approved retirement fund, an approved minimum retirement fund or a special savings incentive account;</li> <li>(x) a person entitled to exemption from income tax and capital gains tax by virtue of Section 787I TCA and the shares he owns are assets of a PRSA (within the meaning of Chapter 2A of Part 30 TCA);</li> <li>(xi) a credit union as referred to in Section 739B;</li> <li>(xii) the Courts Service as referred to in Section 739B;</li> <li>(xiii) a qualifying company within the meaning of Section 110 TCA as referred to in Section 739D(6)(m) TCA;</li> <li>(xiv) the National Treasury Management Agency;</li> <li>(xv) the National Asset Management Agency; and</li> <li>(xvi) the Motor Insurers’ Bureau of Ireland in respect of an investment made by it of moneys paid to the Motor Insurers Insolvency Compensation Fund under the Insurance Act 1964 (amended by the Insurance (Amendment) Act 2018).</li> </ul>
<b>FCA</b>	the Financial Conduct Authority of the United Kingdom;
<b>FDI</b>	financial derivative instruments, as such term is used in the UCITS Regulations;
<b>F Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as an “F” Class;
<b>GBP</b>	the lawful currency of the United Kingdom;
<b>Global Exposure</b>	refers to the measure of a Portfolio risk exposure that factors in the market risk exposure

of underlying investments, inclusive of the implied leverage associated with financial derivative instruments held in the portfolio. Under the UCITS Regulations, a Portfolio is required to use either a “Commitment Approach” or a “Value-at-Risk (VaR) Approach” to measure their Global Exposure (see separate definitions for these terms);

<b>Gross Income Distributing Class</b>	any Distributing Class in respect of which the Directors intend to declare dividends out of Net Income and capital on a quarterly basis, with the intention that the amounts distributed will equal the gross income attributable to the Class, in accordance with the Articles and as specified in the “ <i>Distribution Policy</i> ” section;
<b>(Monthly) Gross Income Distributing Class</b>	any Class in respect of which the Directors intend to declare dividends out of Net Income and capital on a monthly basis, with the intention that the amounts distributed will equal the gross income attributable to the Class in accordance with the Articles and as specified in the “ <i>Distribution Policy</i> ” section;
<b>Hedged Class</b>	a Class which is denominated in a currency other than the Base Currency of the Portfolio, and in respect of which the Manager or the Sub-Investment Manager employ techniques and instruments with a view to protecting against fluctuations between the class currency of the relevant Class and the Base Currency of its Portfolio;
<b>HKD</b>	the lawful currency of Hong Kong;
<b>HKSCC</b>	Hong Kong Securities Clearing Company Limited;
<b>ILS</b>	the lawful currency of Israel;
<b>Independent Director</b>	any Director who is not also an employee of the Manager or its Associates;
<b>Initial Offer Period</b>	in respect of each Portfolio, the period specified in the relevant Supplement, or such earlier or later time as the Directors may determine at their discretion and notify to the Central Bank and to subscribers;
<b>Initial Offer Price</b>	in respect of each Class, the price specified in the relevant Supplement as may be amended by the Directors from time to time;
<b>Intermediary</b>	a person who carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons or holds shares in an investment undertaking on behalf of other persons;
<b>Irish Resident</b>	any company resident or other person resident or ordinarily resident, in the Republic of Ireland for the purposes of Irish tax. Please see the “ <i>Taxation</i> ” section for the summary of the concepts of residence and ordinary residence issued by the Irish Revenue Commissioners;
<b>Irish Revenue Commissioners</b>	the Irish authority responsible for taxation;
<b>I Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as an “I” Class;
<b>I2 Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as an “I2” Class;
<b>I3 Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as an “I3” Class;
<b>I4 Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as an “I4” Class;
<b>I5 Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as an “I5” Class;
<b>JPY</b>	the lawful currency of Japan;
<b>Management Agreement</b>	the management agreement dated 30 June 2021 between the Company and the Manager,



as may be amended, supplemented or modified from time to time;

<b>Manager</b>	Neuberger Berman Asset Management Ireland Limited or any successor thereto duly appointed with the prior approval of the Central Bank;
<b>M Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as an “M” Class;
<b>MiFID</b>	the Directive 2014/65/EU on markets in financial instruments (as may be amended from time to time);
<b>Minimum Initial Subscription</b>	in respect of each Portfolio, the minimum initial subscription amount required for investment in a Class, as specified in Annex II to this Prospectus;
<b>Minimum Holding</b>	in respect of each Portfolio, the minimum holding required for investment in a Class, as specified in Annex II to this Prospectus;
<b>Money Market Funds Regulation</b>	Regulation (EU) 2017/1131 of the European Parliament and of the Council as amended or supplemented from time to time, including any delegated acts adopted thereunder and any implementing rules or conditions that may from time to time be imposed thereunder by the Central Bank or ESMA;
<b>(Monthly) Distributing Class</b>	any Class in respect of which the Directors intend to declare dividends out of Net Income and capital on a monthly basis in accordance with the Articles and as specified in the “ <i>Distribution Policy</i> ” section;
<b>NB ESG Quotient</b>	a proprietary Neuberger Berman ESG rating system used by the Manager and/or the Sub-Investment Manager as part of the investment process and as further described in the “ <i>Neuberger Berman ESG Quotient</i> ” sub-section of the SFDR Annex;
<b>Net Asset Value</b>	the net asset value of a Portfolio calculated as described in the “ <i>Determination of Net Asset Value</i> ” section of this Prospectus;
<b>Net Asset Value Calculation Time</b>	such time in respect of a Portfolio as shall be specified in the relevant Supplement, or such other time as the Directors may determine in respect of a Portfolio and notify to the Administrator and to Shareholders in advance, provided always that shall be after the relevant Valuation Point;
<b>Net Asset Value per Share</b>	in relation to any Portfolio, the Net Asset Value divided by the number of Shares in the relevant Portfolio in issue or deemed to be in issue in respect of that Portfolio on the relevant Dealing Day and, in relation to any Class, subject to such adjustments, if any, as may be required in relation to such Class;
<b>Neuberger Berman</b>	Neuberger Berman Group LLC and its subsidiaries as such context requires;
<b>NOK</b>	the lawful currency of Norway;
<b>NZD</b>	the lawful currency of New Zealand;
<b>OECD</b>	the Organisation for Economic Co-Operation and Development;
<b>OTC</b>	“over-the-counter”;
<b>PF Classes</b>	any Class in respect of which the Directors intend to charge a performance fee in accordance with the Articles and as specified in the “ <i>Fees and Expenses</i> ” section and the relevant Supplement;
<b>Portfolio</b>	a portfolio of assets established by the Directors (with the prior approval of the Depositary and the Central Bank) and constituting a separate fund represented by a separate series of Shares and invested in accordance with the investment objective and policies applicable to such Portfolio as specified in the relevant Supplement;
<b>primarily</b>	each time that the word “primarily” is used in the description of the investment objectives and policies of a Portfolio, it means that at least two thirds of the assets of the relevant Portfolio are directly invested in the currency, the country, the type of security or other material element described in the name of the Portfolio;

<b>Prospectus</b>	this document and any Supplement or addendum designed to be read and construed together with and to form part of this document;
<b>P Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as a "P" Class;
<b>Privacy Statement</b>	the data privacy statement adopted by the Company and the Manager (as may be amended from time to time), the current version of which is available at the following link: <a href="http://www.nb.com/privacystatement">http://www.nb.com/privacystatement</a>
<b>Principal Adverse Impact Indicators</b>	greenhouse gas emissions, carbon footprint, GHG intensity of investee companies, exposure to companies active in the fossil fuel sector, share of non-renewable energy consumption and production, energy consumption intensity per high impact climate sector, activities negatively affecting biodiversity-sensitive areas, emissions to water, hazardous waste and radioactive waste ratio, violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, lack of processes and compliance mechanisms to monitor compliance with UN Global Compact Principles and OECD Guidelines for Multinational Enterprises, unadjusted gender pay gap, board gender diversity and exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons);
<b>Recognised Rating Agency</b>	Standard & Poor's Ratings Group ("S&P"), Moody's Investors Services ("Moody's"), Fitch IBCA or an equivalent rating agency as the Directors may from time to time determine;
<b>Recognised Market</b>	any recognised exchange or market listed or referred to in Annex I to this Prospectus and in such other markets as Directors may from time to time determine in accordance with the UCITS Regulations and specify in Annex I to this Prospectus;
<b>Relevant Institution</b>	(a) a credit institution authorised in the EEA (EU Member States, Norway, Iceland, Liechtenstein); (b) a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United Kingdom, United States); or (c) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand;
<b>Relevant Jurisdictions</b>	one or more of Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom;
<b>RMP Statement</b>	the Company's risk management process statement, a copy of which has been submitted to and cleared by the Central Bank;
<b>Section 739B</b>	Section 739B of TCA;
<b>SEHK</b>	The Stock Exchange of Hong Kong Limited;
<b>SEK</b>	the lawful currency of Sweden;
<b>series</b>	a series of Shares which may be further sub-divided into Classes;
<b>SFDR</b>	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector;
<b>SGD</b>	the lawful currency of Singapore;
<b>Share or Shares</b>	a share or shares of whatsoever series or Class in the capital of the Company (other than Subscriber Shares) entitling the holders to participate in the profits of the Company attributable to the relevant Portfolio as described in this Prospectus;
<b>Sovereign Principal Adverse Impact Indicators</b>	GHG intensity and investee countries subject to social violations;
<b>Shareholder</b>	a person registered in the share register of the Company as a holder of Shares;
<b>SSE</b>	the Shanghai Stock Exchange;

<b>Stock Connects</b>	the Shanghai Stock Connect and Shenzhen Stock Connect;
<b>Sub-Investment Manager</b>	Neuberger Berman Europe Limited, Neuberger Berman Canada ULC, Neuberger Berman East Asia Limited, NB Alternatives Advisers LLC, Neuberger Berman Investment Advisers LLC, Neuberger Berman Singapore Pte. Limited, Neuberger Berman Asia Limited, Green Court Capital Management Limited or such other firm or company as may be from time to time appointed, with the prior approval of the Central Bank, as a sub-investment manager as specified in the relevant Supplement;
<b>Subscriber Shares</b>	the issued share capital of 2 subscriber shares of no par value issued at one EUR each and initially designated as "Subscriber Shares" but which do not entitle the holders to participate in the profits of the Company attributable to any Portfolio;
<b>Subscriber Shareholder</b>	a person/persons registered in the register of members of the Company as a holder or holders of Subscriber Shares;
<b>Sum of Notional</b>	measures the expected level of leverage in a Portfolio by calculating the absolute sum of market risk exposure of the underlying securities in the relevant Portfolio, where the calculation of derivatives instruments exposure is converted, per the UCITS rules, into the market value of an equivalent position in the underlying asset of that derivative. This methodology does not i) make a distinction between financial derivative instruments that are used for investment, efficient portfolio management or hedging purposes; ii) allow the netting of derivative positions. As a result, derivative roll-overs (such as FX forwards) and strategies relying on a combination of long and short positions may disclose a significant level of leverage which might not necessarily reflect the risk profile of the Portfolio; or iii) take into account any other risk characteristics of the derivatives or assets;
<b>Supplement</b>	a supplement in respect of any Portfolio or group of Portfolios and any addendum thereto designed to be read and construed together with and to form part of this document;
<b>Sustainability Factors</b>	environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters;
<b>Sustainable Investment</b>	(1) an investment in an economic activity that contributes to an environmental objective, as measured by key resource efficiency indicators on (i) the use of energy, (ii) renewable energy, (iii) raw materials, (iv) water and land, (v) on the production of waste, (vi) greenhouse gas emissions, or (vii) its impact on biodiversity and the circular economy, or (2) an investment in an economic activity that contributes to a social objective (in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations), or (3) an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices;
<b>Sustainability Risks</b>	environmental, social and governance events or conditions whose occurrence could have an actual or potential material negative impact on the value of an investment (and hence on the net asset value of a Portfolio and on its returns). Typical examples of Sustainability Risks include but not limited to, risks stemming from climate change (notably physical and transition risks), natural resource depletion, environmental degradation, human rights abuses, bribery, corruption, poor governance and social and employee matters;
<b>SZSE</b>	the Shenzhen Stock Exchange;
<b>TARGET</b>	the <b>T</b> rans- <b>E</b> uropean <b>A</b> utomated <b>R</b> eal-time <b>G</b> ross settlement <b>E</b> xpress <b>T</b> ransfer system for the Euro, offered by the Eurosystem;
<b>Taxonomy Regulation</b>	Regulation EU/2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending SFDR, as may be supplemented, consolidated, substituted in any form or otherwise modified from time to time;
<b>TCA</b>	the Taxes Consolidation Act 1997;
<b>T Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as a "T" Class;

<b>UCITS</b>	an undertaking for collective investment in transferable securities within the meaning of the UCITS Regulations;
<b>UCITS Regulations</b>	the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. 352 of 2011) (as amended) and all applicable Central Bank Regulations or notices made or conditions imposed or derogations granted thereunder by the Central Bank;
<b>Unhedged Classes</b>	a Class which is denominated in a currency other than the Base Currency of the Portfolio and in respect of which the Manager or the Sub-Investment Manager do not employ techniques and instruments to protect against fluctuations between the class currency of the relevant Class and the Base Currency of its Portfolio;
<b>U Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as a "U" Class;
<b>US Investment Advisers Act</b>	US Investment Advisers Act of 1940, as amended;
<b>US or United States</b>	the United States of America, its territories and possessions including the States and the District of Columbia;
<b>US\$, USD or US Dollars</b>	the lawful currency of the United States of America;
<b>VaR</b>	represents an approach for measuring risk or "Global Exposure" based on Value-at-Risk or VaR, which is a measure of the maximum potential loss of a Portfolio that can arise at a given confidence level over a specific time period under normal market conditions. Depending on which VaR approach is suitable for a Portfolio, VaR may be expressed in absolute terms as a percentage of the Portfolio assets or in relative terms, where the VaR of the Portfolio is divided by the VaR of its relevant benchmark, generating a ratio known as relative VaR. Under the UCITS Regulations, VaR is measured at 99% level of confidence over 1 month horizon.
<b>Valuation Point</b>	<p>means with respect to:</p> <ul style="list-style-type: none"> <li>(i) transferable securities and listed FDI, such time on a Business Day which reflects the close of business on the markets relevant to such assets and liabilities;</li> <li>(ii) collective investment schemes, the time of publication of the NAV by the relevant collective investment scheme; and</li> <li>(iii) OTC FDI and portfolio management techniques, the close of business of the relevant Business Day;</li> </ul> <p>or such other time as the Directors may determine in respect of a Portfolio from time to time and notify to Shareholders.</p> <p>For the avoidance of doubt, the time at which the Net Asset Value is determined will always be after the Dealing Deadline;</p>
<b>(Weekly) Distributing Class</b>	any Class in respect of which the Directors intend to declare dividends out of Net Income and capital on a weekly basis in accordance with the Articles and as specified in the " <i>Distribution Policy</i> " section;
<b>Y Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as a "Y" Class
<b>ZAR</b>	the lawful currency of South Africa;
<b>Z Shares</b>	Shares which have been issued in any Class which the Directors have designated and labelled as a "Z" Class;
<b>1933 Act</b>	the US Securities Act of 1933, as amended; and
<b>1940 Act</b>	the US Investment Company Act of 1940, as amended.

## ANNEX I RECOGNISED MARKETS

The exchanges/markets are set out below in accordance with the requirements of the Central Bank, which does not issue a list of approved markets.

With the exception of permitted investment in unlisted investments, investment in securities and FDI will be limited to securities and FDI which are listed or traded on the following stock exchanges and regulated markets:

- (i) Any stock exchange or market in any EU Member State, any member state of the EEA or in any of the following countries: Australia, Canada, Japan, Hong Kong, New Zealand, Switzerland, the United Kingdom and the United States of America.
- (ii) Any of the following exchanges or markets:

Argentina	Buenos Aires Stock Exchange Cordoba Stock Exchange La Plata Stock Exchange Mendoza Stock Exchange Rosario Stock Exchange	Malaysia	Kuala Lumpur Stock Exchange Bumiputra Stock Exchange
Brazil	Bahia-Sergipe-Alagoas Stock Exchange Brasilia Stock Exchange Extremo Sul Porto Alegre Stock Exchange Minas Esperito Santo Stock Exchange Parana Curitiba Stock Exchange Pernambuco e Paraiba Recife Stock Exchange Regional Fortaleza Stock Exchange Rio de Janeiro Stock Exchange Santos Stock Exchange Sao Paulo Stock Exchange	Mexico	Bolsa Mexicana de Valores
Chile	Santiago Stock Exchange Valparaiso Stock Exchange	Namibia	Namibian Stock Exchange
China	Beijing Stock Exchange Shanghai Stock Exchange Shenzhen Stock Exchange China Interbank Bond Market	Nigeria	Nigerian Stock Exchange
Colombia	Colombian Stock Exchange	Pakistan	Karachi Stock Exchange Lahore Stock Exchange
Costa Rica	Bolsa Nacional de Valores S.A.	Peru	Lima Stock Exchange
Egypt	Cairo and Alexandria Stock Exchange	Philippines	Philippines Stock Exchange
Ghana	Ghana Stock Exchange	Qatar	Doha Securities Market
India	Bombay Stock Exchange Madras Stock Exchange Delhi Stock Exchange Ahmedabad Stock Exchange	Russia	St. Petersburg Stock Exchange Moscow International Stock Exchange Moscow Interbank Currency Exchange (equity securities only)
		Saudi Arabia	Riyadh Stock Exchange
		Serbia	Belgrade Stock Exchange
		Singapore	Singapore Stock Exchange SESDAQ
		South Africa	Johannesburg Stock Exchange
		South Korea	Korea Exchange, Inc. (KRX) KRX Stock Market Division (KRX KOSPI Market) KRX Futures Market Division (KRX Derivatives Market) KRX Korea Securities Dealers Association Automated Quotation (KOSDAQ) Division
		Sri Lanka	Colombo Stock Exchange

	Bangalore Stock Exchange	Taiwan	Taiwan Stock Exchange
	Cochin Stock Exchange		
	Gauhati Stock Exchange	Thailand	Thailand Stock Exchange
	Magadh Stock Exchange		
	Pune Stock Exchange	Turkey	Istanbul Stock Exchange
	Hyderabad Stock Exchange		
	Ludhiana Stock Exchange	United Arab Emirates	Dubai Financial Market
			Dubai International Financial Exchange
	Uttar Pradesh Stock Exchange		
	Calcutta Stock Exchange	Ukraine	Ukrainian Stock Exchange
Indonesia	Jakarta Stock Exchange	Uruguay	Rospide Sociedad de Bolsa S.A.
	Surabaya Stock Exchange		
Israel	Tel Aviv Stock Exchange (TASE)	Venezuela	Bolsa de Valores de Caracas
Kazakhstan	Kazakhstan Stock Exchange		
		Vietnam	Hanoi Stock Exchange Ho Chi Minh Stock Exchange
		Zambia	Lusaka Stock Exchange

(iii) The following exchanges or markets:

- the market organised by the members of the International Capital Market Association;
- (a) NASDAQ in the United States, (b) the market in the US government securities conducted by the primary dealers regulated by the Federal Reserve Bank of New York; and (c) the over-the-counter market in the United States regulated by the Financial Industry Regulatory Authority, Inc;
- the over-the-counter market in Japan regulated by the Japan Securities Dealers Association;
- the French Market for "Titres des Creance Negotiable" (over-the-counter market in negotiable instruments);
- the market conducted by the "listed money market institutions" as described in the Bank of England publication "The Regulation of the Wholesale Cash and OTC Derivatives Markets (in Sterling, foreign currency and bullion);
- the alternative investment market in the United Kingdom regulated and operated by the London stock exchange;
- EASDAQ (European Association of Securities Dealers Automated Quotation). EASDAQ is a recently formed market and the general level of liquidity may not compare favourably to that found on more established exchanges; and
- the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.

(iv) any organised exchange or market in the European Economic Area on which futures or options contracts are regularly traded.

(v) any stock exchange approved in a member state of the European Economic Area.

## FINANCIAL DERIVATIVE INSTRUMENTS

In the case of an investment in financial derivative instrument, in any derivative market approved in a member state of the European Economic Area or in any of the following member countries of the OECD: Australia, Canada, Japan, New Zealand, Norway, Switzerland, the United Kingdom and the United States of America and the following exchanges or markets:

Bermuda	International Futures Exchange (Bermuda) Ltd
Brazil	Bolsa de Mercadorias & Futuros
China	Shanghai Futures Exchange
Hong Kong SAR	Hong Kong Futures Exchange
Indonesia	Jakarta Futures Exchange
India	The Bombay Stock Exchange (The Stock Exchange, Mumbai) The National Stock Exchange of India, Limited
Korea	Korea Exchange (Futures Market Division)
Malaysia	Bursa Malaysia Derivatives Berhad Kuala Lumpur Options and Financial Futures Exchange
Mexico	Mexican Derivatives Exchange
Taiwan	Taiwan Stock Exchange Taiwan Futures Exchange
Thailand	Thailand Futures Exchange Pcl
Turkey	Turkdex (Istanbul)
Singapore	Singapore Exchange Derivatives Trading, Limited (formerly SIMEX, the Singapore International Monetary Exchange)
South Africa	JSE Securities Exchange South Africa



## ANNEX II SHARE CLASS INFORMATION

### CLASSES

Shares are available in each Portfolio in the A, B, C, C1, C2, D, E, I, I2, I3, I4, I5, M, P, T, U, X, Y and Z Classes (the “Categories”).

Unless otherwise disclosed in the relevant Supplement, Shares are available in each Portfolio in each Category in Hedged Classes and Unhedged Classes denominated in the following currencies: AUD, BRL, CAD, CHF, CLP, CNY, DKK, EUR, GBP, HKD, ILS, JPY, NOK, NZD, SEK, SGD and ZAR and in USD-denominated Classes.

Shares in each Category and currency are available in each Portfolio as Accumulating Classes, Distributing Classes and (Monthly) Distributing Classes. Where disclosed in the relevant Supplement, a Portfolio may also offer (Weekly) Distributing Classes, (CG) Distributing Classes, Gross Income Distributing Classes, (Monthly) Gross Income Distributing Classes, quarterly or annual Distributing Classes.

Details of any other Classes available in a particular Portfolio (e.g. PF Classes) will be included in the relevant Supplement.

Subject to any transitional period or other arrangement with Shareholders in the relevant Classes at the date of this Prospectus and unless otherwise disclosed in a relevant Supplement in respect of a Portfolio, Shares in the Category B, C2 and E Classes will automatically convert into Shares in the corresponding T Class upon the expiry of four years (Category B Classes), two years (Category C2 Classes) and three years (Category E Classes) from the date of the initial subscription into the relevant B, C2 or E Class.

Category I Class Shares are intended for use by institutions such as pension funds, corporates and official institutions. Category I Class Shares may also be utilised by distributors that are restricted either due to regulatory constraints or due to the nature of the individual fee arrangements with their clients, or meet such other requirements as may be determined by the Directors or by the Manager. In such circumstances no trail will be paid to any sales partners and the minimum investment amounts may be waived for investments made by a distributor on behalf of their clients.

Category I2, I3, I4, I5 and P Class Shares are intended for use by institutions such as pension funds, corporates and official institutions. Category I2, I3, I4, I5 and P Class Shares may also be utilised by distributors that are restricted either due to regulatory constraints or due to the nature of the individual fee arrangements with their clients, or meet such other requirements as may be determined by the Directors or the Manager. In such circumstances no trail will be paid to any sales partners and the minimum investment amounts may be waived for investments made by a distributor on behalf of their clients. Investment into these Classes is subject to approval by the Directors and execution of a separate agreement between the investor and the Manager or a Sub-Investment Manager.

Shares in the X and Y Classes may only be acquired by investors that meet the minimum investment limits and such other requirements as may be determined by the Directors. Investment into these Classes are subject to the execution of a separate agreement between the investor and the Manager or a Sub-Investment Managers or a Distributor.

Shares in the Category Z Classes may only be acquired by investors which enter into a separate agreement with the Manager or the Company or a Sub-Investment Manager or a Distributor.

### MINIMUM INITIAL SUBSCRIPTION AND MINIMUM HOLDING AMOUNTS

Shares in each Portfolio will be subject to the following minimum initial subscription and minimum holding amounts:

Category	Currency	Minimum Initial Subscription Amount	Minimum Holding Amount
A, B, C, C1, C2, E, M and T	AUD	1,000	1,000
	BRL	2,500	2,500
	CAD	1,000	1,000
	CHF	1,000	1,000
	CLP	500,000	500,000
	CNY	10,000	10,000
	DKK	5,000	5,000
	EUR	1,000	1,000
	GBP	1,000	1,000
	HKD	10,000	10,000
	ILS	5,000	5,000
	JPY	100,000	100,000

Category	Currency	Minimum Initial Subscription Amount	Minimum Holding Amount
	NOK	5,000	5,000
	NZD	1,000	1,000
	SEK	5,000	5,000
	SGD	1,000	1,000
	USD	1,000	1,000
	ZAR	10,000	10,000
D	AUD	2,500,000	10,000
	BRL	6,500,000	25,000
	CAD	2,500,000	10,000
	CHF	2,500,000	10,000
	CLP	1,250,000,000	5,000,000
	CNY	25,000,000	100,000
	DKK	12,500,000	50,000
	EUR	2,500,000	10,000
	GBP	2,500,000	10,000
	HKD	25,000,000	100,000
	ILS	12,500,000	50,000
	JPY	250,000,000	1,000,000
	NOK	12,500,000	50,000
	NZD	2,500,000	10,000
	SEK	12,500,000	50,000
	SGD	2,500,000	10,000
I	USD	2,500,000	10,000
	ZAR	25,000,000	100,000
	AUD	2,500,000	10,000
	BRL	6,500,000	25,000
	CAD	2,500,000	10,000
	CHF	2,500,000	10,000
	CLP	1,250,000,000	5,000,000
	CNY	25,000,000	100,000
	DKK	12,500,000	50,000
	EUR	2,500,000	10,000
	GBP	2,500,000	10,000
	HKD	25,000,000	100,000
	ILS	12,500,000	50,000
	JPY	250,000,000	1,000,000
	NOK	12,500,000	50,000
	NZD	2,500,000	10,000
I2, I3, I4 and I5	SEK	12,500,000	50,000
	SGD	2,500,000	10,000
	USD	2,500,000	10,000
	ZAR	25,000,000	100,000
	AUD	2,500,000	10,000
	BRL	6,500,000	25,000
	CAD	2,500,000	10,000
	CHF	2,500,000	10,000
	CLP	1,250,000,000	5,000,000
	CNY	25,000,000	100,000
	DKK	12,500,000	50,000
	EUR	2,500,000	10,000
	GBP	2,500,000	10,000
	HKD	25,000,000	100,000
	ILS	12,500,000	50,000
	JPY	250,000,000	1,000,000

P <sup>1</sup>	AUD	50,000	50,000
	BRL	12,500	12,500
	CAD	50,000	50,000
	CHF	50,000	50,000
	CLP	25,000,000	25,000,000
	CNY	500,000	500,000
	DKK	250,000	250,000
	EUR	50,000	50,000
	GBP	50,000	50,000
	HKD	500,000	500,000
	ILS	250,000	250,000
	JPY	5,000,000	5,000,000
	NOK	250,000	250,000
	NZD	50,000	50,000
	SEK	250,000	250,000
	SGD	50,000	50,000
	USD	50,000	50,000
	ZAR	500,000	500,000
U	AUD	500,000	5,000
	BRL	125,000	12,500
	CAD	500,000	5,000
	CHF	500,000	5,000
	CLP	250,000,000	2,500,000
	CNY	5,000,000	50,000
	DKK	2,500,000	25,000
	EUR	500,000	5,000
	GBP	500,000	5,000
	HKD	5,000,000	50,000
	ILS	2,500,000	25,000
	JPY	50,000,000	500,000
	NOK <sup>2</sup>	2,500,000	25,000
	NZD	500,000	5,000
	SEK	2,500,000	50,000
	SGD	500,000	5,000
	USD	500,000	5,000
	ZAR	5,000,000	50,000
X and Y	AUD	100,000,000	100,000,000
	BRL	250,000,000	250,000,000
	CAD	100,000,000	100,000,000
	CHF	100,000,000	100,000,000
	CLP	50,000,000,000	50,000,000,000
	CNY	1,000,000,000	1,000,000,000
	DKK	500,000,000	500,000,000
	EUR	100,000,000	100,000,000
	GBP	100,000,000	100,000,000
	HKD	1,000,000,000	1,000,000,000
	ILS	500,000,000	500,000,000
	JPY	10,000,000,000	10,000,000,000
	NOK <sup>3</sup>	500,000,000	500,000,000
	NZD	100,000,000	100,000,000
	SEK	500,000,000	500,000,000
	SGD	100,000,000	100,000,000
	USD	100,000,000	100,000,000
	ZAR	1,000,000,000	1,000,000,000
Z	AUD	25,000,000	25,000,000
	BRL	65,000,000	65,000,000
	CAD	25,000,000	25,000,000
	CHF	25,000,000	25,000,000

1 The Minimum Initial Subscription Amount and Minimum Holding Amount for the P Classes apply to investors who make their initial subscriptions into these Classes after 1 February 2021. Shareholders who subscribed for P Classes prior to this date remain subject to the Minimum Holding Amount disclosed upon their initial subscription.

2 The Minimum Initial Subscription Amount and Minimum Holding Amount for the NOK U Classes apply to investors who make their initial subscriptions into these Classes after 10 August 2021. Shareholders who subscribed for NOK U Classes prior to this date remain subject to the Minimum Holding Amount disclosed upon their initial subscription.

3. The Minimum Initial Subscription Amount and Minimum Holding Amount for the NOK X and Y Classes apply to investors who make their initial subscriptions into these Classes after 10 August 2021. Shareholders who subscribed for NOK X and Y Classes prior to this date remain subject to the Minimum Holding Amount disclosed upon their initial subscription.

	CLP	12,500,000,000	12,500,000,000
	CNY	75,000,000	100,000,000
	DKK	125,000,000	125,000,000
	EUR	25,000,000	25,000,000
	GBP	25,000,000	25,000,000
	HKD	100,000,000	25,000,000
	ILS	125,000,000	125,000,000
	JPY	2,000,000,000	250,000,000
	NOK	125,000,000	125,000,000
	NZD	25,000,000	25,000,000
	SEK	125,000,000	125,000,000
	SGD	16,000,000	100,000,000
	USD	25,000,000	25,000,000
	ZAR	250,000,000	100,000,000

## ANNEX III OTHER IMPORTANT INFORMATION FOR INVESTORS

### ARGENTINA

The Shares of the Portfolios offered herein have not been submitted to the Comisión Nacional de Valores ("CNV") for approval. Accordingly, the Shares may not be offered or sold to the public in Argentina. This prospectus (and any information contained herein) may not be used or supplied to the public in connection with any public offer or sale of Shares in Argentina.

### AUSTRALIA

This Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Australia or to Australian domiciled persons except where such persons are "wholesale investors" as defined in section 761G of the Corporations Act 2001 (Cth) and where disclosure would not be required under Chapter 6D or Part 7.9 of the Corporations Act 2001 (Cth).

### AUSTRIA

By virtue of its registration with the Finanzmarktaufsicht ("FMA"), the Company is authorised to sell Shares in certain Portfolios to investors in Austria.

This information must be read in conjunction with the Prospectus, the Key Investor Information Documents, the most recent annual report and, if published thereafter, the most recent semi-annual report of the Company. Material amendments to the Prospectus, the Key Investor Information Documents and the Articles will be filed with the FMA.

#### **Paying Agent in Austria**

The Manager has appointed Erste Bank der oesterreichischen Sparkassen AG (the "Paying Agent") to act as the paying agent and tax representative for the Manager in respect to the Company in Austria. The Paying Agent has agreed to provide the following from their office at AM Belvedere 1, 1100 Wien, Austria to the Company's investors:

- (i) facilities, in accordance with Article 92 of Directive (EU) 2019/1160, at which subscriptions and redemption requests for Shares can be submitted to the Paying Agent. Upon request, redemption proceeds, distributions or any other payments to the Shareholder may be paid via the Paying Agent; and
- (ii) this Prospectus (together with any addenda thereto), the Memorandum and Articles of Association of the Company, the most recent semi-annual and annual accounts free of charge and facilities to inspect the material described below under "Supply and Inspection of Documents".

Further Shareholder information, if any, and information on the availability of the Portfolios in this jurisdiction is available at office of the Paying Agent who can also be reached at [foreignfunds0540@erstebank.at](mailto:foreignfunds0540@erstebank.at).

#### **Publication of prices**

Details of the most recent prices of Shares may be obtained from the Manager and may be published daily if required by local regulation.

### BELGIUM

By virtue of its registration with the Financial Services and Markets Authority (the "FSMA"), the Company is authorised to sell Shares to investors in Belgium.

This information must be read in conjunction with the Prospectus, the Key Investor Information Documents, the most recent annual report and, if published thereafter, the most recent semi-annual report of the Company. Material amendments to the Prospectus, the Key Investor Information Documents and the Articles will be filed with the FSMA.

#### **Facilities Agent in Belgium**

The Manager has appointed Zeidler Legal Process Outsourcing Ltd, having its registered office at South Point, Herbert House, Harmony Row, Dublin 2, Ireland as the Manager's facilities agent in respect to the Company in Belgium. The Articles, the Key Investor Information Documents, the Prospectus and the annual report and semi-annual report of the Company can be obtained free of charge from the Belgian Facilities Agent's office.

Investors in Belgium should contact the Administrator in connection with the processing of issues, redemptions, switches and transfers of Shares and in connection with the payment of dividends on the Shares and the payment of any

redemption proceeds.

## **BRAZIL**

The Shares of the Portfolios may not be offered or sold to the public in Brazil. Accordingly, the Shares of the Portfolios have not been nor will be registered with the Brazilian Securities Commission – CVM nor have they been submitted to the foregoing agency for approval. Documents relating to the Shares of the Portfolios, as well as the information contained therein, may not be supplied to the public in Brazil, as the offering of Shares in the Portfolios is not a public offering of securities in Brazil, nor used in connection with any offer for subscription or sale of securities to the public in Brazil.

## **BRUNEI**

### **IMPORTANT INFORMATION FOR BRUNEI INVESTORS**

Relating to specific Portfolios recognized for distribution in Brunei.

This Prospectus relates to a foreign collective investment scheme which is not subject to any form of domestic regulation by the Autoriti Monetari Brunei Darussalam (the “**Authority**”). The Authority is not responsible for reviewing or verifying any prospectus or other documents in connection with this collective investment scheme. The Authority has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus and is not responsible for it.

The Shares to which this Prospectus relates may be illiquid or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Shares.

If you do not understand the contents of this Prospectus you should consult a licensed financial adviser.

With respect to Portfolios which are not recognized for distribution in Brunei.

This Prospectus relates to a foreign collective investment scheme which is not subject to any form of domestic regulation by the Authority. This Prospectus is addressed to a specific and selected class of investors only who are an accredited investor, an expert investor or an institutional investor as defined in the Securities Market Order, 2013 so that they may consider an investment and subscription in the Shares. As such, this Prospectus must not be delivered to, or relied on by, a retail client. The Authority is not responsible for approving, reviewing or verifying the content of this document or other documents in connection with this collective investment scheme. The Shares to which this Prospectus relates may be illiquid or subject to restrictions on their resale. Prospective purchasers of the Shares should conduct their own due diligence on the Shares. If you do not understand the contents of this document you should consult a licensed financial adviser.

For further information on the availability of the Portfolios in this jurisdiction, please contact the Distributors listed in the Prospectus.

## **CANADA**

Investors in Canada should read the Prospectus together with the required Canadian disclosure contained in the Canadian “wrapper” supplement to the Prospectus – a copy of which can be obtained from the Manager on request.

## **CAYMAN ISLANDS**

The Company does not intend to establish a place of business or otherwise intend to conduct business in the Cayman Islands. Accordingly, the Company should not be subject to the supervision of any Cayman Islands authority.

## **CHILE**

Neither the Company nor the Shares of the Portfolios have been registered with the Superintendencia de Valores y Seguros pursuant to Law No. 18.045, the Ley de Mercado de Valores and regulations thereunder. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, the Shares of the Portfolios in the Republic of Chile, other than to individually identified buyers pursuant to a private offering within the meaning of Article 4 of the Ley de Mercado de Valores (an offer that is not addressed to the public at large or to a certain sector or specific group of the public).

## **COLOMBIA**

This document does not constitute a public offer in the Republic of Colombia. The offer of the Portfolios is addressed to less than one hundred specifically identified investors. The Portfolios may not be promoted or marketed in Colombia or to Colombian residents, unless such promotion and marketing is made in compliance with Decree 2555 of 2010 and other

applicable rules and regulations related to the promotion of foreign funds in Colombia.

The distribution of this Prospectus and the offering of Shares of the Portfolios may be restricted in certain jurisdictions. The information contained in this Prospectus is for general guidance only, and it is the responsibility of any person or persons in possession of this Prospectus and wishing to make application for Shares of the Portfolios to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares of the Portfolios should inform themselves of any applicable legal requirements, exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

## **COSTA RICA**

This Prospectus has been produced for the purpose of providing information about the Shares of the Portfolios and will be provided to a maximum of 50 investors per fund in Costa Rica who are Institutional or Sophisticated Investors in accordance with the exemptions established pursuant to the Regulations on Public Offers of Values. This Prospectus is made available on the condition that it is for the use only by the recipient and may not be passed onto any other person or be reproduced in any part. The Shares of the Portfolios have not been and will not be offered in the course of a public offering or of equivalent marketing in Costa Rica.

## **DENMARK**

By virtue of its registration with the Danish Financial Supervisory Authority (the “Danish FSA”), the Company is authorised to sell Shares to investors in Denmark.

This information must be read in conjunction with the Prospectus, the Key Investor Information Documents, the most recent annual report and, if published thereafter, the most recent semi-annual report of the Company. Material amendments to the Prospectus, the Key Investor Information Documents and the Articles will be filed with the Danish FSA.

### **Representative Agent in Denmark**

The Manager has appointed Nordea Denmark, Filial af Nordea Bank Abp, Finland, having its registered office at Groenjordsvej 10, DK-2300 Copenhagen S, Denmark as its Representative Agent in respect to the Company in Denmark.

The obligations of the representative are, in particular, to forward queries from Danish investors in regards to subscriptions, redemptions and dividend payments to the Manager and to distribute the latest Prospectus, application form, electronic copies of the latest articles of incorporation and electronic copies of the latest annual and semi-annual reports of the Company upon the request of a Danish investor.

## **DUBAI INTERNATIONAL FINANCE CENTRE**

This Prospectus relates to Shares which are not subject to any form of regulation or approval by the Dubai Financial Services Authority (“**DFSA**”). The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with the Portfolios. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it. Prospective purchasers should conduct their own due diligence on the Shares. If you do not understand the contents of this document you should consult an authorised financial advisor.

## **EL SALVADOR**

This Prospectus has been produced for the purpose of providing information about the Shares of the Portfolios. This Prospectus is made available on the condition that it is for use only by the recipient and may not be passed on to any other person or be reproduced in any part. The Shares of the Portfolios have not been and will not be offered in the course of a public offering or of equivalent marketing in El Salvador and therefore, the provisions of the Stock Market Law of 1994 (Ley del Mercado de Valores) as amended, relating to registration requirements and to prospectus requirements do not apply. The Shares of the Portfolios have thus neither been registered for public distribution in El Salvador with the Stock Superintendency nor been the subject matter of a prospectus compliant with the Stock Market Law. Any subscription application by any person other than the initial recipient of the Prospectus will be rejected.

## **FINLAND**

By virtue of its registration with the Finnish Financial Supervision Authority, the Company is authorised to sell Shares in certain Portfolios to investors in Finland. For further information on the availability of the Portfolios in this jurisdiction, please contact the Distributors listed in the Prospectus.

This information must be read in conjunction with the Prospectus, the Key Investor Information Documents, the most recent annual report and, if published thereafter, the most recent semi-annual report of the Company. Material amendments to the Prospectus, the Key Investor Information Documents and the Articles will be filed with the Finnish



Financial Supervision Authority.

## FRANCE

By virtue of its registration with the Autorité des Marchés Financiers (the “AMF”), the Company is authorised to sell Shares to investors in France.

This information must be read in conjunction with the Prospectus, the Key Investor Information Documents, the most recent annual report and, if published thereafter, the most recent semi-annual report of the Company. Material amendments to the Prospectus, the Key Investor Information Documents and the Articles will be filed with the AMF.

### Centralising Correspondent in France

The Manager has appointed CACEIS Bank, a French public limited company (*société anonyme*), registered with the Paris Trade and Company Register under No. 692 024 722, (the “Centralising Correspondent”) to act as the centralising correspondent for the Manager in respect to the Company in France. The Centralising Correspondent has agreed to provide the following from their office at 1-3, Place Valhubert, F-75013 Paris, France to the Company’s investors:

- (a) facilities at which subscriptions and redemption requests for Shares can be submitted to the Centralising Correspondent. Upon request, redemption proceeds, distributions or any other payments to the Shareholder may be paid via the Centralisation Agent; and
- (b) this Prospectus (together with any addenda thereto), the Memorandum and Articles of Association of the Company, the most recent semi-annual and annual accounts free of charge and facilities to inspect the material described below under “Supply and Inspection of Documents”.

Further Shareholder information, if any, is available at the office of the Centralising Correspondent.

### Publication of prices

Details of the most recent prices of Shares may be obtained from the Manager and may be published daily if required by local regulation.

## GERMANY

By virtue of its registration with the Bundesanstalt für Finanzdienstleistungsaufsicht (the “BaFin”) the Company is authorised to sell Shares to investors in Germany.

### Paying Agent in Germany

The Manager has appointed JP Morgan AG as paying agent for the Company in the Federal Republic of Germany (the “German Paying Agent”).

Exchange and redemption requests for the Shares can be submitted to the German Paying Agent at the following address:

J.P. Morgan AG  
Taunustor 1 (TaunusTurm)  
60310 Frankfurt am Main  
Germany

Upon request, the redemption proceeds, distributions or other payments, if any, to the Shareholder are paid in Euro via the German Paying Agent.

### Information Agent in Germany

The Manager has also appointed J.P. Morgan AG as information agent for the Company in the Federal Republic of Germany (the “German Information Agent”).

The Prospectus, the Key Investor Information Documents, the Articles, the semi-annual and annual accounts of the Company can be received free of charge in paper form or electronic form and the material described above under “Documents for Inspection” can be inspected free of charge at the office of the German Information Agent at the aforementioned address. Furthermore, Shareholder information, if any, is available free of charge in paper form or electronic form at the German Information Agent.

The Net Asset Value per Share of each Portfolio and the purchase and redemption prices together with the interim profit and the aggregate amount of income deemed to be received by the Shareholder for the Shares are available free of

charge at the German Information Agent on every banking business day in Frankfurt am Main.

### **Publication of prices and notices to Shareholders**

The most recent issue and redemption prices of Shares may be obtained free of charge from the Manager and from the German Information Agent and will generally be published daily on [www.morningstar.de](http://www.morningstar.de)

Furthermore notices to Shareholders, if any, will also be published in a durable medium (dauerhafter Datentraeger).

In the following cases notifications to the Shareholders in Germany will be published via a durable medium and additionally, in the German Federal Gazette (*Bundesanzeiger*):

- Suspension of repurchase of the Shares in the Company;
- Termination of the management of or dissolution of the Company;
- Changes to the terms and conditions which are not consistent with the existing investment policy, which affect essential Shareholder rights or which affect the reimbursement of expenses that may be taken from the Company, including the reasons for the changes and investors rights in an understandable manner and their means of obtaining information thereon;
- In the event of a merger of the Company or one of its Portfolios, in the form of merger information to be prepared in accordance with Article 43 of Directive 2009/65/EC;
- In the event of conversion of the Company or one of its Portfolios into a feeder fund or in the event of a change to a master fund, in the form of information to be prepared in accordance with Article 64 of Directive 2009/65/EC.

### **Distributors**

Prospective investors should contact their distributor for information on fees paid to the Distributor by the Company.

### **GREECE**

The Company is authorised to sell Shares in certain Portfolios to investors in Greece. Greek investors who are interested in acquiring Shares should check with the Manager or their financial adviser about whether Shares in which they wish to invest are authorised for sale in Greece. Piraeus Bank S.A. has been appointed to act as distributor and representative and paying agent for the Company in Greece.

### **HONG KONG**

Please note that (i) Shares in any Portfolio which has not been authorised by the Hong Kong Securities and Futures Commission ("HKSF") may not be offered or sold in Hong Kong by means of this Prospectus or any other document other than to "professional investors" as defined in Part I of Schedule 1 to the SFO and any rules made thereunder, and (ii) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to Shares in any such Portfolio which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in Part I of Schedule 1 to the SFO and any rules made thereunder.

For so long as the Company is authorised by the HKSF, commissions payable to sales agents arising out of any dealing in Shares in Hong Kong authorised Portfolios will not be paid out of the Company's or the relevant Portfolio's assets.

### **HUNGARY**

This Prospectus relates to Shares offered by way of through private placement, and it does not constitute or form part of any offer or invitation to the public in Hungary to subscribe for or purchase Shares and shall not be construed as such.

### **ICELAND**

This Prospectus has been issued in Iceland for use by Institutional Investors in Iceland only and exclusively for the purposes of the described investment opportunities. Accordingly, this Prospectus and relevant information may not be used for any other purpose or passed on to any other person in Iceland. The investment described in this Prospectus is not a public offering of securities. It is not registered for public distribution in Iceland with the Financial Supervisory Authority pursuant to the Icelandic Act on Undertakings for Collective Investment in Transferable Securities (UCITS) and Investment Funds No. 30/2003 and supplementary regulations. The investment may not be offered or sold by means of this Prospectus or anyway later resold otherwise than in accordance with Article 13 of the Regulation on UCITS and

## INDIA

The offering contemplated in this Prospectus is not, and shall not under any circumstances be construed as a public offering in India. This document will not be registered as a prospectus with the Registrar of Companies, or any other regulatory authority in India. The Shares are not being offered to the public for sale or subscription.

Shares may be privately placed with a limited number of investors directly with the issuer or only through selected intermediaries who have agreed with the issuer, directly or indirectly, on an arrangement to offer Shares on such private placement basis. Investors who invest through intermediaries who do not have such a private placement arrangement in place with the issuer will not be able to subscribe to the Shares in India via private placement.

Prospective investors must consult their own advisors on whether they are entitled or permitted to acquire the Shares. The Prospectus is strictly confidential and is intended for the exclusive use of the person to whom it is delivered and any circulation, distribution, reproduction or other use of all or any portion of the Prospectus is prohibited.

## INDONESIA

This Prospectus and any other material relating to the Portfolios has not been registered and will not be registered with the Financial Service Authority in the Republic of Indonesia (i.e. Otoritas Jasa Keuangan/OJK). This Prospectus or any other material relating to the Portfolios must not be circulated or distributed, whether directly or indirectly, in the Republic of Indonesia or to Indonesian citizens, corporations or residents in a manner which constitutes a public offer under the laws of the Republic of Indonesia.

## IRELAND

Irish residents may purchase Shares at the discretion of the Company.

Investors in Ireland should review the Prospectus, the Key Investor Information Documents, the most recent annual report and, if published thereafter, the most recent semi-annual report of the Company as part of any investment decisions in respect of the Company. Amendments to the Prospectus, the Key Investor Information Documents and the Articles will be filed with the Central Bank.

## ISRAEL

This Prospectus has not been approved by the Israeli Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute "an offer to the public" under sections 15 and 15a of the Securities Law, 1968 (the "Securities Law") or section 25 of the Joint Investment Trusts Law, 1994 (the "Joint Investment Trusts Law"), as applicable.

The Shares are being offered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the first schedule (the "Schedule") to the Securities Law ("Sophisticated Investors"), as amended from time to time, who also qualify as Qualified Clients (as defined in the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management, 1995 (the "Investment Advice Law")); in all cases under circumstances that will fall within the private placement exemption or other exemptions of the Securities Law, the Joint Investment Trusts Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israel Securities Authority.

An offeree identifying itself as a Sophisticated Investor will be required to confirm in writing that it falls within one of the criteria for being deemed as such (and, in certain cases, additionally to provide third party confirmation of the same) and that it is aware of the consequences of being classified as a Sophisticated Investor.

This Prospectus may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. As a prerequisite to the receipt of a copy of this Prospectus, a recipient may be required by the issuer to provide confirmation that it is a Sophisticated Investor purchasing Shares for its own account or, where applicable, for other Sophisticated Investors. If any recipient in Israel of a copy of this Prospectus is not a Sophisticated Investor or has not been notified by the Manager that it falls within the limited number of investors referred to above, such recipient should promptly return this Prospectus to the Manager.

Any offeree who purchases Shares is purchasing such Shares for his or its own benefit and account and not with the aim or intention of distributing or offering such Shares to other parties (other than, in the case of an offeree which is a Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel Aviv Stock Exchange, as defined in the Schedule, where such offeree is purchasing Shares for another party which is a Sophisticated Investor).

Nothing in this Prospectus should be considered as investment advice or investment marketing, as defined in the

Investment Advice Law. The Manager is not licensed under the Investment Advice Law, nor does it carry the insurance as required of a licensee thereunder. Investors are encouraged to seek competent investment advice from a locally licensed investment adviser prior to making the investment, as well as legal, business and tax advice from competent local advisers.

This Prospectus does not constitute an offer to sell or solicitation of an offer to buy any securities or fund units other than the Shares offered hereby, nor does it constitute an offer to sell to or solicitation of an offer to buy from any person or persons in any state or other jurisdiction in which such offer or solicitation would be unlawful, or in which the person making such offer or solicitation is not qualified to do so, or to a person or persons to whom it is unlawful to make such offer or solicitation.

### **ITALY**

By virtue of its registration with the Commissione Nazionale per le Società e la Borsa ("CONSOB") the Company is authorised to sell Shares to investors in Italy.

This information must be read in conjunction with the Prospectus, the Key Investor Information Documents, the most recent annual report and, if published thereafter, the most recent semi-annual report of the Company. Material amendments to the Prospectus, the Key Investor Information Documents, and the Articles will be filed with the CONSOB.

#### **Correspondent Bank in Italy**

The Manager has appointed Allfunds Bank, S.A.U. to act as its paying agent in respect to the Company in Italy (the "Paying Agent"). The Paying Agent has agreed to provide the following from their offices at Calle de los Padres Dominicos, 7-C.P. 28050 Madrid, and operating for this purpose from its branch office in Milan, Italy:

- facilities at which subscriptions, conversion and redemption requests for Shares can be submitted to the Paying Agent and redemption proceeds, distributions or any other payments to the Shareholder may be paid to investors;
- the Memorandum and Articles of Association of the Company, the most recent semi-annual and annual accounts, the documents described in the Prospectus under "Supply and Inspection of Documents", the notice of the annual general meeting of the Company and the text of any resolutions passed at the most recent annual general meeting and facilities at which investors may inspect them.

On request, the Paying Agent will send copies of this information to investors free of charge.

### **JAPAN**

The Shares have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law no. 25 of 1948, as amended) and, accordingly, none of the Shares nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit, of any Japanese person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For this purpose, a "Japanese person" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **JERSEY**

This Prospectus relates to a private placement and does not constitute an offer to the public of Jersey to subscribe for the Shares offered hereby. No regulatory approval has been sought to the offer in Jersey. The offer of the Shares is personal to the person to whom this Prospectus is being delivered by or on behalf of the Company, and a subscription for the Shares will only be accepted from such person. The Prospectus may not be produced or used for any other purpose, nor be furnished to any other person other than those to whom it has been so delivered.

### **LIECHTENSTEIN**

By virtue of its registration with the Finanzmarktaufsicht (the "FMA"), the Company is authorised to sell Shares to investors in Liechtenstein.

This information must be read in conjunction with the Prospectus, the Key Investor Information Documents, the most recent annual report and, if published thereafter, the most recent semi-annual report of the Company. Material amendments to the Prospectus, the Key Investor Information Documents and the Articles will be filed with the FMA.

#### **Representative and Paying Agent in Liechtenstein**

The Manager has appointed SIGMA Bank AG, Feldkircher Strasse 2, FL-9494 Schaan, Liechtenstein as Representative and Paying Agent in respect to the Company in Liechtenstein.

The Prospectus, the Key Investor Information Documents, the Articles and the annual report and semi-annual report of the Company can be obtained free of charge from the Liechtenstein Representative's office.

## **LUXEMBOURG**

By virtue of its registration with the Commission de Surveillance du Secteur Financier (the "CSSF"), the Company is authorised to sell Shares to investors in Luxembourg.

This information must be read in conjunction with the Prospectus, the Key Investor Information Documents, the most recent annual report and, if published thereafter, the most recent semi-annual report of the Company. Material amendments to the Prospectus, the Key Investor Information Documents and the Articles will be filed with the CSSF.

### **Paying Agent in Luxembourg**

The Manager has appointed J.P. Morgan SE, Luxembourg Branch, European Bank Business Center 6, route de Treves L-2633 Senningerberg, Luxembourg, as Luxembourg Paying Agent.

The Articles, the Key Investor Information Documents, the Prospectus and the annual report and semi-annual report of the Company can be obtained free of charge from the Luxembourg Paying Agent's office.

## **MALAYSIA**

As the approval of the Malaysian Securities Commission pursuant to section 212 of the Malaysian Capital Markets and Services Act 2007 has not been/will not be obtained nor will this Prospectus be lodged or registered with the Malaysian Securities Commission, the Shares hereunder are not being and will not be deemed to be issued, made available, offered for subscription or purchase to or by the public in Malaysia, and neither this Prospectus nor any document or other material in connection therewith should be distributed, caused to be distributed or circulated to the public in Malaysia. Shares and this Prospectus may only be made available in Malaysia to individuals or other legal entities who fall under paragraphs 8, 9, 11, 12 or 13 of Schedule 6 to the Capital Markets and Services Act 2007.

## **MEXICO**

The Shares of the Portfolios have not been and will not be registered with the National Registry of Securities, maintained by the Mexican National Banking Commission and, as a result, may not be offered or sold publicly in Mexico. The Company and any underwriter or purchaser may offer and sell the Shares of the Portfolios in Mexico, to Institutional and Accredited Investors, on a private placement basis, pursuant to Article 8 of the Mexican Securities Market Law.

## **NEW ZEALAND**

This Prospectus has not been, and will not be, lodged with the Registrar of Financial Service Providers in New Zealand and is not a product disclosure statement under the Financial Markets Conduct Act 2013.

The only New Zealand-based investors who are eligible to invest in the Shares and to whom the offer contained in this Prospectus is made are investors to whom disclosure under the Financial Markets Conduct Act 2013 is not required by virtue of clause 3(2) of Schedule 1 to the Financial Markets Conduct Act 2013. Specifically, investors who are "wholesale investors" within the meaning of Clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013, being persons who fall within one or more of the following categories of "wholesale investor": (1) a person that is an "investment business" within the meaning of Clause 37 of Schedule 1 of the Financial Markets Conduct Act 2013, (2) a person that meets the investment activity criteria specified in Clause 38 of Schedule 1 of the Financial Markets Conduct Act 2013, (3) a person that is "large" within the meaning of Clause 39 of Schedule 1 of the Financial Markets Conduct Act 2013 or (4) a person that is a "government agency" within the meaning of Clause 40 of Schedule 1 of the Financial Markets Conduct Act 2013, or in other circumstances where there is no contravention of the Financial Markets Conduct Act 2013.

This Prospectus is not intended as an offer for sale or subscription to any persons in New Zealand who require prescribed disclosures to be made to them in accordance with Part 3 of the Financial Markets Conduct Act 2013. New Zealand residents should seek their own legal, tax and financial advice as to the implications of investing in the Shares.

## **PANAMA**

The Shares have not been and will not be registered with the National Securities Commission of the Republic of Panama under Decree Law N°1 of July 8, 1999 (the "Panamanian Securities Act") and may not be publicly offered or sold within Panama, except in certain limited transactions exempt from the registration requirements of the Panamanian Securities Act. The Shares do not benefit from the tax incentives provided by the Panamanian Securities Act and are not subject to regulation or supervision by the National Securities Commission of the Republic of Panama.

## **PEOPLE'S REPUBLIC OF CHINA**

Shares may not be offered or sold directly or indirectly to the public in the People's Republic of China (the "PRC") (which, for such purposes, does not include the Hong Kong or Macau Special Administrative Regions or Taiwan). This Prospectus has not been, and will not be, submitted to or approved/verified by or registered with the China Securities Regulatory Commission ("CSRC") or other relevant governmental and regulatory authorities in the PRC pursuant to relevant laws and regulations, and may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of Shares to the public in the PRC. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities by the public in the PRC. Shares may only be offered or sold to the eligible PRC investors that have obtained the license/approval from the PRC regulatory and governmental authorities to make offshore investment into the securities and/or financial instruments launched and offered outside the PRC, including the Shares of the type being offered or sold, either directly with the issuer or only through selected intermediaries who have agreed with the issuer, directly or indirectly, to make available Shares on such basis, provided, however, investors who invest through intermediaries who do not have an arrangement in place with the issuer will not be able to subscribe to the Shares in the PRC on such basis. PRC investors are responsible for obtaining all relevant government regulatory approvals/licences, verification and/or registrations themselves, including, but not limited to, any which may be required from CSRC, the State Administration of Foreign Exchange, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or foreign investment regulations.

## PERU

The Shares of the Portfolios have not been registered with the Superintendencia del Mercado de Valores (the "SMV") and are being placed by means of a private offer. The SMV has not reviewed the information provided to the investor. This Prospectus is only for the exclusive use of institutional investors in Peru and is not for public distribution.

## PHILIPPINES

**THE SHARES BEING OFFERED OR SOLD HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE OF THE PHILIPPINES (THE "CODE"). ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION THEREUNDER.**

An exempt transaction includes Shares being sold to an investor on the basis that the investor is a "Qualified Buyer" as defined under 10.1(l) of the Code.

Where an offer or sale is not made pursuant to an exempt transaction under the Code, by a purchase of the Shares, the investor will be deemed to acknowledge that the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, such Shares was made outside the Philippines.

## PORTUGAL

By virtue of its registration with the Comissão do Mercado dos Valores Mobiliários (the "CMVM"), the Company is authorised to sell Shares to investors in Portugal pursuant to Decree-Law 252/2003 of 17 October, republished by Decree Law No. 71/2010 of 18 June, as amended from time to time (the "Decree-Law") and the Portuguese Securities Code

This information must be read in conjunction with the Prospectus of the Company, the Key Investor Information Documents, most recent annual report and, if published thereafter, the most recent semi-annual report. Material amendments to the Prospectus, the Key Investor Information Documents and the Articles will be filed with the CMVM.

## SOUTH KOREA

Only certain series or Classes have been or will be registered for sale with the Financial Services Committee pursuant to the Financial Investment Services and Capital Markets Act (the "FSCMA"). Therefore, except for the specific series and Classes that have been registered under the FSCMA, the Shares shall not be offered, sold or delivered directly or indirectly, or offered, sold or delivered to any person for re-offering or resale, directly or indirectly, in Korea or to any Korean resident (as such term is defined in the Foreign Exchange Transaction Act), except as otherwise permitted under applicable Korean laws and regulations.

The sale of the Shares that have been registered under the FSCMA shall be made via a licensed Korean distributor and in accordance with the FSCMA and other applicable Korean laws and regulations.

## SPAIN

By virtue of its registration with the Comisión Nacional del Mercado de Valores (the "CNMV"), the Company is authorised to sell Shares to investors in Spain.

This information must be read in conjunction with the Prospectus of the Company, the Key Investor Information Documents, the most recent annual report and, if published thereafter, the most recent semi-annual report. Material amendments to the Prospectus, the Key Investor Information Documents and the Articles will be filed with the CNMV.



## Publication of prices

Details of the most recent prices of Shares may be obtained from the Manager and will be published daily if required by local regulation.

### SINGAPORE

The offer or invitation to subscribe for Shares, which is the subject of this Prospectus, does not (in respect of Portfolios which are not recognised under Section 287 of the Securities and Futures Act, Chapter 289 of Singapore (the "Restricted Portfolios")) relate to collective investment schemes which are authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or recognised under section 287 of the SFA. The Restricted Portfolios are not authorised or recognised by the Monetary Authority of Singapore (the "MAS") and Shares in the Restricted Portfolios are not allowed to be offered to the retail public. This Prospectus and any other document or material issued in connection with the offer or sale of the Restricted Portfolios is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. You should consider carefully whether the investment is suitable for you.

This Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 305 by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 of the SFA except:
  - (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
  - (2) where no consideration is or will be given for the transfer;
  - (3) where the transfer is by operation of law;
  - (4) as specified in Section 305A(5) of the SFA; or
  - (5) as specified in Regulation 36 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore.

### SWEDEN

By virtue of a ruling of the Finansinspektionen (the "Swedish Financial Supervisory Authority") dated 8 August 2006, the Company is authorised to sell its Shares to members of the public in Sweden.

The information below describes the facilities available to investors resident in Sweden and the procedures which apply to dealing in Shares in the Company. This information must be read in conjunction with the Prospectus, the Key Investor Information Documents, the most recent annual report and, if published thereafter, the most recent semi-annual report of the Company. Amendments to the Prospectus, the Key Investor Information Documents, the Articles, or any other information will be made available at the offices of Skandinaviska Enskilda Banken AB (the "Swedish Paying Agent"). Material amendments to the Prospectus, the Key Investor Information Documents and the Articles will be filed with the Swedish Financial Supervisory Authority.

#### Paying Agent in Sweden

The Manager has appointed Skandinaviska Enskilda Banken AB, Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden, as the Swedish Paying Agent.



The Articles, the Key Investor Information Documents, the Prospectus and the (semi-) annual report can be obtained free of charge from the Paying Agent's office.

Investors may also apply to redeem Shares and obtain payment through the Swedish Paying Agent.

### **Publication of prices**

Details of the most recent prices of Shares may be obtained from the Manager and may be published daily if required by local regulation.

## **SWITZERLAND**

### **Representative**

The representative of Neuberger Berman Investment Funds plc (for the purposes of this section only defined hereafter as the "Fund") in Switzerland is BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich, Switzerland.

### **Paying agent**

The paying agent of the Company appointed by the Manager in Switzerland is BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich, Switzerland.

### **Place where the relevant documents may be obtained**

The Company's Memorandum and Articles of Association, Prospectus, Key Investor Information Documents as well as the annual and semi-annual reports may be obtained free of charge from the Representative in Switzerland.

### **Publication**

- (a) Publications concerning the Company and the relevant Portfolios are made in Switzerland on the website of Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)).
- (b) At each time Shares are issued or redeemed, the issue and the redemption prices or NAV, together with a reference stating "excluding commissions" will be published on the website of Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)). Prices will be published for every Dealing Day.

### **Payment of retrocessions and rebates**

- (a) The Company and its agents may pay retrocessions as remuneration for distribution activity in respect of the Shares distributed in or from Switzerland. This remuneration may be deemed payment for the following services in particular:
  - setting up processes for subscribing, holding and safe custody of the Shares;
  - establishing a broad distribution of Shares to bona fide investors;
  - subscribing for Shares as a "nominee" for several clients;
  - forwarding or providing access to marketing documents, legally required documents and other publications of the Company;
  - responding to questions or forwarding these questions to the representative in Switzerland for answering;
  - assisting prospective investors in subscribing for the Shares;
  - keeping documentary records under Art. 24 para. 3 of the Federal Act on Collective Investment Schemes ("CISA") appointing and monitoring additional distributors;
  - performing due diligence in areas such as money laundering, ascertaining client needs and distribution restrictions;
  - working together with the Manager to prevent orders that serve the purposes of market timing;
  - operating and maintaining an electronic distribution and/or information platform;
  - mandating an authorized auditor to check compliance with certain duties of the Distributor, in particular with the provisions for distributors in the Guidelines on the Distribution of Collective Investment Schemes issued by the Swiss Funds & Asset Management Association SFAMA;
  - central relationship management and centralized contract management;
  - training client advisors in collective investment schemes/investment funds; and
  - drawing up research material.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution.

On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the investors concerned.

- (b) In the case of distribution activity in or from Switzerland, the Company's agents, may, upon request, pay rebates directly to investors. The purpose of rebates is to reduce the fees or costs incurred by the investors in question. Rebates are permitted provided that:
- they are paid from fees received by the Manager, the Sub-Investment Manager or the Distributor and therefore do not represent an additional charge on the Portfolio's assets;
  - they are granted on the basis of objective criteria;
  - all investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the Company's agents are as follows:

- the volume subscribed by the investors or the total volume they hold in the Portfolio or, where applicable, in the product range of the promoter;
- the amount of the fees generated by the investor;
- the investment behaviour shown by the investor (e.g. expected investment period);
- the investor's willingness to provide support in the launch phase of a collective investment scheme.

At the request of the investor, the Company's agents must disclose the amounts of such rebates free of charge.

### Place of performance and jurisdiction

In respect of the Shares distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the representative in Switzerland.

## TAIWAN

Certain Portfolios have been approved by the Financial Supervisory Commission R.O.C. ("FSC") for the offering and sale to the public by Neuberger Berman Taiwan Limited (the "Master Agent") and its sales agents in Taiwan. These approved Portfolios are not intended to be sold in Taiwan through channels other than the Master Agent and its sales agents unless otherwise permitted by the laws, regulations or the FSC. Investors shall read the Prospectus along with the investor brochure carefully before any investment. The Chinese translation of the Prospectus, if any, is for reference only. Should there be any discrepancy between the Prospectus and its Chinese translation, the Prospectus shall prevail.

In relation to the Portfolios that are not registered in Taiwan ("**Unregistered Portfolios**"), such Unregistered Portfolios may not be sold, issued or offered in Taiwan, except on a private placement basis through an arrangement directly with the issuer or only through selected intermediaries who have agreed with the issuer, directly or indirectly, on an arrangement to make available Shares on such basis only to banks, bills houses, trust enterprises, insurance enterprises, securities firms, financial holding companies and other qualified entities or institutions approved by the FSC (collectively, "**Qualified Financial Institutions**") and other entities and individuals meeting specific criteria ("**Other Qualified Investors**") pursuant to the private placement provisions of the Taiwan Regulations Governing Offshore Funds. **Subscribers and purchasers of shares and/or units of funds under private placement in Taiwan must be aware that no resale of the shares and/or units of funds is permitted except for: (i) redemption by the offshore fund institution; (ii) transfer to Qualified Financial Institutions and/or Other Qualified Investors; (iii) transfer by operation of law; or (iv) as otherwise approved by the FSC. Subscribers who invest through intermediaries who do not have such a private placement arrangement in place with the issuer will not be able to subscribe to the Shares in Taiwan via private placement.**

The Unregistered Portfolios may be made available through offshore banking units (as defined in the R.O.C. statute for offshore banking operations) of Taiwan banks, the offshore securities units (as defined in the R.O.C. statute for offshore banking operations) of Taiwan securities firms or the offshore insurance units (as defined in the R.O.C. statute for offshore banking operations) of Taiwan insurance companies. The Unregistered Portfolios may also be made available to Taiwanese investors outside of Taiwan.

Except as set out herein, no person or entity in Taiwan has been authorised to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Unregistered Portfolios in Taiwan. No other offer or sale of the Unregistered Portfolios in Taiwan is permitted.

For further information on the availability of the Portfolios in this jurisdiction, please contact the Distributors listed in the Prospectus.

## THAILAND

The entity offering the Shares, which are the subject of the Prospectus, does not maintain any licenses, authorisations or registrations in Thailand. The Shares being offered herein have not been and will not be registered with or approved by the Office of the Securities and Exchange Commission of Thailand or any other regulatory authority in Thailand. Accordingly, the Shares would not be, directly or indirectly, offered or sold to the general public within Thailand except pursuant to applicable laws and regulations of Thailand.

This Prospectus and any other documents or materials in connection with the Shares are provided for information purposes only. They have not been, and will not be, filed with, or reviewed, approved or endorsed by, the Office of the Securities and Exchange Commission of Thailand or any other regulatory authority in Thailand. They must not be circulated or distributed or caused to be circulated or distributed, whether directly or indirectly, to the general public in Thailand, except as in compliance with applicable laws and regulations of Thailand, and must not be copied, published, reproduced, circulated, distributed or redistributed or caused to be done so, whether directly or indirectly, to the general public in Thailand. They shall in no way constitute an offer, invitation, solicitation, advertisement or advice of, or in relation to, the Shares to the general public in Thailand, except under circumstances that are in compliance with applicable laws and regulations of Thailand.

## **THE BAHAMAS**

Shares of the Portfolios shall not be offered or sold into The Bahamas except in circumstances that do not constitute an offer to the public. Shares of the Portfolios may not be offered or sold or otherwise disposed of in any way to persons deemed by the Central Bank of The Bahamas (the “Bank”) to be resident for exchange control purposes without the prior written permission of the Bank.

## **THE NETHERLANDS**

By virtue of its registration with the Netherlands Authority for the Financial Markets (the “AFM”), the Company is authorised to sell Shares to investors in the Netherlands.

This information must be read in conjunction with the Prospectus, the Key Investor Information Documents of the Company, the most recent annual report and, if published thereafter, the most recent semi-annual report. Material amendments to the Prospectus, the Key Investor Information Documents and the Articles will be filed with the AFM.

### **Publication of prices**

Details of the most recent prices of Shares may be obtained from the Manager and will be published daily if required by local regulation.

## **UNITED ARAB EMIRATES**

This Prospectus and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates (“UAE”) and accordingly should not be construed as such. Unless the provisions of the SCA Board of Directors’ Chairman Decision No. 9/R.M. of 2016 concerning the regulations of mutual funds do not apply or unless the exemptions to the regulations relating to promotion or offering of units in foreign funds or foreign shares (SCA Board of Directors Decision no 3/RM of 2017 concerning the organization of promotion and introduction, as further revised and updated) apply, the Shares are only being offered to a limited number of sophisticated investors in the UAE who are willing and able to conduct an independent investigation of the risks involved in an investment in such Shares. Consequently, based on the aforementioned exemptions, the offering of the securities in the UAE will only be available to a limited number of exempt investors in the UAE who fall under one of the following categories of Exempt Qualified Investors: the corporate person that meets any of the following conditions: (a) the federal government, local governments, and governmental entities, institutions and authorities, or companies wholly-owned by any of the aforementioned; (b) foreign governments, their respective entities, institutions and authorities or companies wholly owned by any such entities; (c) international entities and organisations; (d) entities licensed by the SCA or by a similar regulatory authority; or (e) a corporate person that meets, as at the date of its most recent financial statements, at least two of the following conditions: (i) it has a total assets of AED 75 million; (ii) it has a net annual income of AED 150 million; (iii) it has net equity or paid-up capital at the minimum of AED 7 million; (each an “Exempt Qualified Investor”). This Prospectus is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

Please note that the majority of the Portfolios have not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE (the “Regulators”). However, the sale of Shares in certain Portfolios that have been registered with the relevant Regulators shall be made via a licensed UAE distributor and in accordance with applicable UAE laws and regulations.

For further information on the availability of the Portfolios in this jurisdiction, please contact the Distributors listed in the Prospectus.

## **UNITED KINGDOM**

The Company is a recognised collective investment scheme for the purposes of section 264 of the Financial Services and Markets Act 2000 of the United Kingdom.

The information below describes the facilities available to investors resident in the United Kingdom and the procedures which apply to dealing in Shares. This information must be read in conjunction with the Prospectus, the Key Investor Information Documents, the most recent annual report and, if published thereafter, the most recent semi-annual report of the Company. Material amendments to the Prospectus, the Key Investor Information Documents and the Articles will be filed with the UK Financial Conduct Authority.

### **Facilities Agent in the United Kingdom**

The Manager has appointed Neuberger Berman Europe Limited (the "Facilities Agent") to act as the facilities agent for the Company in the United Kingdom. The Facilities Agent has agreed to provide the following from its office at The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ, England to the Company's investors:

1. facilities at which the following documents in the English language can be inspected free of charge and copies obtained:
  - (a) the Articles establishing the Company in its original form and an updated instrument incorporating the changes (if any) contemplated in paragraph (b) below;
  - (b) any special resolutions amending the Articles of the Company;
  - (c) the latest Prospectus and any addenda;
  - (d) the latest annual and half-yearly reports of the Company; and
  - (e) Key Investor Information Documents.
2. facilities at which:
  - (a) a Shareholder may arrange for redemption of Shares and arrange payment of the redemption proceeds;
  - (b) information in the English language can be obtained orally and in writing about the Company's most recently published Net Asset Value per Share; and
  - (c) facilities at which any person who has a complaint to make about the operation of the Company can submit his or her complaint for transmission to the Company.

### **Taxation**

The following is a summary of the expected United Kingdom tax treatment of Shareholders based upon current law and practice (which in either case may change and potentially with retrospective effect). The summary below is addressed to investors who hold their interest as an investment and not as part of a trade such as dealing in securities. This summary does not cover all aspects of United Kingdom tax law. It does not constitute legal or tax advice and prospective investors should consult their own professional advisers on the tax implications of their investment in the Company.

### **Shareholders**

Subject to their personal circumstances, Shareholders resident in the United Kingdom for United Kingdom tax purposes will be liable to United Kingdom income tax or corporation tax in respect of dividends or other distributions of an income nature made by the Company (including deemed distributions or distributions that are automatically reinvested). United Kingdom resident individual Shareholders may, in certain circumstances, be entitled to a non-payable tax credit, which may reduce their liability to United Kingdom income tax in respect of such distributions.

Shareholders who are resident or ordinarily resident in the United Kingdom for United Kingdom taxation purposes should be aware that their Shares will constitute interests in an "offshore fund" for the purposes of the United Kingdom Offshore Funds (Tax) Regulations 2009 (the "Regulations"). Where such a person holds such an interest, any gain arising to that person on the sale, redemption or other disposal of that interest (including a deemed disposal on death) will be taxed at the time of such sale, redemption or other disposal as income and not as capital gain, unless the offshore fund (or the particular class of interests in the fund held by that person, which class is deemed to be a separate "offshore fund" for these purposes) has been for United Kingdom tax purposes a "reporting fund" throughout the period during which that person has held that interest.

The Manager intends to make an application to the United Kingdom HM Revenue & Customs ("HMRC") in respect of certain Classes for Shares of such Classes to be treated as Shares in a "Reporting Fund" United Kingdom tax purposes

with effect from the beginning of the Company's accounting period which commenced on 1 January 2010 (each a "Reporting Fund Class"). Accordingly, any gain realised by United Kingdom resident or ordinary resident Shareholders upon the sale, redemption or other disposal of Shares of a Reporting Fund Class will be taxed at the time of such sale, redemption or other disposal as capital gains and not as income. However, under the Regulations, a reporting fund is also required to make available to each investor in the fund for each account period of the fund a report of the income of the fund for that account period which is attributable to the investor's interest in the fund (whether or not such income has been distributed), and such reported income is treated as an additional distribution made by the fund to the investor. A United Kingdom resident or ordinarily resident Shareholder in a Reporting Fund Class will therefore receive from the Company for each account period a report of the income of the Company for that account period which is attributable to their Shares, and will (subject to their particular United Kingdom tax position) be potentially subject to United Kingdom tax on that reported income as if such reported income were a distribution upon their Shares.

The Directors do not intend to apply for any Class other than the Reporting Fund Classes to be a deemed reporting fund. Accordingly, any United Kingdom resident or ordinarily resident holders of Shares of any Class other than the Reporting Fund Classes should be aware that any gain realised upon the sale, redemption or other disposal of their Shares (including a deemed disposal on death) will be subject to tax as income and not as capital gains.

The precise consequences of the taxation of gains realised upon a disposal of Shares as income or as capital gains will depend upon the particular tax position of each Shareholder, but United Kingdom resident or ordinarily resident Shareholders who are individuals should be aware that capital gains are generally taxed at lower rates of tax than income, and also that where gains are taxed as capital gains it may be possible to utilise capital gains tax exemptions and relief to reduce the tax liability on such gains where such exemptions and reliefs could not be utilised in the case of gains taxed as income. However, Shareholders who are not domiciled in the United Kingdom (and who, where relevant, elect to be taxed on the remittance basis of taxation for the tax year in which such gain is realised) will only be subject to United Kingdom tax on gains realised upon the disposal of their Shares – whether such gains are in principle taxable as capital gains or as income - to the extent that they remit the proceeds of disposal of such Shares to the United Kingdom. Shareholders which are United Kingdom gross funds should also be unaffected by these rules, since their exemption from UK tax on capital gains will extend to gains treated as income.

Shareholders who are within the charge to United Kingdom corporation tax should be aware that where such an investor holds a material interest in an offshore fund and that offshore fund fails, at any time in an accounting period in which the investor holds its material interest, to satisfy the "qualifying investments test", the investor is required to treat its material interest for that accounting period as if it were rights under a creditor relationship for the purposes of the "loan relationships" regime (which governs the United Kingdom taxation of most forms of corporate debt) contained in the United Kingdom Corporation Tax Act 2009. Shares will constitute material interests in an offshore fund for this purpose. An offshore fund fails to satisfy the qualifying investments test at any time when its investments consist as to more than 60% by market value of, inter alia, government and corporate debt securities, money placed at interest, certain derivative contracts or holdings in collective investment schemes which do not themselves satisfy the qualifying investments test. The investment policies of the Company are such that the Company could fail the qualifying investments test. Shareholders within the charge to United Kingdom corporation tax would in these circumstances be required to account for their interest in the Company under the loan relationships regime, in which case all returns on their Shares in the relevant accounting period (including gains and losses) would be taxed or relieved as income receipt or expense on a "fair value" basis. Such Shareholders might therefore, depending upon their particular circumstances, incur a charge to United Kingdom corporation tax on an unrealised increase in the value of their Shares (or obtain relief against United Kingdom corporation tax for an unrealised diminution in the value of their Shares).

In the event that the Company is considered "close" for UK tax purposes then any Shareholder resident or ordinarily resident in the United Kingdom with an entitlement exceeding 10% of any gain that accrues to the Company may be subject to certain anti-avoidance legislation (contained in section 13 Taxation of Chargeable Gains Act 1992 ("TCGA")) in respect of any capital gains made by the Company. In the event that a liability arises, it may be applied in reducing or extinguishing any liability to income tax, capital gains tax or corporation tax in respect of a subsequent distribution from the Company of the capital gain made by the Company which gave rise to the liability under section 13 TCGA.

The attention of individuals ordinarily resident in the United Kingdom is drawn to the provisions of Sections 714 - 751 of the United Kingdom Income Taxes Act 2007 which may render such individuals liable to taxation in respect of any undistributed income of the Company.

The attention of companies resident in the United Kingdom is drawn to the fact that "controlled foreign companies provisions" contained in Sections 747 - 756 of the United Kingdom Income and Corporation Taxes Act 1988 (the "UK Taxes Act") could be material to any company so resident that holds alone, or together with certain other associated persons, 25% or more of Shares, if at the same time the Company is controlled by companies or other persons who are resident in the United Kingdom for taxation purposes. Persons who may be treated as "associated" with each other for these purposes include two or more companies one of which controls the other(s) or all of which are under common control. The effect of such provisions could be to render such United Kingdom companies liable to United Kingdom corporation tax in respect of undistributed income and profits of the Company.

The attention of United Kingdom resident and domiciled investors is drawn to Sections 703 to 709 of the UK Taxes Act

(under which HMRC may seek to cancel tax advantages from certain transactions in securities). On the basis of current HMRC practice the Directors do not anticipate that the provisions of Section 703 should apply to the winding up of the Company.

Transfers of shares will not be liable to United Kingdom stamp duty unless the instrument of transfer is executed within the United Kingdom where the transfer would be liable to United Kingdom ad valorem stamp duty at the rate of 50p for every £100 or part of £100 of the consideration paid. United Kingdom stamp duty reserve tax will be payable at the rate of 50p for every £100 or part of £100 if shares of the company are listed in the United Kingdom.

### **The Company**

The Directors intend to conduct the affairs of the Company so that it does not become resident in the United Kingdom for taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a branch or agency situated there), the Company will not be subject to United Kingdom income tax or corporation tax other than on any United Kingdom source income.

### **UNITED STATES OF AMERICA**

Refer to Annex IV.

### **URUGUAY**

Certain Portfolios have been registered with the Financial Services Superintendency of the Central Bank of Uruguay for the offering and sale to the public in Uruguay, via a licensed distributor and in accordance with applicable Uruguayan laws and regulations.

Save for the above, the sale of the Shares of the Portfolios qualifies as a private placement pursuant to section 2 of Uruguayan Law 18,627. The Shares of the Portfolios offered under private placement must not be offered or sold to the public in Uruguay, except in circumstances which do not constitute a public offering or distribution under Uruguayan laws and regulations. The Portfolios offered under private placement, correspond to investment funds that are not investment funds registered by Uruguayan Law 16, 774 dated 27 September 1996, as amended.

### **VENEZUELA**

Under the laws of the Republica Bolivariana de Venezuela, no offer of the securities described in this Prospectus may take place in Venezuela. This Prospectus may not be publicly distributed within the territory of Venezuela.

#### ANNEX IV OTHER IMPORTANT INFORMATION FOR U.S. PERSONS

The Shares being offered hereby have not been approved or disapproved by the US Securities and Exchange Commission ("SEC") or by the securities regulatory authority of any state or of any other US jurisdiction or the CFTC, nor has the SEC or any such securities regulatory authority or the CFTC passed upon the accuracy or adequacy of this Prospectus, as it may be amended, restated or supplemented from time to time. Any representation to the contrary is a criminal offence.

The Shares have not been and will not be registered under the 1933 Act or the securities laws of any state or the United States, nor is any such registration contemplated. The Shares are being offered and will be offered and sold in the United States and to U.S. Persons under the exemption provided by Section 4(a)(2) of the 1933 Act and Regulation D promulgated thereunder. The offer and sale of the Shares outside the United States or to non-U.S. Persons will not be registered under the 1933 Act in reliance upon the exemption from registration provided by Regulation S promulgated thereunder.

Any re-offer, resale or transfer of Shares of the Company and/or any Portfolio in the United States or to U.S. Persons (as defined below) may constitute a violation of US law under certain circumstances; accordingly, any prospective investor or applicant for a subscription for the Shares and subsequent transferor and transferee involving the Shares, will be required to certify whether it is a U.S. Person in order to promote compliance with applicable US law in respect of the Shares, any Portfolio and the Company.

There is no public market for the Shares and no such market is expected to develop in the future. The Shares offered hereby may be sold, transferred, hypothecated or otherwise disposed of only upon the terms set out in this Prospectus and subject to the Articles which include the requirement to obtain the prior written consent of the Directors which may be withheld without the provision of any reasons.

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted by the Prospectus and the Articles and otherwise subject to compliance with the 1933 Act and other applicable securities laws, whether pursuant to registration thereunder or exemption therefrom.

The Company and each Portfolio have not been and will not be registered under the 1940 Act in reliance upon the exemption from such registration in Section 3(c)(7) of the 1940 Act for certain issuers based upon the status of each U.S. Person investor as a "qualified purchaser" within the meaning of Section 2(a)(51) of the 1940 Act.

Neuberger Berman Europe Limited, Neuberger Berman Asia Limited, Neuberger Berman Investment Advisers LLC, Neuberger Berman Singapore Pte. Limited, Neuberger Berman Canada ULC and NB Alternatives Advisers LLC are registered with the SEC as investment advisers.

The Shares are being offered outside the United States pursuant to an exemption from registration under the 1933 Act and the 1940 Act and if offered in the United States or to U.S. Persons will be offered to a limited number of "accredited investors" (as defined in Rule 501(a) of Regulation D under the 1933 Act) who are also "qualified purchasers" (as defined in Section 2(a)(51) of the 1940 Act), in reliance on the private placement exemption from the registration requirements of the 1933 Act provided by Section 4(a)(2) thereof and Regulation D thereunder and the exception to the definition of "investment company" in Section 3(c)(7) of the 1940 Act.

The Company will not admit as investors entities that are Benefit Plans. The Shares may not be offered, sold or transferred to any entity that is a Benefit Plan. Each transferor and each transferee of Shares will be deemed to represent and warrant that it is not a Benefit Plan and that it will not become a Benefit Plan while it holds Shares or an interest therein.

The Directors may refuse an application for Shares by or for the account or benefit of any U.S. Person or Benefit Plan or decline to register a transfer of Shares to or for the account or benefit of any U.S. Person or Benefit Plan and may require the mandatory redemption or transfer of Shares beneficially owned by any U.S. Person or Benefit Plan. See the "*Transfer of Shares*" and "*Mandatory Redemption of Shares*" sections for more details.

No offering materials will or may be employed in the offering of Shares except for this Prospectus (including appendices, exhibits, amendments, addenda and supplements hereto) and the documents summarised herein. No person has been authorised to make representations or give any information with respect to the Company or the Shares except for the information contained herein. Investors should not rely on information not contained in this Prospectus or the documents summarised herein.

The information and data set out in this Prospectus reflects or is based upon general information and data that are current as at the date of this Prospectus, unless otherwise stated. Certain information set out in this Prospectus is derived from or based upon information provided by independent third party sources, as to which the Directors, the Manager and their affiliates and associated persons reasonably believes is accurate and reliable as to source without conducting separate or independent verification; accordingly, no guarantee is intended or may be inferred or implied as to the accuracy and



reliability of such information or the assumptions on which such information may be premised or provided.

Certain information and data set out in this Prospectus may constitute forward-looking statements which generally reflect certain expectations, projections or future anticipated events based upon underlying conditions that may be subject to change. Due to the various risks and uncertainties inherent to any such forward-looking statements, including potential conflicts of interest, the actual outcome of various events or results and the actual performance of an investment in the Shares may differ materially from those reflected or contemplated in light of such forward-looking statements.

This Prospectus and the information contained herein are intended solely for use on a confidential basis by those persons to whom it is transmitted by or on behalf of the Company in connection with the contemplated private placement of the Shares. Recipients, by their acceptance and retention of this Prospectus, acknowledge and agree to preserve the confidentiality of the contents of this Prospectus and all accompanying documents and to return this Prospectus and all such documents to the Administrator if the recipient does not purchase any Shares. Neither this Prospectus nor any of the accompanying documents may be reproduced in whole or in part, nor may they be used for any purpose other than that for which they have been submitted, without the prior written consent of the Company or its authorised agents or representatives.

Notwithstanding the confidentiality conditions applicable to the information referred to in this Prospectus, each investor (including any appropriate employee, representative or agent of the investor) may disclose to any and all persons, without limitation, the tax treatment and tax structure of an investment in the Shares and related materials (including any opinions or tax information) that are provided to the investor relating to such tax treatment and tax structure.

None of the Company, any Portfolio, the Directors, the Administrator, the Manager or any affiliate or associated person of the foregoing is making any representation to any offeree or prospective investor in respect of the Shares regarding the legality of investment by such offeree or prospective investor under applicable investment or similar laws.

The Manager has claimed an exemption with respect to the Company and each Portfolio where relevant, under CFTC Rule 4.13(a)(3) from registration with the CFTC as a commodity pool operator and, accordingly, is not subject to certain regulatory requirements with respect to the Company or any such Portfolios (which are intended to provide certain regulatory safeguards to investors) that would otherwise be applicable absent such an exemption. In addition, the Manager will provide commodity interest trading advice to certain Portfolios, in each case pursuant to an exemption from registration as a commodity trading advisor in CFTC Rule 4.14(a)(5). Certain Sub-Investment Managers may rely upon an exemption from registration with the CFTC as a commodity trading advisor under CFTC Rule 4.14(a)(8) and act in an unregistered capacity with respect to one or more of the Company's Portfolios, despite the fact that such Sub-Investment Managers are registered as commodity trading advisors.

WHILE CERTAIN PORTFOLIOS MAY TRADE COMMODITY INTERESTS, INCLUDING BUT NOT LIMITED TO, SWAPS, COMMODITY FUTURES AND/OR COMMODITY OPTIONS CONTRACTS, THE MANAGER IS EXEMPT FROM REGISTRATION WITH THE CFTC AS A COMMODITY POOL OPERATOR ("CPO") WITH RESPECT TO THOSE PORTFOLIOS PURSUANT TO CFTC RULE 4.13(a)(3). THEREFORE, UNLIKE A REGISTERED CPO, THE MANAGER IS NOT REQUIRED TO DELIVER A CFTC DISCLOSURE DOCUMENT TO PROSPECTIVE SHAREHOLDERS, NOR IS IT REQUIRED TO PROVIDE SHAREHOLDERS WITH CERTIFIED ANNUAL REPORTS THAT SATISFY THE REQUIREMENTS OF CFTC RULES APPLICABLE TO REGISTERED CPOs.

THE MANAGER QUALIFIES FOR THE EXEMPTION UNDER CFTC RULE 4.13(a)(3) WITH RESPECT TO CERTAIN PORTFOLIOS THAT MAY TRADE COMMODITY INTERESTS ON THE BASIS THAT, AMONG OTHER THINGS, (A) SUCH PORTFOLIO'S COMMODITY INTEREST POSITIONS (WHETHER OR NOT ENTERED INTO FOR BONA FIDE HEDGING PURPOSES) ARE LIMITED SUCH THAT EITHER: (I) THE AGGREGATE INITIAL MARGIN, PREMIUMS AND REQUIRED MINIMUM SECURITY DEPOSIT FOR RETAIL FOREX TRANSACTIONS REQUIRED TO ESTABLISH SUCH POSITIONS, DETERMINED AT THE TIME THE MOST RECENT POSITION WAS ESTABLISHED, WILL BE LIMITED TO 5% OF THE LIQUIDATION VALUE OF SUCH PORTFOLIO'S INVESTMENTS, AFTER TAKING INTO ACCOUNT UNREALIZED PROFITS AND UNREALIZED LOSSES ON ANY SUCH POSITIONS IT HAS ENTERED INTO; OR (II) THE AGGREGATE NET NOTIONAL VALUE OF SUCH POSITIONS (CALCULATED AS FURTHER DESCRIBED IN CFTC RULE 4.13(A)(3)), DETERMINED AT THE TIME THE MOST RECENT POSITION WAS ESTABLISHED, DOES NOT EXCEED 100% OF THE LIQUIDATION VALUE OF SUCH PORTFOLIO'S INVESTMENTS, AFTER TAKING INTO ACCOUNT UNREALIZED PROFITS AND UNREALIZED LOSSES ON ANY POSITIONS IT HAS ENTERED INTO; (B) THE SHARES OF SUCH PORTFOLIO ARE EXEMPT FROM REGISTRATION UNDER THE 1933 ACT AND ARE OFFERED AND SOLD WITHOUT MARKETING TO THE PUBLIC IN THE UNITED STATES; (C) THE MANAGER REASONABLY BELIEVES, AT THE TIME A U.S. PERSON INVESTOR MAKES HIS INVESTMENT IN SUCH PORTFOLIO (OR AT THE TIME THE CPO BEGAN TO RELY ON RULE 4.13(A)(3)), THAT SUCH U.S. PERSON INVESTOR IN SUCH PORTFOLIO IS (I) AN "ACCREDITED INVESTOR," AS DEFINED IN RULE 501(a) OF REGULATION D UNDER THE 1933 ACT, (II) A TRUST THAT IS NOT AN ACCREDITED INVESTOR BUT THAT WAS FORMED BY AN ACCREDITED INVESTOR FOR THE BENEFIT OF A FAMILY MEMBER, (III) A "KNOWLEDGEABLE EMPLOYEE," AS DEFINED IN RULE 3c-5 UNDER THE 1940 ACT, OR (IV) A "QUALIFIED ELIGIBLE PERSON," AS DEFINED IN CFTC RULE 4.7(a)(2)(viii)(A); AND (D) SHARES OF SUCH PORTFOLIO ARE NOT MARKETING AS OR IN A VEHICLE FOR TRADING IN THE COMMODITY FUTURES OR COMMODITY OPTIONS MARKETS].

## Subscriptions by and Transfers to U.S. Persons

The Directors may authorise the purchase by or transfer of Shares to or on behalf of a U.S. Person if:

- (a) such purchase or transfer does not result in a violation of the 1933 Act or the securities laws of any state of the United States;
- (b) such purchase or transfer would not require the Company or any Portfolio to register under the 1940 Act, or the Manager to register as a CPO; and
- (c) there will be no adverse regulatory, tax or fiscal consequences or material administrative disadvantage to a Portfolio or its Shareholders as a whole as a result of such a purchase or transfer.

Each applicant for Shares who is in the United States or a U.S. Person will be required to provide such representations, warranties or documentation as may be required by the Directors to ensure that such requirements are met prior to approval of such sale or transfer by the Directors. The Directors shall determine from time to time the number of U.S. Persons who may be admitted into the Company. The Directors have determined to permit the private sale of Shares in the United States or to U.S. Persons to a limited number of “accredited investors” (as defined in Rule 501(a) of Regulation D under the 1933 Act) who are also “qualified purchasers” (as defined in Section 2(a)(51) of the 1940 Act) under restrictions and other circumstances designed to preclude any requirement to register the Shares under the 1933 Act or any securities law of any state of the United States, or cause the Company or any Portfolio to become subject to the registration requirements of the 1940 Act, including presentation by such investors, prior to the delivery to them of Shares, of a letter containing specified representations and agreements.

Accordingly, amongst other things, each investor that is a U.S. Person will be required to represent, among other customary private placement representations, that it: (i) is an “accredited investor” as defined in Regulation D; (ii) it will not transfer or deliver all or any part of its Shares except in accordance with the restrictions set forth in the Prospectus and the Articles; (iii) is acquiring the Shares for its own account, for investment purposes only and not with a view to resale or distribution; and (iv) is a “qualified purchaser” for purposes of the 1940 Act. A “qualified purchaser” generally includes a natural person who owns not less than US\$5,000,000 in investments or a company acting for its own account or the accounts of other qualified purchasers which owns and invests on a discretionary basis not less than US\$25,000,000 in investments (as defined in the 1940 Act) and certain trusts. Further, the subscription application form and the Articles contain restrictions on transfer designed to assure that these conditions will be met.

Unless otherwise agreed by the Directors, each non-US investor will be required to represent, amongst other things, that it: (i) is not a U.S. Person; (ii) will not transfer or deliver all or any part of its Shares except in accordance with the restrictions set forth in the Articles and this Prospectus; (iii) will notify the Directors immediately if it becomes a U.S. Person at any time during which it holds or owns any Shares; (iv) is not acquiring Shares on behalf of or for the benefit of, a U.S. Person; (v) is acquiring the Shares for its own account, for investment purposes only and not with a view to resale or distribution; and (vi) received information as to offers to sell and communicated offers to buy the Shares, as the case may be, whilst it was outside the United States and was outside the United States at the time it originated its application to buy the Shares.

The Directors may refuse an application for Shares by or for the account or benefit of any U.S. Person or decline to register a transfer of Shares to or for the account or benefit of any U.S. Person and may require the mandatory redemption or transfer of Shares beneficially owned by any U.S. Person.

A “**U.S. Person**” for the purposes of this Prospectus is a person who is in one of the following categories: (i) (A) a “U.S. Person” as defined under Regulation S under the 1933 Act; (B) a “United States person” as defined under the Code; or (C) a “U.S. Person” as defined under the CFTC’s “Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations,” (each as described in further detail below); or (ii) a person excluded from the definition of a “Non-United States person” as used in CFTC Rule 4.7 (as described in further detail below). For the avoidance of doubt, a person is excluded from this definition of U.S. Person only if he or it does not satisfy any of the definitions of “U.S. Person” or “United States person” set forth below and qualifies as a “Non-United States person” under CFTC Rule 4.7. Further details regarding each of these definitions is provided below.

With respect to any person, any individual or entity that would be a “U.S. Person” under Regulation S of the 1933 Act.

1. Pursuant to Regulation S of the 1933 Act, “U.S. Person” includes:

- (a) any natural person resident in the United States;
- (b) any partnership or corporation organised or incorporated under the laws of the United States;
- (c) any estate of which any executor or administrator is a U.S. Person;
- (d) any trust of which any trustee is a U.S. Person;

- (e) any agency or branch of a foreign entity located in the United States;
  - (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person;
  - (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; or
  - (h) any partnership or corporation if:
    - (i) organised or incorporated under the laws of any foreign jurisdiction; and
    - (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated and owned, by accredited investors (as defined in Rule 501(a) under the 1933 Act) who are not natural persons, estates or trusts.
2. Notwithstanding 1. above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States shall not be deemed a U.S. Person.
  3. Notwithstanding 1. above, any estate of which any professional fiduciary acting as executor or administrator is a U.S. Person shall not be deemed a U.S. Person if:
    - (a) an executor or administrator of the estate who is not a U.S. Person has sole or shared investment discretion with respect to the assets of the estate; and
    - (b) the estate is governed by foreign law.
  4. Notwithstanding 1. above, any trust of which any professional fiduciary acting as trustee is a U.S. Person shall not be deemed a U.S. Person if a trustee who is not a U.S. Person has sole or shared investment discretion with respect to the trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. Person.
  5. Notwithstanding 1. above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a U.S. Person.
  6. Notwithstanding 1. above, any agency or branch of a U.S. Person located outside the United States shall not be deemed a U.S. Person if:
    - (a) the agency or branch operates for valid business reasons; and
    - (b) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.
  7. The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations and their agencies, affiliates and pension plans and any other similar international organisations, their agencies, affiliates and pension plans shall not be deemed "U.S. Persons."

With respect to individuals, any US citizen or "resident alien" within the meaning of US income tax laws as in effect from time to time. Currently, the term "resident alien" is defined under US income tax laws to generally include any individual who (i) holds an Alien Registration Card (a "green card") issued by the US Immigration and Naturalization Service or (ii) meets a "substantial presence" test. The "substantial presence" test is generally met with respect to any current calendar year if (i) the individual was present in the US on at least 31 days during such year and (ii) the sum of the number of days on which such individual was present in the US during the current year, 1/3 of the number of such days during the first preceding year and 1/6 of the number of such days during the second preceding year, equals or exceeds 183 days.

With respect to persons other than individuals: (i) a corporation or partnership created or organised in the US or under the laws of the US or any state or the District of Columbia; (ii) a trust where (A) a US court is able to exercise primary supervision over the administration of the trust or (B) one or more U.S. Persons have the authority to control all substantial decisions of the trust; and (iii) an estate other than a foreign estate. A "foreign estate" is defined as an estate the income of which, from sources without the US which is not effectively connected with the conduct of a trade or business within the US, is not includible in gross income under the US Internal Revenue Code of 1986, as amended.

A "U.S. Person" as defined under the CFTC's "Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations," July 26, 2013, 78 Fed. Reg. 45291 (July 26, 2013), which generally includes, but is not limited

to: (a) any natural person who is a resident of the United States; (b) any estate of a decedent who was a resident of the United States at the time of death; (c) any corporation, partnership, limited liability company, business or other trust, association, joint-stock company, fund or any form of enterprise similar to any of the foregoing (other than an entity described in prongs (d) or (e), below) (a "legal entity"), in each case that is organized or incorporated under the laws of a state or other jurisdiction in the United States or having its principal place of business in the United States; (d) any pension plan for the employees, officers or principals of a legal entity described in prong (c), unless the pension plan is primarily for foreign employees of such entity; (e) any trust governed by the laws of a state or other jurisdiction in the United States, if a court within the United States is able to exercise primary supervision over the administration of the trust; (f) any commodity pool, pooled account, investment fund, or other collective investment vehicle that is not described in prong (c) and that is majority-owned by one or more persons described in prong (a), (b), (c), (d) or (e), except any commodity pool, pooled account, investment fund, or other collective investment vehicle that is publicly offered only to non-U.S. persons and not offered to U.S. persons; (g) any legal entity (other than a limited liability company, limited liability partnership or similar entity where all of the owners of the entity have limited liability) that is directly or indirectly majority-owned by one or more persons described in prong (a), (b), (c), (d) or (e) and in which such person(s) bears unlimited responsibility for the obligations and liabilities of the legal entity; and (h) any individual account or joint account (discretionary or not) where the beneficial owner (or one of the beneficial owners in the case of a joint account) is a person described in prong (a), (b), (c), (d), (e), (f) or (g). Under this interpretation, the term "U.S. person" generally means that a foreign branch of a U.S. person would be covered by virtue of the fact that it is a part, or an extension of, a U.S. person.

CFTC Rule 4.7 currently provides in relevant part that the following persons are considered "Non-United States persons":

- (a) a natural person who is not a resident of the United States;
- (b) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-U.S. jurisdiction and which has its principal place of business in a non-U.S. jurisdiction;
- (c) an estate or trust, the income of which is not subject to U.S. income tax regardless of source;
- (d) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than ten per cent. of the beneficial interest in the entity and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being Non-United States persons; and
- (e) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

## **Taxation**

THE DISCUSSION HEREIN IS FOR INFORMATIONAL PURPOSES ONLY AND IS A DISCUSSION PRIMARILY OF THE U.S. TAX CONSEQUENCES TO PROSPECTIVE SHAREHOLDERS. EACH PROSPECTIVE SHAREHOLDER SHOULD CONSULT ITS PROFESSIONAL TAX ADVISOR WITH RESPECT TO THE TAX ASPECTS OF AN INVESTMENT IN THE COMPANY. TAX CONSEQUENCES MAY VARY DEPENDING UPON THE PARTICULAR STATUS OF A PROSPECTIVE SHAREHOLDER. IN ADDITION, SPECIAL CONSIDERATIONS (NOT DISCUSSED HEREIN) MAY APPLY TO PERSONS WHO ARE NOT DIRECT SHAREHOLDERS IN THE COMPANY BUT WHO ARE DEEMED TO OWN SHARES AS A RESULT OF THE APPLICATION OF CERTAIN ATTRIBUTION RULES.

Neither the Company nor any Portfolios has sought a ruling from the IRS or any other U.S. federal, state or local agency with respect to any of the tax issues affecting the Company or such Portfolio, nor has the Company or a Portfolio obtained an opinion of counsel with respect to any tax issues.

The following is a summary of certain potential U.S. federal tax consequences which may be relevant to prospective shareholders. The discussion contained herein is not a full description of the complex tax rules involved and is based upon existing laws, judicial decisions and administrative regulations, rulings and practices, all of which are subject to change, retroactively as well as prospectively. A decision to invest in the Company should be based upon an evaluation of the merits of the trading program and not upon any anticipated U.S. tax benefits.

## **U.S. Tax Status**

Each Portfolio intends to operate as a separate corporation for U.S. federal tax purposes. The remainder of the U.S. tax discussion herein assumes that the Portfolios will be treated as separate corporations for U.S. federal tax purposes.

## **U.S. Trade or Business**

Section 864(b)(2) of the U.S. Internal Revenue Code of 1986, as amended (the "IRC"), provides a safe harbor (the "Safe Harbor") applicable to a non-U.S. corporation (other than a dealer in securities) that engages in the U.S. in trading securities (including contracts or options to buy or sell securities) for its own account pursuant to which such non-U.S. corporation will not be deemed to be engaged in a U.S. trade or business. The Safe Harbor also provides that a non-U.S. corporation (other than a dealer in commodities) that engages in the U.S. in trading commodities for its own account is not deemed to be engaged in a U.S. trade or business if "the commodities are of a kind customarily dealt in on an organized commodity exchange and if the transaction is of a kind customarily consummated at such place."

Pursuant to proposed regulations, a non-U.S. taxpayer (other than a dealer in stocks, securities or derivatives) that effects transactions in the United States in derivatives (including (i) derivatives based upon stocks, securities and certain commodities and currencies and (ii) certain notional principal contracts based upon an interest rate, equity, or certain commodities and currencies) for its own account is not deemed to be engaged in a United States trade or business. Although the proposed regulations are not final, the Service has indicated in the preamble to the proposed regulations that for periods prior to the effective date of the proposed regulations, taxpayers may take any reasonable position with respect to the application of Section 864(b)(2) of the IRC to derivatives and that a position consistent with the proposed regulations will be considered a reasonable position.

Based on the foregoing, each Portfolio intends to conduct its business in a manner so as to meet the requirements of the Safe Harbor. Thus, each Portfolio's securities and commodities trading activities should not constitute a U.S. trade or business and, except in the limited circumstances discussed below, the Portfolios should not be subject to the regular U.S. income tax on any of their trading profits. However, if a certain Portfolio's activities were determined not to be of the type described in the Safe Harbor, such Portfolio's activities may constitute a U.S. trade or business, in which case such Portfolio would be subject to U.S. income and branch profits tax on the income and gain from those activities.

Even if the Portfolios' securities trading activities do not constitute a U.S. trade or business, gains realized from the sale or disposition of stock or securities (other than debt instruments with no equity component) of U.S. Real Property Holding Corporations (as defined in Section 897 of the IRC) ("USRPHCs"), including stock or securities of certain Real Estate Investment Trusts ("REITs"), will be generally subject to U.S. income tax on a net basis. However, a principal exception to this rule of taxation may apply if such USRPHC has a class of stock which is regularly traded on an established securities market and the applicable Portfolio generally did not hold (and was not deemed to hold under certain attribution rules) more than 5% of the value of a regularly traded class of stock or securities of such USRPHC at any time during the five year period ending on the date of disposition. Moreover, if a Portfolio were deemed to be engaged in a U.S. trade or business as a result of owning a limited partnership interest in a U.S. business partnership or a similar ownership interest, income and gain realized from that investment would be subject to U.S. income and branch profits tax.

## **U.S. Withholding Tax**

In general, under Section 881 of the IRC, a non-U.S. corporation which does not conduct a U.S. trade or business is nonetheless subject to tax at a flat rate of 30% (or lower tax treaty rate, if applicable) on the gross amount of certain U.S. source income which is not effectively connected with a U.S. trade or business, generally payable through withholding. Income subject to such a flat tax rate is of a fixed or determinable annual or periodic nature, including dividends and certain interest income. The Portfolios are not eligible under the U.S.-Ireland tax treaty for reduced withholding tax rates on U.S.-source dividends and interest.

Certain types of income are specifically exempted from the 30% tax and thus withholding is not required on payments of such income to a non-U.S. corporation. The 30% tax does not apply to U.S. source capital gains (whether long or short-term) or to interest paid to a non-U.S. corporation on its deposits with U.S. banks. The 30% tax also does not apply to interest which qualifies as portfolio interest. The term "portfolio interest" generally includes interest (including original issue discount) on an obligation in registered form which has been issued after July 18, 1984 and with respect to which the person who would otherwise be required to deduct and withhold the 30% tax receives the required statement that the beneficial owner of the obligation is not a U.S. person within the meaning of the IRC. Under certain circumstances, interest on bearer obligations may also be considered portfolio interest.

The U.S. tax treatment of any rebate of fees made by a U.S. Sub-Investment Manager to a non-U.S. Person is not entirely clear. A U.S. withholding tax may be imposed on such a rebate. Non-U.S. Persons are urged to consult their own tax advisors concerning the U.S. tax consequence of an investment in the Company and the receipt of such payments.

## **Redemption of Shares**

Gain realized by shareholders who are not U.S. persons within the meaning of the IRC ("non-U.S. shareholders") upon the sale, exchange or redemption of Shares held as a capital asset should generally not be subject to U.S. federal income tax provided that the gain is not effectively connected with the conduct of a trade or business in the U.S. However, in the case of non-resident alien individuals, such gain will be subject to the 30% (or lower tax treaty rate) U.S. tax if (i) such person is present in the U.S. for 183 days or more during the taxable year (on a calendar year basis unless the non-resident alien individual has previously established a different taxable year) and (ii) such gain is derived from U.S. sources.

Generally, the source of gain upon the sale, exchange or redemption of Shares is determined by the place of residence of the shareholder. For purposes of determining the source of gain, the IRC defines residency in a manner that may result in an individual who is otherwise a non-resident alien with respect to the U.S. being treated as a U.S. resident only for purposes of determining the source of income. Each potential individual shareholder who anticipates being present in the U.S. for 183 days or more (in any taxable year) should consult his tax advisor with respect to the possible application of this rule.

Gain realized by a non-U.S. shareholder engaged in the conduct of a U.S. trade or business will be subject to U.S. federal income tax upon the sale, exchange or redemption of Shares if such gain is effectively connected with its U.S. trade or business.

Non-U.S. shareholders may be required to make certain certifications to the Company or the Portfolios as to the beneficial ownership of the Shares and the non-U.S. status of such beneficial owner, in order to be exempt from U.S. information reporting and backup withholding on a redemption of Shares.

### **Tax-Exempt U.S. Persons**

The term "Tax-Exempt U.S. Person" means a U.S. person within the meaning of the IRC that is exempt from payment of U.S. federal income tax. Generally, a Tax-Exempt U.S. Person is exempt from federal income tax on certain categories of income, such as dividends, interest, capital gains and similar income realized from securities investment or trading activity. This type of income is exempt even if it is realized from securities trading activity which constitutes a trade or business. This general exemption from tax does not apply to the "unrelated business taxable income" ("UBTI") of a Tax-Exempt U.S. Person. Generally, except as noted above with respect to certain categories of exempt trading activity, UBTI includes income or gain derived from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the Tax-Exempt U.S. Person's exempt purpose or function. UBTI also includes (i) income derived by a Tax-Exempt U.S. Person from debt-financed property and (ii) gains derived by a Tax-Exempt U.S. Person from the disposition of debt-financed property.

In 1996, Congress considered whether, under certain circumstances, income derived from the ownership of the shares of a non-U.S. corporation should be treated as UBTI to the extent that it would be so treated if earned directly by the shareholder. Subject to a narrow exception for certain insurance company income, Congress declined to amend the IRC to require such treatment. Accordingly, based on the principles of that legislation, a Tax-Exempt U.S. Person investing in a non-U.S. corporation such as a Portfolio should not realize UBTI with respect to an unleveraged investment in Shares. The U.S. tax treatment of any rebate of fees made by the Manager, any Sub-Investment Manager or the Distributor to a Tax-Exempt U.S. Person is not entirely clear. Tax-Exempt U.S. Persons are urged to consult their own tax advisors concerning the U.S. tax consequences of an investment in a Portfolio and the receipt of such payments.

There are special considerations which should be taken into account by certain beneficiaries of charitable remainder trusts that invest in the Portfolios. Charitable remainder trusts should consult their own tax advisors concerning the tax consequences of such an investment on their beneficiaries.

### **U.S. Persons that are not Tax-Exempt U.S. Persons**

Each Portfolio will be classified as a passive foreign investment company ("PFIC") for federal income tax purposes. It is possible that a Portfolio will hold interests in one or more other PFICs (any such underlying PFIC, an "Underlying PFIC"). In addition, it is possible that a Portfolio or an Underlying PFIC will be a controlled foreign corporation ("CFC"). Under the PFIC rules, U.S. persons within the meaning of the IRC that are not Tax-Exempt U.S. Persons ("Non Tax-Exempt U.S. Persons") are subject to U.S. federal income taxation with respect to their direct or indirect investment in a Portfolio or an Underlying PFIC under one of three methods. Under the "interest charge" method, a Non Tax-Exempt U.S. Person is generally liable for tax (at ordinary income rates) plus an interest charge reflecting the deferral of tax liability (which is not deductible by an individual) when it pledges or sells its Shares at a gain or receives a distribution from such Portfolio or an Underlying PFIC. Furthermore, the estate of a deceased individual Non Tax-Exempt U.S. Person will be denied a tax-free "step-up" in the tax basis to fair market value for PFIC shares held by that deceased individual that were subject to the "interest charge" method.

Alternatively, a Non Tax-Exempt U.S. Person can make an election under the PFIC rules to have a Portfolio or an Underlying PFIC treated as a qualified electing fund ("QEF") with respect to its Shares. A Shareholder that has made the QEF election, which may only be revoked with the consent of the Service, is generally taxed currently on its proportionate share of the ordinary earnings and net long-term capital gains of such Portfolio or Underlying PFIC, whether or not the earnings or gains are distributed. However, a Portfolio or Underlying PFIC expenses, if any, that are properly capitalized will not be deductible for purposes of calculating the income included as a result of the QEF election. If a Portfolio or an Underlying PFIC realizes a net loss in a particular year, under the QEF rules, that loss will not pass through to the Non Tax-Exempt U.S. Person nor will it be netted against the income of any other PFIC with respect to which a QEF election has been made. Moreover, the loss also cannot be carried forward to reduce inclusions of income with respect to such Portfolio or Underlying PFIC, as applicable, in subsequent years. Instead, a Non Tax-Exempt U.S. Person would only realize the loss in calculating its gain or loss when its interest in the Portfolio or Underlying PFIC is

disposed of. A Non Tax-Exempt U.S. Person should also note that under the QEF rules, it may be taxed on income related to unrealized appreciation in a Portfolio's or Underlying PFIC's assets attributable to periods prior to the investor's investment in the PFIC if such amounts are recognised by the PFIC after the investor acquires Shares. Moreover, any net short-term capital gains of a Portfolio or Underlying PFIC will not pass through as capital gains, but will be taxed as ordinary income. In order for a shareholder to be eligible to make a QEF election, the PFIC would have to agree to provide certain tax information to such shareholder on an annual basis. The Portfolios and the Underlying PFICs, if any, have not committed to providing such information.

Finally, if a Portfolio's or an Underlying PFIC's shares are considered "marketable", a Non Tax-Exempt U.S. Person would be able to elect to mark its shares to market at the end of every year. Any such mark to market gain or loss would be considered ordinary. Ordinary mark to market losses would only be allowed to the extent of prior mark to market gains. However, as a result of the definition of "marketable" adopted in regulations, the Portfolios do not anticipate that the Shares or shares of an Underlying PFIC would be eligible for the mark to market election.

Even though the PFIC rules apply, if a Portfolio or an Underlying PFIC is also a CFC, other rules could apply in addition to the PFIC rules that could cause a Non Tax-Exempt U.S. Person to (i) recognize taxable income prior to his or her receipt of distributable proceeds or (ii) recognize ordinary taxable income that would otherwise have been treated as long-term or short-term capital gain.

INASMUCH AS NON TAX-EXEMPT U.S. PERSONS ARE SUBJECT TO POTENTIALLY ADVERSE TAX CONSEQUENCES IF THEY INVEST IN A PORTFOLIO AND THE FOREGOING SUMMARY IS ONLY A BRIEF OVERVIEW OF HIGHLY COMPLEX RULES, SUCH POTENTIAL INVESTORS ARE STRONGLY URGED TO CONSULT WITH THEIR OWN TAX ADVISORS BEFORE INVESTING IN A PORTFOLIO.

### **Reporting Requirements for U.S. Persons**

Any U.S. person within the meaning of the IRC owning 10% or more (taking certain attribution rules into account) of either the total combined voting power or total value of all classes of the shares (the "10% Amount") of a non-U.S. corporation such as a Portfolio will likely be required to file an information return with the Service containing certain disclosure concerning the filing shareholder, other shareholders and the corporation. Any U.S. person within the meaning of the IRC who within such U.S. person's tax year (A) acquires shares in a non-U.S. corporation such as a Portfolio, so that either (i) without regard to shares already owned, such U.S. person acquires the 10% Amount or (ii) when added to shares already owned by the U.S. person, such U.S. person's total holdings in the non-U.S. corporation goes above the 10% Amount or (B) disposes of shares in a non-U.S. corporation so that such U.S. person's total holdings in the non-U.S. corporation falls below the 10% Amount (in each such case, taking certain attribution rules into account), will likely be required to file an information return with the Service containing certain disclosure concerning the filing shareholder, other shareholders and the corporation. The Portfolios have not committed to provide all of the information about the Portfolios or their shareholders needed to complete these returns. In addition, a U.S. person within the meaning of the IRC that transfers cash to a non-U.S. corporation such as a Portfolio may be required to report the transfer to the Service if (i) immediately after the transfer, such person holds (directly, indirectly or by attribution) at least 10% of the total voting power or total value of such corporation or (ii) the amount of cash transferred by such person (or any related person) to such corporation during the twelve-month period ending on the date of the transfer exceeds \$100,000.

Certain U.S. persons who have an interest in a foreign financial account during a calendar year are generally required to file FinCEN Form 114 (an "FBAR") with respect to such account. Failure to file a required FBAR may result in civil and criminal penalties. Investors should consult with their own advisors as to whether they are obligated to file an FBAR with respect to an investment in a Portfolio.

Furthermore, certain U.S. persons within the meaning of the IRC may have to file Form 8886 ("Reportable Transaction Disclosure Statement") with their U.S. tax return and submit a copy of Form 8886 with the Office of Tax Shelter Analysis of the Service if the Portfolio in which they are invested or the Company engages in certain "reportable transactions" within the meaning of recently issued U.S. Treasury Regulations. If the Service designates a transaction as a reportable transaction after the filing of a reporting shareholder's tax return for the year in which such Portfolio or such reporting shareholder participated in the transaction, the reporting shareholder may have to file Form 8886 with respect to that transaction within 90 days after the Service makes the designation. Shareholders required to file this report include a U.S. person within the meaning of the IRC if either (1) a Portfolio is treated as a CFC and such U.S. person owns a 10% voting interest or (2) such U.S. person owns 10% (by vote or value) of a Portfolio and makes a QEF election with respect to the such Portfolio. In certain situations, there may also be a requirement that a list be maintained of persons participating in such reportable transactions, which could be made available to the Service at its request. Moreover, if a U.S. person within the meaning of the IRC recognizes a loss upon a disposition of Shares, such loss could constitute a "reportable transaction" for such shareholder and such shareholder would be required to file Form 8886. A significant penalty is imposed on taxpayers who fail to make the required disclosure. The penalty is generally \$10,000 for natural persons and \$50,000 for other persons (increased to \$100,000 and \$200,000, respectively, if the reportable transaction is a "listed" transaction). Shareholders who are U.S. persons within the meaning of the IRC (including Tax-Exempt U.S. Persons) are urged to consult their own tax advisors concerning the application of these reporting obligations to their specific situations and the penalty discussed above.



**Estate and Gift Taxes**

Individual holders of Shares who are neither present nor former U.S. citizens or U.S. residents (as determined for U.S. estate and gift tax purposes) are not subject to U.S. estate and gift taxes with respect to their ownership of such Shares.

**Other Jurisdictions**

Interest, dividend and other income realized by a Portfolio from non-U.S. sources and capital gains realized on the sale of securities of non-U.S. issuers, may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced. It is impossible to predict the rate of foreign tax such Portfolio will pay since the amount of the assets to be invested in various countries and the ability of the such Portfolio to reduce such taxes, are not known.

**Future Changes in Applicable Law**

The foregoing description of U.S. income tax consequences of an investment in and the operations of the Company and the Portfolios is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Company or the Portfolios to income taxes or subject shareholders to increased income taxes.

**FATCA**

Investors should also refer to the "FATCA" sub-section of the "Taxation" section.

**Other Taxes**

Prospective shareholders should consult their own counsel regarding tax laws and regulations of any other jurisdiction which may be applicable to them.

THE TAX AND OTHER MATTERS DESCRIBED IN THIS PROSPECTUS DO NOT CONSTITUTE AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE SHAREHOLDERS.

**ANNEX V**  
**LIST OF DELEGATES AND SUB-DELEGATES**

<b>COUNTRY WHERE ASSETS HELD</b>	<b>SUBCUSTODIAN</b>
Argentina	CITIBANK, N.A. BUENOS AIRES BRANCH
Australia	HSBC BANK AUSTRALIA LIMITED FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
Austria	UNICREDIT BANK AUSTRIA AG
Bahrain *	HSBC BANK MIDDLE EAST LIMITED, BAHRAIN BRANCH FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
Belgium	BNP PARIBAS SECURITIES SERVICES
Bermuda *	HSBC BANK BERMUDA LIMITED FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
Botswana *	STANDARD CHARTERED BANK BOTSWANA LIMITED FOR STANDARD CHARTERED BANK
Brazil *	CITIBANK, N.A. - SAO PAULO
Canada	RBC INVESTOR SERVICES TRUST FOR ROYAL BANK OF CANADA (RBC)
Chile *	BANCO DE CHILE FOR CITIBANK, N.A.
China *	STANDARD CHARTERED BANK (CHINA) LIMITED FOR STANDARD CHARTERED BANK
China *	HSBC BANK (CHINA) COMPANY LIMITED FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
Colombia *	CITITRUST COLOMBIA S.A., SOCIEDAD FIDUCIARIA FOR CITIBANK, N.A.
Croatia *	ZAGREBACKA BANKA D.D. FOR UNICREDIT BANK AUSTRIA AG
Cyprus	BNP PARIBAS SECURITIES SERVICES
Czech Republic	CITIBANK EUROPE PLC, ORGANIZACNI SLOZKA FOR CITIBANK, N.A.
Denmark	SKANDINAVISKA ENSKILDA BANKEN AB (PUBL), DANMARK BRANCH
Egypt *	HSBC BANK EGYPT S.A.E. FOR THE HONG KONG AND

<b>COUNTRY WHERE ASSETS HELD</b>	<b>SUBCUSTODIAN</b>
	SHANGHAI BANKING CORPORATION LIMITED (HSBC)
Estonia	SWEDBANK AS FOR NORDEA BANK FINLAND PLC AND NORDEA BANK AB(PUBL)
Finland	SKANDINAVISKA ENSKILDA BANKEN AB (PUBL), HELSINKI BRANCH
Finland	NORDEA BANK FINLAND PLC FOR NORDEA BANK FINLAND PLC AND NORDEA BANK AB (PUBL)
France	BNP PARIBAS SECURITIES SERVICES
Germany	BNP PARIBAS SECURITIES SERVICES - FRANKFURT BRANCH
Ghana *	STANDARD CHARTERED BANK GHANA LIMITED FOR STANDARD CHARTERED BANK
Greece	HSBC BANK PLC - ATHENS BRANCH FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
Hong Kong	STANDARD CHARTERED BANK (HONG KONG) LIMITED FOR STANDARD CHARTERED BANK
Hong Kong	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
Hungary	UNICREDIT BANK HUNGARY ZRT FOR UNICREDIT BANK HUNGARY ZRT AND UNICREDIT BANK AUSTRIA AG
Iceland *	LANDSBANKINN HF.
India *	CITIBANK, N.A.- MUMBAI BRANCH
Indonesia	CITIBANK, N.A.- JAKARTA BRANCH
Ireland	CITIBANK, N.A.- LONDON BRANCH
Israel	CITIBANK, N.A., ISRAEL BRANCH
Italy	BNP PARIBAS SECURITIES SERVICES - MILAN BRANCH
Japan	THE BANK OF TOKYO-MITSUBISHI UFJ LTD
Japan	MIZUHO BANK LTD
Kenya *	STANDARD CHARTERED BANK KENYA LIMITED FOR STANDARD CHARTERED BANK
Kuwait *	HSBC BANK MIDDLE EAST LIMITED - KUWAIT BRANCH FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)

<b>COUNTRY WHERE ASSETS HELD</b>	<b>SUBCUSTODIAN</b>
Latvia	"SWEDBANK" AS FOR NORDEA BANK FINLAND PLC AND NORDEA BANK AB(PUBL)
Lithuania	"SWEDBANK" AB FOR NORDEA BANK FINLAND PLC AND NORDEA BANK AB(PUBL)
Malaysia*	STANDARD CHARTERED BANK MALAYSIA BERHAD FOR STANDARD CHARTERED BANK
Mauritius*	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC) - MAURITIUS BRANCH
Mexico	BANCO NACIONAL DE MEXICO, SA (BANAMEX) FOR CITIBANK, N.A.
Morocco	CITIBANK MAGHREB FOR CITIBANK, N.A.
Namibia *	STANDARD BANK NAMIBIA LTD. FOR STANDARD BANK OF SOUTH AFRICA LIMITED
Netherlands	BNP PARIBAS SECURITIES SERVICES
New Zealand	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC) - NEW ZEALAND BRANCH
Nigeria *	STANBIC IBTC BANK PLC FOR STANDARD BANK OF SOUTH AFRICA LIMITED
Norway	SKANDINAVISKA ENSKILDA BANKEN AB (PUBL), OSLO BRANCH
Norway	NORDEA BANK NORGE ASA FOR NORDEA BANK NORGE ASA AND NORDEA BANK AB (PUBL)
Pakistan*	STANDARD CHARTERED BANK (PAKISTAN) LIMITED FOR STANDARD CHARTERED BANK
Peru*	CITIBANK DEL PERU S.A. FOR CITIBANK, N.A.
Philippines*	STANDARD CHARTERED BANK - PHILIPPINES BRANCH
Poland	BANK HANDLOWY W WARSZAWIE SA (BHW) FOR CITIBANK NA
Portugal	BNP PARIBAS SECURITIES SERVICES
Qatar *	HSBC BANK MIDDLE EAST LTD - QATAR BRANCH FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
Romania	CITIBANK EUROPE PLC, DUBLIN - SUCURSALA ROMANIA FOR CITIBANK,N.A
Russia *	AO CITIBANK FOR CITIBANK, N.A.

<b>COUNTRY WHERE ASSETS HELD</b>	<b>SUBCUSTODIAN</b>
Serbia *	UNICREDIT BANK SERBIA JSC FOR UNICREDIT BANK AUSTRIA AG
Singapore	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC) - SINGAPORE BRANCH
Slovakia	CITIBANK EUROPE PLC, POBOCKA ZAHRANICNEJ BANKY FOR CITIBANK N.A.
South Africa	STANDARD CHARTERED BANK, JOHANNESBURG BRANCH
South Korea *	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED - KOREA BRANCH
Spain	BANCO BILBAO VIZCAYA ARGENTARIA SA
Spain	BNP PARIBAS SECURITIES SERVICES, SUCURSAL EN ESPANA
Sri Lanka *	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC) - SRI LANKA BRANCH
Swaziland *	STANDARD BANK SWAZILAND LTD. FOR STANDARD BANK OF SOUTH AFRICA LIMITED
Sweden	SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)
Switzerland	CREDIT SUISSE AG
Switzerland	UBS SWITZERLAND AG
Taiwan *	STANDARD CHARTERED BANK (TAIWAN) LTD FOR STANDARD CHARTERED BANK
Thailand	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC) - THAILAND BRANCH
Transnational (EUROCLEAR)	BROWN BROTHERS HARRIMAN & CO. (BBH&CO.)
Turkey	CITIBANK ANONIM SIRKETI FOR CITIBANK, N.A.
Uganda *	STANDARD CHARTERED BANK UGANDA LIMITED FOR STANDARD CHARTERED BANK
United Arab Emirates *	HSBC BANK MIDDLE EAST LIMITED FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HSBC)
United Kingdom	HSBC BANK PLC
Uruguay	BANCO ITAU URUGUAY S.A. FOR BANCO ITAU URUGUAY S.A. AND ITAU UNIBANCO S.A.
Vietnam *	HSBC BANK (VIETNAM) LTD. FOR THE HONGKONG AND

<b>COUNTRY WHERE ASSETS HELD</b>	<b>SUBCUSTODIAN</b>
	SHANGHAI BANKING CORPORATION LIMITED (HSBC)
Zambia *	STANDARD CHARTERED BANK ZAMBIA PLC FOR STANDARD CHARTERED BANK
Zimbabwe *	STANDARD CHARTERED BANK ZIMBABWE LIMITED FOR STANDARD CHARTERED BANK
United States	BROWN BROTHERS HARRIMAN & CO.

This GCNL is valid as of the date specified herein, and may be updated from time to time by BBH. A copy of the current GCNL is available upon request.

\* In these markets, cash held by clients of the delegates and sub-delegates of the Depositary is a deposit obligation of the subcustodian. For all other markets, cash held by clients of the delegates and sub-delegates of the Depositary is a deposit obligation of BBH & Co. or one of its affiliates.

## ANNEX VI SUSTAINABLE FINANCE DISCLOSURE REGULATION

This Annex VI has been prepared in accordance with the requirements of SFDR. Prospective investors should review the Supplement for the relevant Portfolio for information pertaining to the investment objective, investment policies, investment restrictions as well as the investment risks pertaining to an investment in the relevant Portfolio. This Annex VI (the "**SFDR Annex**") contains additional information pertaining to SFDR. This SFDR Annex forms part of and should be read in conjunction with the Prospectus and the Supplement for the relevant Portfolio.

SFDR seeks to establish a pan-European framework to facilitate Sustainable Investment, by providing for a harmonised approach in respect of sustainability-related disclosures to investors within the European Union's financial services sector. In the absence of such harmonisation, individual EU Member States would be free to adopt divergent disclosure standards or develop different approaches, resulting in an uneven playing field and/or creating barriers to entry for asset managers looking to make available financial products within the internal market of the European Union. The scope of SFDR is extremely broad, covering a very wide range of financial products (e.g. UCITS funds, AIFs, pension schemes etc) and financial market participants (e.g. EU authorised investment managers and advisers). It seeks to achieve more transparency regarding how financial market participants integrate Sustainability Risks into their investment decisions and the consideration of adverse sustainability impacts into the investment process. The objectives of SFDR are to (i) strengthen protection for investors of financial products, (ii) improve the disclosures made available to investors from financial market participants and (iii) improve the disclosures made available to investors regarding the financial products, to amongst other things, enable investors make informed investment decisions.

For the purposes of SFDR, each Portfolio of the Company qualifies as a financial product.

Accordingly, SFDR compliant disclosures in respect of each Portfolio are set out below under the heading "*Sustainability Related Disclosures*", including confirmation on whether the relevant Portfolio (i) promotes environmental or social characteristics, or a combination of these (an "**Article 8 Portfolio**"), or (ii) has Sustainable Investment as its investment objective (an "**Article 9 Portfolio**").

For further details on how a Portfolio complies with the requirements of SFDR, please see below where the disclosures for the relevant Portfolios are set out.

## TAXONOMY REGULATION

The Taxonomy Regulation seeks to establish a framework to classify environmentally sustainable economic activities (otherwise known as Taxonomy-aligned activities), whilst also amending certain disclosure requirements of SFDR. It sets out harmonised criteria for determining whether an economic activity qualifies as environmentally sustainable and outlines a range of disclosure obligations to enhance transparency and to provide for an objective comparison of financial products regarding the proportion of their investments that contribute to environmentally sustainable economic activities.

The Taxonomy Regulation sets out a list of economic activities and performance criteria for assessing the contribution of these activities to six environmental objectives, namely (i) climate change mitigation; (ii) climate change adaptation; (iii) sustainable use and protection of water and marine resources; (iv) transition to a circular economy; (v) pollution prevention and control and protection; and (vi) restoration of biodiversity and ecosystems (the "**Environmental Objectives**"). Whilst the Taxonomy Regulation is effective from 1 January 2022, the Environmental Objectives will apply on a phased basis. Consideration of whether or not the underlying investments of Article 8 Portfolios and Article 9 Portfolios contribute to climate change mitigation and/or climate change adaptation apply from 1 January 2022. Consideration with regard to the other four Environmental Objectives will apply from 1 January 2023.

In accordance with the Taxonomy Regulation, a Portfolio's investments shall be considered as an *environmentally sustainable economic activity* where: (1) such activity contributes substantially to one or more of the Environmental Objectives; (2) such activity does not significantly harm any of the Environmental Objectives, in accordance with the Taxonomy Regulation; (3) such activity is carried out in compliance with minimum safeguards, prescribed in the Taxonomy Regulation; and (4) such activity complies with technical screening criteria established by the European Commission in accordance with the Taxonomy Regulation. It should be noted that the "do no significant harm" principle applies only to investments underlying the Portfolios that take into account the EU criteria for environmentally sustainable economic activities.

The Taxonomy Regulation also builds on the SFDR requirements for the Article 8 Portfolios and the Article 9 Portfolios by placing additional disclosure obligations on such Portfolios that invest in economic activities that contribute to one or more of the Environmental Objectives. The Taxonomy Regulation requires the Manager to disclose (i) how and to what extent it has used the Taxonomy Regulation to determine the sustainability of the Portfolios' underlying investments; and (ii) to what Environmental Objective(s) the underlying investments contribute.



The analysis and disclosure requirements introduced by the Taxonomy Regulation are very detailed and compliance with them requires the availability of multiple, specific data points in respect of each investment which an Article 8 Portfolio or an Article 9 Portfolio makes. The Manager is not committing that the Article 8 Portfolios and the Article 9 Portfolios will invest in investments that qualify as environmentally sustainable for the purposes of the Taxonomy Regulation. As such, the minimum proportion of the Article 8 Portfolios' and the Article 9 Portfolios' investments that contribute to environmentally sustainable economic activities for the purposes of the Taxonomy Regulation will be 0%.

For the purpose of the Taxonomy Regulation, the investments underlying all Portfolios which are neither Article 8 Portfolios nor Article 9 Portfolios do not take into account the EU criteria for environmentally sustainable economic activities.

## ESG POLICY

Neuberger Berman has a long-standing belief that material environmental, social and governance (“**ESG**”) factors are an important driver of long-term investment returns from both an opportunity and a risk-mitigation perspective. ESG factors can be employed in a variety of ways to help generate enhanced returns and meet specific investor objectives within a Portfolio. Neuberger Berman's approach not only benefits investors, but can also support better-functioning capital markets and have a positive impact for people and the planet. For over three decades, Neuberger Berman has been on the forefront of integrating ESG criteria into the investment process. Neuberger Berman recognises that ESG factors, like any other factor, should be incorporated in a manner consistent with the specific asset class, strategy and style of each investment strategy. Neuberger Berman integrates ESG considerations across its investment platform and offers a range of solutions to meet investor objectives. Neuberger Berman is also a signatory to the United Nation's Principles of Responsible Investment (“**PRI**”). In the 2020 PRI Assessment, Neuberger Berman obtained the highest score, A+, for its overarching approach to ESG strategy and governance.

Neuberger Berman's ESG policy (the “**ESG Policy**”) provides a broad framework for the firm's approach to ESG integration. The ESG Policy is a guideline for formalising and focusing the firm's responsible investment efforts, with the recognition that ESG issues have a meaningful impact on delivering investment results for investors. In managing certain Portfolios, the Manager and the Sub-Investment Manager consider the ESG Policy when determining what investments to make for that Portfolio. In doing so, the Manager and/or the Sub-Investment Manager integrate ESG factors into the investment decision-making process. The specific approach to ESG integration taken by the Manager and/or the Sub-Investment Manager, in respect of a Portfolio, will depend on multiple factors, including (i) the objectives of the Portfolio's strategy, (ii) the assets held by that Portfolio, (iii) the investment time horizon, (iv) any specific research undertaken by the Manager and/or the Sub-Investment Manager, (v) an assessment of the likely impact of Sustainability Risks on the returns of the Portfolio and (vi) the overall investment process.

The portfolio management team at the Manager and/or the Sub-Investment Manager, as the case may be, selects an approach from the Neuberger Berman ESG integration framework: (i) Avoid, (ii) Assess, (iii) Amplify, or (iv) Aim for Impact. That choice will determine whether to simply exclude particular companies (“**Avoid**”), reach a more holistic understanding of risk and return (“**Assess**”), tilt the portfolio to best-in-class corporate issuers based on ESG characteristics (“**Amplify**”), or invest in companies that are intentionally generating positive social/environmental impact (“**Aim for Impact**”) alongside a financial return.

The portfolio management team at the Manager and/or the Sub-Investment Manager, as the case may be, determines how to (i) achieve its ESG integration objective (ii) undertake ESG analysis to mitigate risk and enhance opportunity, and (iii) analyse and measure investee companies/issuers. Each of those steps influences portfolio construction. The ESG Policy requires that each portfolio management team undertake its own research on ESG factors so they can consider them alongside other inputs as part of the overall investment process. The portfolio management team also has access to a wide range of ESG data sources and research providers, as well as the advanced analytics capabilities of Neuberger Berman's Big Data team. The portfolio management team may also access third-party ESG research providers for ESG analysis to supplement their own research.

Where indicated in the Supplement or this SFDR Annex, the portfolio managers engage directly with management teams of the investee companies for certain Portfolios. Those engagements can include in person meetings and conference calls with senior management to understand the issuer's risks and opportunities. Neuberger Berman believes that engagement is important and that it is the responsibility of each portfolio management team to engage on ESG topics as part of their ongoing dialogue with senior management of investee issuers. Portfolio managers are encouraged to evaluate governance structures of companies, the quality of oversight of boards, as well as shareholder rights features.

The ESG Policy is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

In managing certain Portfolios, the Manager and/or the Sub-Investment Manager may disregard the ESG Policy (including the consideration of Sustainability Risks), where the particular strategy does not support the integration of ESG factors.

## SUSTAINABILITY RISKS

Sustainability Risks can impact the value of an investment in a number of ways depending on the nature of individual

investments, for example, through physical damage to assets, policy or technological changes impacting the economics of the investment or through changes in consumer preferences.

The Manager and the Sub-Investment Manager consider Sustainability Risks (as defined in the SFDR as per the "Definitions" section of this Prospectus) as a broad term which seeks to identify financially material risk that relates to ESG issues. Therefore, potential risk posed by Sustainability Risks can be limited through ESG integration, sustainable investing and the responsible and proper management of the Portfolios.

The Manager and the Sub-Investment Manager view ESG integration as the practice of incorporating material ESG risks and considerations (as a binding element) into the investment decision-making process. ESG integration should sit alongside traditional financial considerations and should enrich the Manager's and/or the Sub-Investment Manager's investment team's analysis of issuers by providing a toolkit for identifying material ESG risks and informing investment decisions.

ESG factors and consideration of Sustainability Risks can be employed in a variety of ways to target enhanced returns, mitigate risk and meet investment objectives within a Portfolio. However, the Manager and the Sub-Investment Manager achieve ESG integration across all Article 8 and Article 9 Portfolios through the application of the NB ESG Quotient (defined below).

The likely impacts of Sustainability Risks are difficult to quantify. Although the ESG practices of a company may influence its long-term value, there can be no guarantee regarding the performance of individual investments, nor on the returns of the strategy, despite the integration of Sustainability Risks.

The Manager and the Sub-Investment Manager feel that the manner in which Sustainability Risks are defined can lead to some confusion between the terms ESG integration and sustainable investing. The Manager and the Sub-Investment Manager see these as inter-related but distinct terms and processes. The Article 8 Portfolios consider environmental and/or social characteristics beyond ESG integration, although they do also undertake ESG integration (so as to take into account Sustainability Risks).

The Manager and the Sub-Investment Manager believe that material ESG factors are an important driver of long-term investment returns from both an opportunity and a risk-mitigation perspective. Hence, the Manager and/or the Sub-Investment Manager's ESG integration approach considers ESG opportunities as well as Sustainability Risks.

### **NEUBERGER BERMAN ESG QUOTIENT**

For each of the Article 8 and Article 9 Portfolios, the Manager and/or the Sub-Investment Manager use the NB ESG Quotient as part of the investment process. The NB ESG Quotient is built around the concept of sector specific ESG risk. Foundational to the NB ESG Quotient is the proprietary Neuberger Berman ("NB") materiality matrix, which focuses on the ESG characteristics that are considered to be the most material drivers of ESG risk for each sector. Each sector criteria is constructed using third party ESG data and supplemented with internal qualitative analysis, leveraging the Manager's and/or the Sub-Investment Manager's analyst team's significant sector expertise. Unless otherwise specified in the supplement for the relevant Portfolio, the NB ESG Quotient does not consider investments in money market instruments, cash, cash equivalents or derivatives.

The NB ESG Quotient assigns weightings to environmental, social and governance characteristics of an issuer on material ESG factors (relative to their peer group) to derive the NB ESG Quotient rating. Issuers with a favourable and/or an improving NB ESG Quotient rating have a higher chance of being included in the relevant Portfolio. Issuers with a poor NB ESG Quotient rating, especially where a poor NB ESG Quotient rating is not being addressed by an issuer, are more likely to be excluded from the investment universe or divested from the relevant Portfolio. In addition, constructive engagements are undertaken with issuers that have a poor NB ESG Quotient rating, in order to assess whether concerns are being addressed adequately.

### **ASSESSMENT OF THE IMPACT ON LIKELY RETURNS**

The Manager and/or the Sub-Investment Manager will apply the ESG Policy in respect of each Portfolio (and in certain cases the Sustainable Exclusion Policy and/or the Enhanced Sustainable Exclusion Policy), save for those Portfolios where Sustainability Risks are not relevant to the particular strategy, as further detailed below. In addition all of the Portfolios (with the exception of the Neuberger Berman Uncorrelated Strategies Fund, the Neuberger Berman Uncorrelated Trading Fund and the Neuberger Berman China Equity Fund) will apply the Thermal Coal Involvement Policy. In applying these policies, the Manager and the Sub-Investment Manager may deliberately forego opportunities for a Portfolio to gain exposure to certain companies, industries, sectors or countries and it may choose to sell a security when, in hindsight, it might be seen to have been disadvantageous to do so. Those Portfolios may focus on investments in companies that relate to certain sustainable development themes and demonstrate adherence to environmental, social and good governance practices. Accordingly, as the universe of investments for those Portfolios is smaller than that of other funds with similar investment policies, the Manager and the Sub-Investment Manager have determined that those Portfolios may potentially underperform the market as a whole if the investments underperform the market, which could negatively impact on returns.

Notwithstanding the foregoing, the ESG Policy seeks to formalise and focus Neuberger Berman's responsible investment efforts, with the belief that material ESG characteristics are an important driver of long-term investment returns, and can also support better-functioning capital markets and have a positive impact for people and the planet.

## CONSIDERATION OF ADVERSE SUSTAINABILITY IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Notwithstanding that the Manager and/or the Sub-Investment Manager will integrate the consideration of Sustainability Risks into the investment decision-making process, save for those Portfolios indicated below, the Manager and the Sub-Investment Manager do not currently consider the principal adverse impacts of its investment decisions on Sustainability Factors at entity level. The Manager and the Sub-Investment Manager have opted against doing so, primarily as the regulatory technical standards ("RTS") supplementing SFDR, which set out the content, methodology and information required in the principal adverse sustainability impact ("PASI") statement, have only recently been finalised and published.

However, the Manager and/or the Sub-Investment Manager will consider the Principal Adverse Impact Indicators (the "PAIs") on Sustainability Factors at the product level for each of the Article 8 and Article 9 Portfolios. For the avoidance of doubt, the PAIs will not be considered across cash and cash equivalents or asset classes for which there is insufficient data such as, but not limited to, asset or mortgage backed securities, derivatives, short positions or collateralised loan obligations.

In addition, an Article 8 or Article 9 Portfolio may consider the Sovereign Principal Adverse Impact Indicators ("Sovereign PAIs") where there is significant sovereign investment by that Portfolio.

Each PAI and where relevant each Sovereign PAI will be considered for each Article 8 and Article 9 Portfolio where there is adequate, reliable and verifiable data coverage for such indicators. Where such data is not available the relevant PAI and/or Sovereign PAI will not be considered until such time as the data becomes available.

Consideration of the PAIs by the Manager and/or the Sub-Investment Manager will be through a combination of:

- Monitoring Article 8 and Article 9 Portfolios which fall below the quantitative and qualitative tolerance thresholds set for each PAI and, where relevant, each Sovereign PAI by the Manager and/or the Sub-Investment Manager;
- Stewardship and/or setting engagement objectives with issuers, where the Article 8 or Article 9 Portfolio falls below the quantitative and qualitative tolerance thresholds set for a PAI; and
- Application of the following Neuberger Berman ESG exclusionary policies: (i) the Global Standards Policy; (ii) the Controversial Weapons Policy; and (iii) the Thermal Coal Involvement Policy across all Article 8 and Article 9 Portfolios. Certain Portfolios will also apply the Sustainable Exclusion Policy and/or the Enhanced Sustainable Exclusion Policy and this will be indicated in the relevant supplement, where applicable. Further information on the above Neuberger Berman ESG exclusionary policies is available in the "Sustainable Investment Criteria" section of the Prospectus.

For other Portfolios, principal adverse impacts on Sustainability Factors are not considered due to the absence of adequate, reliable and verifiable data coverage.

## SUSTAINABILITY RELATED DISCLOSURES

For certain Portfolios the Manager and/or the Sub-Investment Manager do not apply the ESG Policy and deem Sustainability Risks not to be relevant as the particular strategy of the relevant Portfolio does not support the integration of same. The relevant Portfolios are:

1. Neuberger Berman US Equity Index Putwrite Fund	2. Neuberger Berman US Small Cap Intrinsic Value Fund
3. Neuberger Berman Uncorrelated Strategies Fund	4. Neuberger Berman China Equity Fund
5. Neuberger Berman Macro Opportunities FX Fund	6. Neuberger Berman Uncorrelated Trading Fund
7. Neuberger Berman Commodities Fund	

For the purposes of SFDR, the following Portfolios are classified as Article 8 Portfolios:

1. Neuberger Berman High Yield Bond Fund	2. Neuberger Berman Asian Debt – Hard Currency Fund
3. Neuberger Berman European High Yield Bond Fund	4. Neuberger Berman Global High Yield SDG Engagement Fund
5. Neuberger Berman Corporate Hybrid Bond Fund	6. Neuberger Berman Euro Bond Absolute Return Fund

7. Neuberger Berman Global Opportunistic Bond Fund	8. Neuberger Berman Ultra Short Term Euro Bond Fund
9. Neuberger Berman Emerging Market Debt – Local Currency Fund	10. Neuberger Berman Euro Opportunistic Bond Fund
11. Neuberger Berman Emerging Market Debt – Hard Currency Fund	12. Neuberger Berman Multi-Asset Income Fund
13. Neuberger Berman Emerging Market Corporate Debt Fund	14. Neuberger Berman CLO Income Fund
15. Neuberger Berman Short Duration Emerging Market Debt Fund	16. Neuberger Berman US Long Short Equity Fund
17. Neuberger Berman Emerging Market Debt Blend Fund	18. Neuberger Berman US Multi Cap Opportunities Fund
19. Neuberger Berman Emerging Market Debt Sustainable Investment Grade Blend Fund	20. Neuberger Berman Japan Equity Engagement Fund
21. Neuberger Berman Emerging Markets Sustainable Equity Fund	22. Neuberger Berman China Bond Fund
23. Neuberger Berman US Equity Fund	24. Neuberger Berman Global Thematic Equity Fund
25. Neuberger Berman Emerging Markets Equity Fund	26. Neuberger Berman 5G Connectivity Fund
27. Neuberger Berman Next Generation Mobility Fund	28. Neuberger Berman Global Real Estate Securities Fund
29. Neuberger Berman US Real Estate Securities Fund	30. Neuberger Berman Global Bond Fund
31. Neuberger Berman China A-Share Equity Fund	32. Neuberger Berman Global Flexible Credit Income Fund
33. Neuberger Berman Strategic Income Fund	34. Neuberger Berman Global Diversified Income FMP-2024
35. Neuberger Berman InnovAsia 5G Fund	36. Neuberger Berman US Small Cap Fund
37. Neuberger Berman Global Investment Grade Credit Fund	38. Neuberger Berman Short Duration High Yield Bond Fund
39. Neuberger Berman Sustainable Asia High Yield Fund	40. Neuberger Berman US Large Cap Value Fund
41. Neuberger Berman Systematic Global Sustainable Value Fund	42. Neuberger Berman Next Generation Space Economy Fund
43. Neuberger Berman Global Sustainable Equity Fund	44. Neuberger Berman European Sustainable Equity Fund
45. Neuberger Berman Global High Yield Sustainable Action Fund	46. Neuberger Berman Metaverse Fund

For the purposes of SFDR, the following Portfolio is classified as an Article 9 Portfolio:

1. Neuberger Berman Sustainable Emerging Market Debt – Hard Currency Fund
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## Neuberger Berman Emerging Market Debt – Local Currency Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will invest primarily in debt securities and money market instruments which are issued by governments, government agencies or corporate issuers which have their head office or exercise an overriding part of their economic activity in Emerging Market Countries and which are denominated in or are exposed to the currencies of such Emerging Market Countries.

The Manager and the Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Manager and the Sub-Investment Manager have fully integrated the ESG Policy into the overall investment process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Manager and the Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "*Sustainable Investment Criteria*" section of the Prospectus. In addition, the Portfolio excludes companies which are involved in direct child labour, in the tobacco industry, as well as certain companies with significant exposure to thermal coal or oil sands.

ESG factors are integral to the Manager's and the Sub-Investment Manager's investment process, and are tracked and considered by all analysts and portfolio managers, with regular research and data management conducted by the Manager's and the Sub-Investment Manager's economists. The Manager and the Sub-Investment Manager look at a wide array of ESG factors that seek to capture immediate developments and long-term trends.

In relation to Emerging Market Countries, the Manager and the Sub-Investment Manager shall consider **environmental factors** including (i) the energy intensity of gross domestic product ("**GDP**"), (ii) carbon dioxide ("**CO2**") emissions levels per GDP and per capita, and (iii) the degree to which electricity is being produced from coal sources. The Manager and the Sub-Investment Manager also monitor countries' contributions/adherence to the UN Sustainable Development Goals.

In terms of **social factors**, the Manager and the Sub-Investment Manager analyse a country's relative position on (i) income, (ii) education and (iii) health as tracked by local and international organisations and development banks, as well as (iv) factors related to the effectiveness and legitimacy of the administration through public opinion surveys.

The **governance factors** that the Manager and the Sub-Investment Manager track in relation to Emerging Market Countries include (i) the political sphere of the relevant country, (ii) the adherence to the rule of law, (iii) control of corruption, political uncertainty related to upcoming elections and (iv) a focus of the quality of economic governance, namely the government's role as an effective regulator and support of the private sector through responsible financial, macroeconomic and international trade policies.

The Manager and the Sub-Investment Manager make assessments on these ESG factors on a regular basis, at least at each quarterly portfolio review and expands upon these factors from time to time.

In addition to integrating the aforementioned screening/exclusion policy into the portfolio construction process, the Manager and the Sub-Investment Manager utilise a proprietary ESG scoring system for Emerging Market corporate issuers, to identify qualitative risks and opportunities in the overall credit assessment. This scoring system includes an in-house governance assessment tool and a specific scoring methodology for environmental and social factors whereby the Manager and the Sub-Investment Manager select a number of underlying factors from

	<p>different ESG research providers, which are material for corporate fundamental and spread developments. The ESG factors applied are sector-specific depending on their materiality for each sector. Companies that have a low score (i.e. of 33/100 or lower) are excluded from the investment universe, unless the Manager's and the Sub-Investment Manager's engagement efforts with the investee company result in a positive outlook regarding the ESG score.</p> <p>The Manager and the Sub-Investment Manager shall also engage directly with management teams of the investee companies through a robust qualitative ESG engagement program. This program is focused on in-person meetings and conference calls to understand risks and opportunities at investee companies. The Manager and the Sub-Investment Manager view this direct engagement with investee companies, as an essential part of its investment process.</p>
<b>Benchmark Index</b>	<p>The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.</p>



## Neuberger Berman Emerging Market Debt – Hard Currency Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will invest primarily in debt securities and money market instruments issued by public or private issuers in Emerging Market Countries which are denominated in Hard Currency (as defined in the Supplement).

The Manager and the Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Manager and the Sub-Investment Manager have fully integrated the ESG Policy into the overall investment process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Manager and the Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy are set out in the "*Sustainable Investment Criteria*" section of the Prospectus. In addition, the Portfolio excludes companies which are involved in direct child labour, in the tobacco industry, as well as certain companies with significant exposure to thermal coal or oil sands.

ESG factors are integral to the Manager's and the Sub-Investment Manager's investment process, and are tracked and considered by all analysts and portfolio managers, with regular research and data management conducted by the Manager's and the Sub-Investment Manager's economists. The Manager and the Sub-Investment Manager look at a wide array of ESG factors that seek to capture immediate developments and long-term trends.

In relation to Emerging Market Countries, the Manager and the Sub-Investment Manager shall consider **environmental factors** including (i) the energy intensity of GDP, (ii) CO2 emissions levels per GDP and per capita and (iii) the degree to which electricity is being produced from coal sources. The Manager and the Sub-Investment Manager also monitors countries' contributions/adherence to the UN Sustainable Development Goals.

In terms of **social factors**, the Manager and the Sub-Investment Manager analyse a country's relative position on (i) income, (ii) education and (iii) health as tracked by local and international organisations and development banks, as well as (iv) factors related to the effectiveness and legitimacy of the administration through public opinion surveys.

The **governance factors** that the Manager and the Sub-Investment Manager tracks in relation to Emerging Market Countries include (i) the political sphere of the relevant country, (ii) the adherence to the rule of law, (iii) control of corruption, political uncertainty related to upcoming elections and (iv) a focus of the quality of economic governance, namely the government's role as an effective regulator and support of the private sector through responsible financial, macroeconomic and international trade policies.

The Manager and the Sub-Investment Manager make assessments on these ESG factors on a regular basis, at least at each quarterly portfolio review and expands upon these factors from time to time.

In addition to integrating the aforementioned screening/exclusion policies into the portfolio construction process, the Manager and the Sub-Investment Manager utilise a proprietary ESG scoring system for Emerging Market corporate issuers, to identify qualitative risks and opportunities in the overall credit assessment. This scoring system includes an in-house governance assessment tool and a specific scoring methodology for environmental and social factors whereby the Manager and the Sub-Investment Manager select a number of underlying factors from different ESG research providers, which are material for corporate fundamental and spread developments. The ESG factors applied are sector-specific depending on their materiality for each sector. Companies that have a low score (i.e. of 33/100 or lower) are excluded from the investment universe, unless the Manager's and the



	<p>Sub-Investment Manager's engagement efforts with the investee company result in a positive outlook regarding the ESG score.</p> <p>The Manager and the Sub-Investment Manager shall also engage directly with management teams of the investee companies through a robust qualitative ESG engagement program. This program is focused on in-person meetings and conference calls to understand risks and opportunities at investee companies. The Manager and the Sub-Investment Manager view this direct engagement with investee companies, as an essential part of its investment process.</p>
<b>Benchmark Index</b>	<p>The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.</p>

## Neuberger Berman Emerging Market Corporate Debt Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will invest primarily in debt securities and money market instruments issued by corporate issuers, which have their head office or exercise an overriding part of their economic activity in Emerging Market Countries, which may be denominated in Hard Currency (as defined in the Supplement).

The Manager and the Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Manager and the Sub-Investment Manager have fully integrated the ESG Policy into the overall investment process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website [www.nb.com/esg](http://www.nb.com/esg)

The Manager and the Sub-Investment Manager shall also apply (i) the Global Standards Policy; (ii) Controversial Weapons Policy; and (iii) Thermal Coal Involvement Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy are set out in the "*Sustainable Investment Criteria*" section of the Prospectus. In addition, the Portfolio excludes companies which are involved in direct child labour, in the tobacco industry, as well as certain companies with significant exposure to thermal coal or oil sands.

ESG factors are integral to the Manager's and the Sub-Investment Manager's investment process, and are tracked and considered by all analysts and portfolio managers, with regular research and data management conducted by the Manager's and the Sub-Investment Manager's economists. The Manager and the Sub-Investment Manager look at a wide array of ESG factors that seek to capture immediate developments and long-term trends.

In relation to Emerging Market Countries, the Manager and the Sub-Investment Manager shall consider **environmental factors** including (i) the energy intensity of GDP, (ii) CO2 emissions levels per GDP and per capita and (iii) the degree to which electricity is being produced from coal sources. The Manager and the Sub-Investment Manager also monitor countries' contributions/adherence to the UN Sustainable Development Goals.

In terms of **social factors**, the Manager and the Sub-Investment Manager analyse a country's relative position on (i) income, (ii) education and (iii) health as tracked by local and international organisations and development banks, as well as (iv) factors related to the effectiveness and legitimacy of the administration through public opinion surveys.

The **governance factors** that the Manager and the Sub-Investment Manager track in relation to Emerging Market Countries include (i) the political sphere of the relevant country, (ii) the adherence to the rule of law, (iii) control of corruption, political uncertainty related to upcoming elections and (iv) a focus of the quality of economic governance, namely the government's role as an effective regulator and support of the private sector through responsible financial, macroeconomic and international trade policies.

The Manager and the Sub-Investment Manager make assessments on these ESG factors on a regular basis, at least at each quarterly portfolio review and expands upon these factors from time to time.

In addition to integrating the aforementioned screening/exclusion policy into the portfolio construction process, the Manager and the Sub-Investment Manager utilise a proprietary ESG scoring system for Emerging Market corporate issuers, to identify qualitative risks and opportunities in the overall credit assessment. This scoring system includes an in-house governance assessment tool and a specific scoring methodology for environmental and social factors whereby the Manager and the Sub-Investment Manager select a number of underlying factors from different ESG research providers, which are material for corporate fundamental and spread developments. The ESG factors applied are sector-specific depending

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on their materiality for each sector. Companies that have a low score (i.e. of 33/100 or lower) are excluded from the investment universe, unless the Manager's and the Sub-Investment Manager's engagement efforts with the investee company result in a positive outlook regarding the ESG score.

The Manager and the Sub-Investment Manager shall also engage directly with management teams of the investee companies through a robust qualitative ESG engagement program. This program is focused on in-person meetings and conference calls to understand risks and opportunities at investee companies. The Manager and the Sub-Investment Manager view this direct engagement with investee companies, as an essential part of its investment process.

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**Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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## Neuberger Berman Short Duration Emerging Market Debt Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will invest primarily in short duration debt securities and money market instruments issued by public or corporate issuers which have their head office, or exercise an overriding part of their economic activity, in Emerging Market Countries and which are denominated in Hard Currency (as defined in the Supplement).

The Manager and the Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Manager and the Sub-Investment Manager have fully integrated the ESG Policy into the overall investment process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Manager and the Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy are set out in the "*Sustainable Investment Criteria*" section of the Prospectus. In addition, the Portfolio excludes companies which are involved in direct child labour, in the tobacco industry, as well as certain companies with significant exposure to thermal coal or oil sands.

ESG factors are integral to the Manager's and the Sub-Investment Manager's investment process, and are tracked and considered by all analysts and portfolio managers, with regular research and data management conducted by the Manager's and the Sub-Investment Manager's economists. The Manager and the Sub-Investment Manager look at a wide array of ESG factors that seek to capture immediate developments and long-term trends.

In relation to Emerging Market Countries, the Manager and the Sub-Investment Manager shall consider **environmental factors** including (i) the energy intensity of GDP, (ii) CO2 emissions levels per GDP and per capita and (iii) the degree to which electricity is being produced from coal sources. The Manager and the Sub-Investment Manager also monitor countries' contributions/adherence to the UN Sustainable Development Goals.

In terms of **social factors**, the Manager and the Sub-Investment Manager analyse a country's relative position on (i) income, (ii) education and (iii) health as tracked by local and international organisations and development banks, as well as (iv) factors related to the effectiveness and legitimacy of the administration through public opinion surveys.

The **governance factors** that the Manager and the Sub-Investment Manager track in relation to Emerging Market Countries include (i) the political sphere of the relevant country, (ii) the adherence to the rule of law, (iii) control of corruption, political uncertainty related to upcoming elections and (iv) a focus of the quality of economic governance, namely the government's role as an effective regulator and support of the private sector through responsible financial, macroeconomic and international trade policies.

The Manager and the Sub-Investment Manager make assessments on these ESG factors on a regular basis, at least at each quarterly portfolio review and expands upon these factors from time to time.

In addition to integrating the aforementioned screening/exclusion policy into the portfolio construction process, the Manager and the Sub-Investment Manager utilise the NB ESG Quotient for Emerging Market corporate issuers, to identify qualitative risks and opportunities in the overall credit assessment. This scoring system includes an in-house governance assessment tool and a specific scoring methodology for environmental and social factors whereby the Manager and the Sub-Investment Manager select a number of underlying factors from different ESG research providers, which are material for corporate fundamental and spread developments. The ESG factors applied are sector-specific depending on their

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materiality for each sector. Companies that have a low score (i.e. of 33/100 or lower) are excluded from the investment, unless the Manager's and the Sub-Investment Manager's engagement efforts with the investee company result in a positive outlook regarding the ESG score.

The Manager and the Sub-Investment Manager shall also engage directly with management teams of the investee companies through a robust qualitative ESG engagement program. This program is focused on in-person meetings and conference calls to understand risks and opportunities at investee companies. The Manager and the Sub-Investment Manager view this direct engagement with investee companies, as an essential part of its investment process.

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**Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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## Neuberger Berman Emerging Market Debt Blend Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will invest primarily in debt securities and money market instruments which are issued by governments of, government agencies in or corporate issuers which have their head office or exercise an overriding part of their economic activity in Emerging Market Countries and which are either denominated in or are exposed to the currencies of such Emerging Market Countries or denominated in Hard Currency (as defined in the Supplement).

The Manager and the Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Manager and the Sub-Investment Manager have fully integrated the ESG Policy into the overall investment process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy are set out in the "Sustainable Investment Criteria" section of the Prospectus. In addition, the Portfolio excludes companies which are involved in direct child labour, in the tobacco industry, as well as certain companies with significant exposure to thermal coal or oil sands.

ESG factors are integral to the Manager's and the Sub-Investment Manager's investment process, and are tracked and considered by all analysts and portfolio managers, with regular research and data management conducted by the Manager's and the Sub-Investment Manager's economists. The Manager and the Sub-Investment Manager look at a wide array of ESG factors that seek to capture immediate developments and long-term trends.

In relation to Emerging Market Countries, the Manager and the Sub-Investment Manager shall consider **environmental factors** including (i) the energy intensity of GDP, (ii) CO2 emissions levels per GDP and per capita and (iii) the degree to which electricity is being produced from coal sources. The Manager and the Sub-Investment Manager also monitor countries' contributions/adherence to the UN Sustainable Development Goals.

In terms of **social factors**, the Manager and the Sub-Investment Manager analyse a country's relative position on (i) income, (ii) education and (iii) health as tracked by local and international organisations and development banks, as well as (iv) factors related to the effectiveness and legitimacy of the administration through public opinion surveys.

The **governance factors** that the Manager and the Sub-Investment Manager track in relation to Emerging Market Countries include (i) the political sphere of the relevant country, (ii) the adherence to the rule of law, (iii) control of corruption, political uncertainty related to upcoming elections and (iv) a focus of the quality of economic governance, namely the government's role as an effective regulator and support of the private sector through responsible financial, macroeconomic and international trade policies.

The Manager and the Sub-Investment Manager make assessments on these ESG factors on a regular basis, at least at each quarterly portfolio review and expands upon these factors from time to time.

In addition to integrating the aforementioned screening/exclusion policy into the portfolio construction process, the Manager and the Sub-Investment Manager utilise a proprietary ESG scoring system for Emerging Market corporate issuers, to identify qualitative risks and opportunities in the overall credit assessment. This scoring system includes an in-house governance assessment tool and a specific scoring methodology for environmental and social factors whereby the Manager and the Sub-Investment Manager select a number of underlying factors from different ESG research providers, which are material for corporate fundamental

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and spread developments. The ESG factors applied are sector-specific depending on their materiality for each sector. Companies that have a low score (i.e. of 33/100 or lower) are excluded from the investment, unless the Manager's and the Sub-Investment Manager's engagement efforts with the investee company result in a positive outlook regarding the ESG score.

The Manager and the Sub-Investment Manager shall also engage directly with management teams of the investee companies through a robust qualitative ESG engagement program. This program is focused on in-person meetings and conference calls to understand risks and opportunities at investee companies. The Manager and the Sub-Investment Manager view this direct engagement with investee companies, as an essential part of its investment process.

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**Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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## Neuberger Berman Emerging Market Debt Sustainable Investment Grade Blend Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will invest primarily in investment grade debt securities and money market instruments which are issued by governments of, government agencies in or corporate issuers which have their head office or exercise an overriding part of their economic activity in Emerging Market Countries and which are denominated in or are exposed to the currencies of such Emerging Market Countries ("**Local Currency**") or denominated in Hard Currency (as defined in the Supplement).

The Manager and the Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Manager and the Sub-Investment Manager have fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Manager and the Sub-Investment Manager shall also apply (i) the Global Standards Policy; (ii) the Controversial Weapons Policy; (iii) the Sustainable Exclusion Policy; and (iv) the Enhanced Sustainable Exclusion Policy, when determining what investments to make for the Portfolio. Further details on these screening/exclusion policies are set out in the "*Sustainable Investment Criteria*" section of the Prospectus. In addition, the Portfolio excludes companies which are involved in direct child labour, in the tobacco industry, as well as certain companies with significant exposure to thermal coal or oil sands.

ESG factors are integral to the Manager's and the Sub-Investment Manager's investment process, and are tracked and considered by all analysts and portfolio managers, with regular research and data management conducted by the Manager's and the Sub-Investment Manager's economists. The Manager and the Sub-Investment Manager look at a wide array of ESG factors that seek to capture immediate developments and long-term trends.

In relation to Emerging Market Countries, the Manager shall consider **environmental factors** including (i) the energy intensity of GDP, (ii) CO2 emissions levels per GDP and per capita and (iii) the degree to which electricity is being produced from coal sources. The Manager and the Sub-Investment Manager also monitor countries' contributions/adherence to the UN Sustainable Development Goals.

In terms of **social factors**, the Manager and the Sub-Investment Manager analyse a country's relative position on (i) income, (ii) education and (iii) health as tracked by local and international organisations and development banks, as well as (iv) factors related to the effectiveness and legitimacy of the administration through public opinion surveys.

The **governance factors** that the Manager and the Sub-Investment Manager track in relation to Emerging Market Countries include (i) the political sphere of the relevant country, (ii) the adherence to the rule of law, (iii) control of corruption, political uncertainty related to upcoming elections and (iv) a focus of the quality of economic governance, namely the government's role as an effective regulator and support of the private sector through responsible financial, macroeconomic and international trade policies.

The Manager and the Sub-Investment Manager make assessments on these ESG factors on a regular basis, at least at each quarterly portfolio review and expands upon these factors from time to time.

In addition to integrating the aforementioned screening/exclusion policies into the portfolio construction process, the Manager and the Sub-Investment Manager utilises a proprietary ESG scoring system for Emerging Market corporate issuers,

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to identify qualitative risks and opportunities in the overall credit assessment. This scoring system includes an in-house governance assessment tool and a specific scoring methodology for environmental and social factors whereby the Manager and the Sub-Investment Manager select a number of underlying factors from different ESG research providers, which are material for corporate fundamental and spread developments. The ESG factors applied are sector-specific depending on their materiality for each sector. Companies that have a low score (i.e. of 33/100 or lower) are excluded from the investment universe, unless the Manager's and the Sub-Investment Manager's engagement efforts with the investee company result in a positive outlook regarding the ESG score.

Based on the aforementioned ESG scoring process for countries and companies, the Manager and the Sub-Investment Manager apply a best-in-class process, whereby only the top 75% ranked countries and companies in terms of ESG score are eligible for investment.

The Manager and the Sub-Investment Manager shall also engage directly with management teams of the investee companies through a robust qualitative ESG engagement program. This program is focused on in-person meetings and conference calls to understand risks and opportunities at investee companies. The Manager and the Sub-Investment Manager view this direct engagement with investee companies, as an essential part of its investment process.

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**Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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## Neuberger Berman Asian Debt – Hard Currency Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will invest primarily in debt securities and money market instruments, which are issued by governments of, government agencies or corporate issuers which have their head office or exercise an overriding part of their economic activity in Asian countries and which are denominated in Hard Currency (as defined in the Supplement).

The Manager and the Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Manager and the Sub-Investment Manager have fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Manager and the Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy are set out in the "*Sustainable Investment Criteria*" section of the Prospectus. In addition, the Portfolio excludes companies which are involved in direct child labour, in the tobacco industry, as well as certain companies with significant exposure to thermal coal or oil sands.

ESG factors are integral to the Manager's and the Sub-Investment Manager's investment process, and are tracked and considered by all analysts and portfolio managers, with regular research and data management conducted by the Manager's and the Sub-Investment Manager's economists. The Manager and the Sub-Investment Manager look at a wide array of ESG factors that seek to capture immediate developments and long-term trends.

In relation to Emerging Market Countries, the Manager and the Sub-Investment Manager shall consider **environmental factors** including (i) the energy intensity of GDP, (ii) CO2 emissions levels per GDP and per capita and (iii) the degree to which electricity is being produced from coal sources. The Manager and the Sub-Investment Manager also monitor countries' contributions/adherence to the UN Sustainable Development Goals.

In terms of **social factors**, the Manager and the Sub-Investment Manager analyse a country's relative position on (i) income, (ii) education and (iii) health as tracked by local and international organisations and development banks, as well as (iv) factors related to the effectiveness and legitimacy of the administration through public opinion surveys.

The **governance factors** that the Manager and the Sub-Investment Manager track in relation to Emerging Market Countries include (i) the political sphere of the relevant country, (ii) the adherence to the rule of law, (iii) control of corruption, political uncertainty related to upcoming elections and (iv) a focus of the quality of economic governance, namely the government's role as an effective regulator and support of the private sector through responsible financial, macroeconomic and international trade policies.

The Manager and the Sub-Investment Manager make assessments on these ESG factors on a regular basis, at least at each quarterly portfolio review and expands upon these factors from time to time.

In addition to integrating the aforementioned screening/exclusion policy into the portfolio construction process, the Manager and the Sub-Investment Manager utilise a proprietary ESG scoring system for Emerging Market corporate issuers, to identify qualitative risks and opportunities in the overall credit assessment. This scoring system includes an in-house governance assessment tool and a specific scoring methodology for environmental and social factors whereby the Manager and the Sub-Investment Manager select a number of underlying factors from different ESG research providers, which are material for corporate fundamental

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and spread developments. The ESG factors applied are sector-specific depending on their materiality for each sector. Companies that have a low score (i.e. of 33/100 or lower) are excluded from the investment universe, unless the Manager's and the Sub-Investment Manager's engagement efforts with the investee company result in a positive outlook regarding the ESG score.

In determining the investments which the Portfolio will make, the Manager and the Sub-Investment Manager will prioritise issuers which:

- have a lower carbon emission intensity. The Portfolio aims to achieve a carbon emission intensity reduction of at least 10% compared to that of the broader Asia debt investment universe, represented by the Benchmark, with the intention to further increase the reduction targets over time; and
- demonstrate better ESG practices. The Portfolio aims to achieve a higher ESG score as compared to the broader Asia debt investment universe, represented by the Benchmark, based on third party ESG scores from an established external provider.

The objective of lower carbon emission intensity is with a view to achieving the long-term global warming objectives of the Paris Agreement.

In addition, the Manager and the Sub-Investment Manager will exclude securities issued by companies that generate meaningful revenues from palm oil, adult entertainment, and nuclear power generation.

The Manager and the Sub-Investment Manager shall also engage directly with management teams of the investee companies through a robust qualitative ESG engagement program. This program is focused on in-person meetings and conference calls to understand risks and opportunities at investee companies. The Manager and the Sub-Investment Manager view this direct engagement with investee companies, as an essential part of its investment process.

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#### **Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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## Neuberger Berman Emerging Markets Equity Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will invest primarily in equity and equity-linked securities which are listed or traded on Recognised Markets globally and issued by companies that: (1) trade principally on a recognised stock exchange in Emerging Market Countries; (2) are organised under the laws of and have a principal office in Emerging Market Countries; or (3) derive 50% or more of their total revenues from, and/or have 50% or more of their total assets in, goods produced, sales made, profits generated or services performed in Emerging Market Countries.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy are set out in the "Sustainable Investment Criteria" section of the Prospectus.

The Sub-Investment Manager integrates material ESG factors in the investment process by applying country and sector specific analysis in order to determine the quality of the company and to identify higher quality companies that could present lower long-term risk. The Sub-Investment Manager's strategy is built on the belief that responsibility is a hallmark of quality and invests in companies that have a sustainable competitive advantage derived from ESG factors. The Sub-Investment Manager shall seek to generate a positive social and environmental impact alongside a financial return.

The Sub-Investment Manager shall consider **environmental factors** including (i) environmental management system (i.e. minimise penalties, liabilities and contingencies), (ii) water management (i.e. more efficient use of resources and reduced costs); and (iii) clean tech innovations (i.e. product innovation and competitiveness).

In terms of **social factors** the Sub-Investment Manager shall consider (i) employee health and safety (i.e. lower turnover, absenteeism/higher productivity), (ii) labour relations (lower risk and business interruption), (iii) employee and board diversity (i.e. attracting and retaining talent and improved governance).

The Sub-Investment Manager shall also consider **governance factors** including (i) independence and board diversity (i.e. improved oversight and increased accountability), (ii) executive compensation (i.e. to ensure management is aligned with shareholder interest).

The Sub-Investment Manager considers a company's record in its management of environmental, social and, in particular, governance matters to be an indicator of management quality, which is an important consideration in its research work. The Sub-Investment Manager also evaluates material ESG factors by leveraging third-party data providers for common global ESG factors (e.g. resource productivity from MSCI ESG) complemented with country and sector-specific sources (e.g. South African integrated reports under the King Code).

The Sub-investment Manager shall also participate in engagement with prospective investee companies and existing companies held in the Portfolio. The engagement process employed by the Sub-Investment Manager is a three-step process consisting of (i) identifying engagement priorities; (ii) developing a company engagement strategy; and (iii) tracking, monitoring and following-up. The purposes of the engagement process is to address ESG disclosure gaps, to address ESG material issues of concern and to discuss best practices and

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opportunities.

The Sub-Investment Manager's engagement process includes face-to-face meetings, frequent phone contact with senior management and board members, all in an attempt to understand the company as well as the competitive environment in which it is operating. These meetings provide the Sub-Investment Manager with a holistic view of a company, which allows it to assess the growth prospects of the company during its entire investment process and whether or not returns are sustainable in the future. The Sub-Investment Manager views this direct engagement, as an essential part of its investment process.

In addition, the Sub-Investment Manager meets regulators, government officials, and independent consultants and attends numerous conferences to meet with customers, suppliers, and competitors in a less formal setting. The Sub-Investment Manager also relies on additional information sources including industry research, competitive analysis, third party research, non-governmental organisations, government agencies, UN agencies, media and academia.

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**Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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## Neuberger Berman Japan Equity Engagement Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will primarily invest in listed or traded equity securities issued by small and mid-capitalisation companies, which have either their head office or exercise an overriding part of their economic activity in Japan and that are listed or traded on Recognised Markets globally.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy are set out in the "Sustainable Investment Criteria" section of the Prospectus.

ESG factors are integrated in the Sub-Investment Manager's investment process, and are tracked and considered by all analysts and portfolio managers, with regular research conducted by the Sub-Investment Manager. As part of this, the Sub-Investment Manager looks at a wide array of ESG factors including corporate governance, environmental and social factors.

The Sub-Investment Manager's analysis on corporate governance factors is qualitative, based on the view of the company's governance standards taking into consideration (i) board diversity (i.e. skillset, gender and nationality) and independence (i.e. minimum 1/3 independence ratio), (ii) board structure; and (iii) management vision (i.e. long term vision and strategy in place).

The Sub-Investment Manager believes that in addition to the engagement of governance factors, engagement of environmental and social factors enhances long term sustainability of a business.

The Sub-Investment Manager believes core to the success of ESG engagement is (i) to select the right companies, based on in-depth qualitative/quantitative analysis and dialogue with the management, and (ii) set clear engagement plans and roadmaps based on past successes and internal knowhow. As part of this engagement plan, the Sub-Investment Manager interacts directly with management teams of the investee companies through in-person meetings and calls to understand risks and opportunities at investee companies. This engagement enables the Sub-Investment Manager to monitor for any changes in the business quality and to address material ESG issues that will help achieve sustainable growth. The Sub-Investment Manager seeks to generate additional value by offering insights and knowledge sharing on ESG investing with investee companies. The Sub-Investment Manager views this direct engagement with investee companies, as an essential part of its investment process and believes engaging companies on ESG matters enables it to improve the fundamental quality of their holdings over the medium to long term horizon.

The Sub-Investment Manager also utilises a proprietary ESG scoring system. The ratings on this scoring system also leverage third party ESG data sources including the Sustainability Accounting Standards Board framework ("SASB") to identify all the material environmental and social issues affecting the industry. This analysis is used to form the basis of an investment opinion, which is further supported by the Sub-Investment Manager participating in direct engagement with investee companies (as noted above).

Examples of environmental and social factors covered in direct engagement with investee companies include: air quality, biodiversity and land use, water



	management, access to healthcare, workforce diversity and inclusion and supply chain labour standards.
<b>Benchmark Index</b>	The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

## Neuberger Berman Systematic Global Sustainable Value Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio's objective is to seek to achieve long term capital growth from investing primarily in a portfolio of global equity holdings that comply with the Sustainable Criteria (as this term is defined within the "*Sustainable Investment Criteria*" section of the Prospectus) and may also invest in excess of 20% of its Net Asset Value in equity securities issued by companies domiciled in Emerging Market Countries.

The Sub-Investment Managers will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Managers have fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Global Standards Policy, the Controversial Weapons Policy, the Sustainable Exclusion Policy and the Enhanced Sustainable Exclusion Policy shall also be applied when determining what investments to make for the Portfolio. Further details on these screening/exclusion policies are set out in the "*Sustainable Investment Criteria*" section of the Prospectus.

ESG risks and opportunities are considered in the selection of securities to be constituents of the Portfolio. The Sub-Investment Managers assess securities in relation to their exposure to and the management of ESG risks. ESG represents governance, (being the way in which the company is run), environmental issues, (such as the impact on natural resources), and social issues (such as human rights).

As noted in the Supplement, the Portfolio may invest in securities which provide exposure to the Investable Universe (as defined in the Supplement), where they meet, at a minimum, the Sustainability Criteria, as this term is defined within the "*Sustainable Investment Criteria*" section of the Prospectus. A list of securities which do not fulfil the Sustainability Criteria is provided to the Sub-Investment Managers by the Manager. The Sub-Investment Managers consider ESG risks and opportunities (as described below and in the "*ESG*" section below), among other risk and return factors described above, in the evaluation of securities for the purposes of holding and weighting securities in the Portfolio.

ESG analysis: the Sub-Investment Manager will first exclude companies from the investment universe that are involved in controversial activities and behaviour, such as the production of controversial weapons, fur manufacturers, gambling, nuclear power or non-compliance with the United Nations Global Compact. The application of the Enhanced Sustainable Exclusion Policy, as such terms are defined within the "*Sustainable Investment Criteria*" section of the Prospectus, also means that companies involved in tobacco, civilian firearms, private prisons and fossil fuels will also be excluded.

The Sub-Investment Managers shall consider **environmental factors** which may include but are not limited to (i) carbon emissions and climate change, (ii) natural resource use, (iii) pollution and toxic emissions, and (iv) use of green technologies, where applicable. In terms of **social factors**, the Sub-Investment Managers shall consider, including but not limited to, (i) data privacy and security, (ii) labour relations, (iii) human capital management, and (iv) product safety, where applicable. The **governance factors** that the Sub-Investment Managers shall consider may include, but are not limited to, (i) corporate governance, (ii) board independence and quality, and (iii) business ethics.

The Sub-Investment Managers seek to evaluate public companies by utilising a proprietary ESG score which is developed by combining external, third-party ESG data with internal proprietary ESG ratings provided by the Sub-Investment Managers. By combining the proprietary ESG score with the Sub-Investment Managers' other proprietary factors (momentum, quality, low risk, income, and

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value), the Sub-Investment Managers assess the attractiveness of securities within its investable universe and then seeks to position the portfolio accordingly, favouring securities that rank higher based on this combined multi-factor score and underweighting securities that rank lower. Additionally, the dedicated ESG team and equity analysts also proactively engage a portion of the companies held within the Portfolio to help drive these companies to make positive changes in environmental, social, and/or governance issues which the Sub-Investment Managers believe to be a potential driver of attractive returns.

The Sub-Investment Manager will then assess the investment universe, which involves in-depth research and analysis of companies' ESG profiles and will also exclude companies that show poorly on this ESG assessment. The Sub-Investment Manager will ensure that securities representing at least 90% of the Net Asset Value of the Portfolio are covered by the ESG assessment.

Through these two ESG exclusionary steps, the Sub-Investment Manager will exclude at least 20% of components of the investment universe and will ensure at 90% ESG coverage rate of the Net Asset Value of the Portfolio.

Collective investment schemes may be used to take certain regional exposures which would be inefficient to obtain via individual securities or for cash management purposes. Some constituents of these collective investment schemes may not comply with the Sustainable Exclusion Policy.

In aiming to align the Portfolio with a net-zero goal, the Sub-Investment Manager intends to reduce the Portfolio's carbon footprint across scope 1, 2, and material scope 3 greenhouse gas ("GHG") emissions<sup>4</sup>, equating to a 50% reduction by 2030 relative to a 2019 baseline and a subsequent decline to net zero by 2050. The 2019 baseline may be subject to re-calculation as data quality and disclosure expands over time, particularly with respect to scope 3 emissions. Further details on Neuberger Berman's commitment to the Net Zero Asset Manager Initiative are contained in the "Sustainable Investment Criteria" section of this Prospectus.

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#### **Benchmark Indices**

The Benchmarks have not been designated as reference benchmarks for the purposes of SFDR. Therefore, they are not consistent with the promotion of environmental or social characteristics. For further details on the Benchmarks, please refer to the Supplement.

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<sup>4</sup> Scope 1 emissions are direct emissions from an issuer's owned or controlled sources (such as emissions created directly by the issuer's business processes or from vehicles owned by the issuer). Scope 2 emissions are indirect emissions from the generation of electricity, steam, heating and cooling consumed by the issuer. Scope 3 emissions are all other indirect emissions that occur in an issuer's value chain (such as emissions from products or services consumed by the issuer, disposal of its waste, employee commuting, distribution and transport of its products or its investments).

## Neuberger Berman Emerging Markets Sustainable Equity Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio seeks to achieve its investment objective by investing primarily in equity and equity-linked securities which are listed or traded on Recognised Markets globally and issued by companies that: (1) trade principally on a recognised stock exchange in Emerging Market Countries; (2) are organised under the laws of and have a principal office in Emerging Market Countries; or (3) derive 50% or more of their total revenues from, and/or have 50% or more of their total assets in, goods produced, sales made, profits generated or services performed in Emerging Market Countries.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Global Standards Policy, the Controversial Weapons Policy and the Sustainable Exclusion Policy shall also be applied when determining what investments to make for the Portfolio. Further details on these screening/exclusion policies are set out in the "*Sustainable Investment Criteria*" section of the Prospectus.

The Sub-Investment Manager integrates material ESG factors in the investment process by applying country and sector specific analysis in order to determine the quality of the company and to identify higher quality companies that could present lower long-term risk. The Sub-Investment Manager's strategy is built on the belief that responsibility is a hallmark of quality and invests in companies that have a sustainable competitive advantage derived from ESG factors. The Sub-Investment Manager shall seek to generate a positive social and environmental impact alongside a financial return.

The Sub-Investment Manager shall consider **environmental factors** including (i) environmental management system (i.e. minimise penalties, liabilities and contingencies), (ii) water management (i.e. more efficient use of resources and reduced costs); and (iii) clean tech innovations (i.e. product innovation and competitiveness).

In terms of **social factors**, the Sub-Investment Manager shall consider (i) employee health and safety (i.e. lower turnover, absenteeism/higher productivity), (ii) labour relations (lower risk and business interruption), (iii) employee and board diversity (i.e. attracting and retaining talent and improved governance).

The Sub-Investment Manager shall also consider **governance factors** including (i) independence and board diversity (i.e. improved oversight and increased accountability), (ii) executive compensation (i.e. to ensure management is aligned with shareholder interest); and (iii) political spending (i.e. for enhanced transparency and disclosure).

The Sub-Investment Manager considers a company's record in its management of environmental, social and, in particular, governance matters to be an indicator of management quality, which is an important consideration in its research work. The Sub-Investment Manager also evaluates material ESG factors by leveraging third-party data providers for common global ESG factors (e.g. resource productivity from MSCI ESG) complemented with country and sector-specific sources (e.g. South African integrated reports under the King Code).

In addition to integrating the aforementioned screening/exclusion policies into the portfolio construction process, the Sub-Investment Manager utilises a proprietary ESG scoring system for corporate issuers. This scoring system includes an in-house governance assessment tool and a specific scoring methodology, which takes into account material ESG factors based on the specific industry.

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The Sub-investment Manager shall also participate in engagement with prospective investee companies and existing companies held in the Portfolio. The engagement process employed by the Sub-Investment Manager is a three-step process consisting of (i) identifying engagement priorities; (ii) developing a company engagement strategy; and (iii) tracking, monitoring and following-up. The purposes of the engagement process is to address ESG disclosure gaps, to address ESG material issues of concern and to discuss best practices and opportunities.

The Sub-Investment Manager's engagement process includes face-to-face meetings, frequent phone contact with senior management, outreach to multi-stakeholders, roundtables and workshops (to address issues and best practices), all in an attempt to understand the company as well as the competitive environment in which it is operating. These meetings provide the Sub-Investment Manager with a holistic view of a company, which allows it to assess the growth prospects of the company during its entire investment process and whether or not returns are sustainable in the future. The Sub-Investment Manager views this direct engagement, as an essential part of its investment process.

In addition, the Sub-Investment Manager meets regulators, government officials, and independent consultants and attends numerous conferences to meet with customers, suppliers, and competitors in a less formal setting. The Sub-Investment Manager also relies on additional information sources including industry research, competitive analysis, third party research, non-governmental organisations, government agencies, UN agencies, media and academia.

In aiming to align the Portfolio with a net-zero goal, the Sub-Investment Manager intends to reduce the Portfolio's carbon footprint across scope 1, 2, and material scope 3 greenhouse gas ("GHG") emissions<sup>5</sup>, equating to a 50% reduction by 2030 relative to a 2019 baseline and a subsequent decline to net zero by 2050. Further details are contained in the *Environmental, Social and Governance* section of the Supplement and Neuberger Berman's commitment to the Net Zero Asset Manager Initiative are contained in the *"Sustainable Investment Criteria"* section of this Prospectus.

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#### **Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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<sup>5</sup> Scope 1 emissions are direct emissions from an issuer's owned or controlled sources (such as emissions created directly by the issuer's business processes or from vehicles owned by the issuer). Scope 2 emissions are indirect emissions from the generation of electricity, steam, heating and cooling consumed by the issuer. Scope 3 emissions are all other indirect emissions that occur in an issuer's value chain (such as emissions from products or services consumed by the issuer, disposal of its waste, employee commuting, distribution and transport of its products or its investments).

## Neuberger Berman High Yield Bond Fund

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will invest primarily in high yield fixed income securities issued by US corporations and foreign corporations, (which have their head office or exercise an overriding part of their economic activity in the US); and high yield fixed income securities issued by governments and agencies in the US that are denominated in US Dollars, that are listed, dealt or traded on Recognised Markets without any particular focus on any one industrial sector.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

ESG research is a critical component of the Sub-Investment Manager's portfolio management team's (the "**Team**") fundamental research process. The Team believes that integrating ESG factors into its investment process adds value by helping to identify risks generally not captured by traditional corporate credit analysis and by shedding light on non-financial aspects of an issuer's business.

The Team has integrated the NB ESG Quotient system into its overall credit best practices research process. This ESG analysis is performed internally by the Team, not outsourced to a centralised group within the firm or to a third party ESG rating service. These proprietary scores are assigned to all issuers held in the Portfolio and are a key component of each issuer's internal credit rating. These internal credit ratings are notched up or down depending on the issuer's ESG profile. This integration creates a direct link between the ESG analysis and the portfolio construction.

The NB ESG Quotient is built around the concept of sector specific criteria, which focuses on the ESG issues that are the largest drivers of credit risk in each industry. The Team uses the SASB framework for sector specific criteria as a starting point, but then customises each set of sector criteria based on their own judgement, leveraging their significant sector/industry expertise. The Team also assigns weightings to environmental, social and governance factors, which vary by sector and are aimed at enhancing credit risk assessment.

At the investee company/corporate issuer level, the Sub-Investment Manager consider; **environmental factors** including (i) water, waste management and waste intensity, (ii) climate change, (iii) carbon intensity and (iv) pollution and mitigation management; **social factors** including (i) labour relations, (ii) health and safety, (iii) ethical marketing practices, (iv) data security practices (v) community/government relations; and **governance factors** including (i) board independence and quality, (ii) compensation structure and compensation concerns, (iii) board skillset, (iv) transparency, (v) adaptability and (vi) diversity of board or management team.

Engaging with management is a critical component of the Team's investment process. The research Team maintains an active dialogue with all issuers and these discussions cover, among other things, ESG issues, capital structure, corporate strategy and business / industry trends. The Team closely monitors these engagement activities (through its ESG engagement tracker) and reports on these discussions to the Neuberger Berman credit committee. The Team believes this consistent engagement with companies can help reduce credit risk.

Oversight of the ESG process and the development of data measuring the impact

	<p>of ESG in the fixed income markets are also important priorities for the Team. The Team provides quarterly ESG portfolio reviews (touching on key updates and the performance impact of ESG related decision making), tracks closely its management engagement activities through the ESG engagement tracker, monitors its climate-value at risk and works collaboratively within the firm's fixed income ESG working group and ESG committee.</p>
<b>Benchmark Index</b>	<p>The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.</p>



## Neuberger Berman Short Duration High Yield Bond Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will invest primarily in short duration, high yield fixed income securities issued by US corporations and non-U.S. corporations, (which have their head office or exercise an overriding part of their economic activity in the US) and by governments and agencies in the US that are primarily denominated in US Dollars, that comply with the terms of the Sustainable Exclusion Policy and listed, dealt or traded on Recognised Markets without any particular focus on any one industrial sector.

Accordingly, the Sub-Investment Manager applies (i) the Global Standards Policy; (ii) the Controversial Weapons Policy; and (iii) the Sustainable Exclusion Policy, when determining what investments to make for the Portfolio. Further details on these screening/exclusion policies are set out in the "*Sustainable Investment Criteria*" section of the Prospectus.

The Sub-Investment Manager will also manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed in this SFDR Annex and is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

In aiming to align the Portfolio with a net-zero goal, the Sub-Investment Manager intends to reduce the Portfolio's carbon footprint across scope 1, 2, and material scope 3 greenhouse gas ("GHG") emissions<sup>6</sup>, equating to a 50% reduction by 2030 relative to a 2019 baseline and a subsequent decline to net zero by 2050. The 2019 baseline may be subject to re-calculation as data quality and disclosure expands over time, particularly with respect to scope 3 emissions. Further details on Neuberger Berman's commitment to the Net Zero Asset Manager Initiative are contained in the "*Sustainable Investment Criteria*" section of this Prospectus.

The Sub-Investment Manager directly engages with investee companies and establishes engagement objectives for each investee company / corporate issuer, aligned with the UN Sustainable Development Goals. As part of the engagement with investee companies / corporate issuers, the Sub-Investment Manager will assess the investee company's / corporate issuer's progress in implementing the engagement objectives (i.e. contributing towards achievement of the UN Sustainable Development Goals) on an ongoing basis. If an investee being evaluated shows no signs of progress in achieving the abovementioned objectives and the Sub-Investment Manager sees no path to improvement, the Sub-Investment Manager may reduce the Portfolio's position in this investee and may consider divesting from the issuer. This direct engagement is an essential part of the investment process and the Portfolio's promotion of environmental and social characteristics.

ESG factors are integral to the Sub-Investment Manager's investment process. In particular, investment is prioritised in corporate issuers whose current business products and services are aligned with the UN Sustainable Development Goals (or where there is potential for increased alignment with these goals, following engagement with those companies by the Sub-Investment Manager, as described above).

ESG analysis is performed by the Sub-Investment Manager along with the support of third-party data. The research analysts use their sector expertise to customise criteria for each industry, using the SASB framework as a starting point.

The Sub-Investment Manager also utilise the NB ESG Quotient for corporate

<sup>6</sup> Scope 1 emissions are direct emissions from an issuer's owned or controlled sources (such as emissions created directly by the issuer's business processes or from vehicles owned by the issuer). Scope 2 emissions are indirect emissions from the generation of electricity, steam, heating and cooling consumed by the issuer. Scope 3 emissions are all other indirect emissions that occur in an issuer's value chain (such as emissions from products or services consumed by the issuer, disposal of its waste, employee commuting, distribution and transport of its products or its investments).

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issuers. This scoring system includes an in-house governance assessment tool and an assessment of industry specific environmental and social factors. The ESG factors applied are sector-specific with customised sector weightings. Companies ranked in the bottom quartile are excluded from the investment.

As noted in the Supplement, the Sub-Investment Manager will ensure that securities representing at least 90% of the Net Asset Value of the Portfolio are covered by the NB ESG Quotient. The criteria for the NB ESG Quotient is determined by the security type, not the scope of the investment universe. Generally speaking, corporate securities (e.g. fixed and floating rate high yield and investment grade corporate bonds and loans, equity securities and convertible bonds) would be covered by the NB ESG Quotient undertaken in respect of the Portfolio. Security types which would typically not be covered by the NB ESG Quotient in the context of the Portfolio include, but are not limited to, government debt securities and cash/cash equivalents, and will represent at most 10% of the Portfolio's Net Asset Value.

Through ESG exclusionary steps, the Sub-Investment Manager will also exclude at least 20% of components of the investment universe which are rated the weakest in terms of the NB ESG Quotient.

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**Benchmark Index**

Non-applicable. The Portfolio is actively managed; no benchmark is used for performance comparison purposes or as a universe for selection. ICE / BofA U.S. High Yield Index is used exclusively for ESG rating comparison purposes and carbon intensity reduction comparison purposes only.

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## Neuberger Berman European High Yield Bond Fund

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will invest primarily in corporate high yield fixed income securities, which are (i) denominated in a European currency or (ii) issued or guaranteed by companies of any industrial sector that are domiciled in, or exercise the main part of their economic activity in a European country that are listed, dealt or traded on Recognised Markets.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

ESG research is a critical component of the Sub-Investment Manager's portfolio management team's (the "**Team**") fundamental research process. The Team believes that integrating ESG factors into its investment process adds value by helping to identify risks generally not captured by traditional corporate credit analysis and by shedding light on non-financial aspects of an issuer's business.

The Team has integrated the NB ESG Quotient into its overall credit best practices research process. This ESG analysis is performed internally by the Team, not outsourced to a centralised group within the firm or to a third party ESG rating service. These proprietary scores are assigned to all issuers held in the Portfolio and are a key component of each issuer's internal credit rating. These internal credit ratings are notched up or down depending on the issuer's ESG profile. This integration creates a direct link between the ESG analysis and the portfolio construction.

The NB ESG Quotient is built around the concept of sector specific criteria, which focuses on the ESG issues that are the largest drivers of credit risk in each industry. The Team uses the SASB framework for sector specific criteria as a starting point, but then customises each set of sector criteria based on their own judgement, leveraging their significant sector/industry expertise. The Team also assigns weightings to environmental, social and governance factors, which vary by sector and are aimed at enhancing credit risk assessment.

At the investee company/corporate issuer level, the Sub-Investment Manager consider; **environmental factors** including (i) water, waste management and waste intensity, (ii) climate change, (iii) carbon intensity and (iv) pollution and mitigation management; **social factors** including (i) labour relations, (ii) health and safety, (iii) ethical marketing practices, (iv) data security practices (v) community/government relations; and **governance factors** including (i) board independence and quality, (ii) compensation structure and compensation concerns, (iii) board skillset, (iv) transparency, (v) adaptability and (vi) diversity of board or management team.

Engaging with management is a critical component of the Team's investment process. The research Team maintains an active dialogue with all issuers and these discussions cover, among other things, ESG issues, capital structure, corporate strategy and business / industry trends. The Team closely monitors these engagement activities (through its ESG engagement tracker) and reports on these discussions to the Neuberger Berman credit committee. The Team believes this consistent engagement with companies can help reduce credit risk.

Oversight of the ESG process and the development of data measuring the impact

	<p>of ESG in the fixed income markets are also important priorities for the Team. The Team provides quarterly ESG portfolio reviews (touching on key updates and the performance impact of ESG related decision making), tracks closely its management engagement activities through the ESG engagement tracker, monitors its climate-value at risk and works collaboratively within the firm's fixed income ESG working group and ESG committee.</p>
<b>Benchmark Index</b>	<p>The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.</p>

## Neuberger Berman Global High Yield SDG Engagement Fund

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio seeks to maximise current income whilst preserving capital by investing in securities in the global high yield fixed income market that produce investment returns and support better alignment with the United Nations Sustainable Development Goals by engaging with issuers in support of achieving the United Nations Sustainable Development Goals.

The Sub-Investment Manager applies the: (i) Global Standards Policy; (ii) Controversial Weapons Policy; and (iii) the Thermal Coal Involvement Policy, when determining what investments to make for the Portfolio. Further details on these screening/exclusion policies are set out in the "*Sustainable Investment Criteria*" section of the Prospectus.

The Sub-Investment Manager will also manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into its overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed in Annex VI to the Prospectus and is available on the Neuberger Berman website: [www.nb.com/esg](http://www.nb.com/esg).

The environmental and social characteristics promoted by the Portfolio are:

- Environmental Characteristics: biodiversity and responsible land use; carbon footprint reduction; energy management; environmental management; reduction of greenhouse gas emissions; responsible material sourcing; clean technologies; green building; renewable energy; packaging waste and materials management; recycling; responsible and transparent underwriting; toxic emissions and waste reduction; waste management; and
- Social Characteristics: access to finance; access to healthcare; business ethics & transparency of government relations; chemical safety; controversial sourcing; corporate spending disclosure; drug safety and side effect management; employee satisfaction; engagement with communities/lawmakers/regulators; food safety; gender/race diversity; health and nutrition; health and safety; human capital development; labour management; lobbying management; data privacy and security; product safety and quality; regulatory compliance; supply chain labour standards; litigation & related controversy monitoring; and corporate political disclosure and accountability (measured by issuers' [Zicklin index](#) score).

(collectively, the "**E&S Characteristics**")

The promotion of the E&S Characteristics (which are considered as part of the NB ESG Quotient) will be measured and reported in aggregate at Portfolio level in the Portfolio's periodic reporting.

Additionally, the Portfolio is prohibited from purchasing the securities of issuers that are involved in tobacco production such as cigars, cigarettes, e-cigarettes, smokeless tobacco, dissolvable and chewing tobacco. This also includes issuers that grow or process raw tobacco leaves.

In addition, as described in the "*Investment Approach*" section, the Portfolio also contributes towards the achievement of the SDGs by engaging with 100% of corporate issuers and setting KPIs aligned to the SDGs which relate to the issuers' products, services, operations or processes, with the goal of having a positive outcome on the environment and/or society.

### Benchmark Index

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

## Neuberger Berman Global High Yield Sustainable Action Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio's investment objective is to achieve a total return (income plus capital appreciation) with an emphasis on current income, from investments in an actively managed portfolio of global high yield fixed income securities that comply with the Sustainable Criteria (as defined in the Prospectus). Accordingly, the Sub-Investment Manager applies (i) the Global Standards Policy; (ii) the Controversial Weapons Policy; (iii) the Sustainable Exclusion Policy; and (iv) the Enhanced Sustainable Exclusion Policy, when determining what investments to make for the Portfolio. Further details on these screening/exclusion policies are set out in the "*Sustainable Investment Criteria*" section of the Prospectus.

The Sub-Investment Manager will also manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager directly engages with investee companies, and establish engagement objectives for each investee company/corporate issuer, aligned with the UN Sustainable Development Goals. The investee company's/corporate issuer's progress in implementing these objectives are evaluated semi-annually. This direct engagement is an essential part of the investment process and ensures that the Portfolio's promotion of environmental and social characteristics is attained.

As noted in the Supplement, ESG factors are integral to the Sub-Investment Manager's investment process. A summary of how the Sub-Investment Manager integrates ESG factors into its investment process and portfolio construction is set out in section entitled "*Investment Approach*" in the Supplement. In particular, investment is prioritised in corporate issuers whose current business products and services are aligned with the UN Sustainable Development Goals (or where there is potential for increased alignment with these goals, following engagement with those companies by the Sub-Investment Manager).

In addition, the Sub-Investment Manager will regularly assess climate risk to seek to construct a more resilient portfolio. This includes undertaking climate value-at-risk scenario analysis, i.e. a top down systematic measure of exposure to transition climate risks (those risks, which arise from the economic shift to a low carbon economy) and physical climate risks (the consequences of damage to physical assets from climate events and extreme weather). The Sub-Investment Manager may rebalance the portfolio if analysis shows excessive climate risks and limited paths to mitigate those risks.

ESG analysis is performed by the Sub-Investment Manager, and is not outsourced. The research analysts use their sector expertise to customise criteria for each industry, using the SASB as a starting point.

As part of the investment process, the Sub-Investment Manager considers a variety of environmental and social characteristics, as detailed below. These environmental and social characteristics are considered using the NB ESG Quotient. The NB ESG Quotient is built around the concept of sector specific ESG risk. Foundational to the NB ESG Quotient is the proprietary Neuberger Berman ("**NB**") materiality matrix, which focuses on the ESG characteristics that are considered to be the most material drivers of ESG risk for each sector. The NB materiality matrix enables the Sub-Investment Manager to derive the NB ESG Quotient rating, to compare sectors and companies relative to their environmental and social characteristics.

To illustrate, below are some specific considerations the Sub-Investment Manager

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factors into the NB ESG Quotient rating of the issuers:

- The Sub-Investment Manager assesses biodiversity, water stress and land use as part of the ESG analysis of corporate and quasi-sovereign issuers, which impacts the NB ESG Quotient rating and proprietary credit ratings for each issuer and therefore the issuer selection for the strategy.
- For investments in issuers in Emerging Market Countries, the Sub-Investment Manager assesses oppressive regimes through the [Voice and Accountability initiative](#), which is part of the Worldwide Governance Indicators produced annually by the World Bank.

In aiming to align the Portfolio with a net-zero goal, the Sub-Investment Manager intends to reduce the Portfolio's carbon footprint across scope 1, 2, and material scope 3 greenhouse gas ("GHG") emissions<sup>7</sup>, equating to a 50% reduction by 2030 relative to a 2019 baseline and a subsequent decline to net zero by 2050. The 2019 baseline may be subject to re-calculation as data quality and disclosure expands over time, particularly with respect to scope 3 emissions. Further details on Neuberger Berman's commitment to the Net Zero Asset Manager Initiative are contained in the "Sustainable Investment Criteria" section of this Prospectus.

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**Benchmark Index**

Non-applicable. The Portfolio does not have a benchmark index.

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<sup>7</sup> Scope 1 emissions are direct emissions from an issuer's owned or controlled sources (such as emissions created directly by the issuer's business processes or from vehicles owned by the issuer). Scope 2 emissions are indirect emissions from the generation of electricity, steam, heating and cooling consumed by the issuer. Scope 3 emissions are all other indirect emissions that occur in an issuer's value chain (such as emissions from products or services consumed by the issuer, disposal of its waste, employee commuting, distribution and transport of its products or its investments).



## Neuberger Berman 5G Connectivity Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will invest primarily in a portfolio of global equity holdings, focusing on companies that are involved or derive benefit from a universe of companies that offer exposure to the development and enhancement of mobile internet and 5G connectivity ("**Next Generation Connectivity**").

The Sub-Investment Managers will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Managers have fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

ESG themed investing is a core component of the Sub-Investment Managers' strategy for the Portfolio.

The Sub-Investment Managers shall also apply (i) the Global Standards Policy; (ii) the Controversial Weapons Policy, (iii) the Sustainable Exclusion Policy, and (iv) the Enhanced Sustainable Exclusion Policy, when determining what investments to make for the Portfolio. Further details on these screening/exclusion policies are set out in the "*Sustainable Investment Criteria*" section of the Prospectus.

The Portfolio's initial investment universe consists of public listed companies across the world that have relevance to the theme of Next Generation Connectivity. For inclusion into the Portfolio, the Sub-Investment Managers seek to narrow this initial investment universe by finding companies that are most likely to sustain (i) leadership positions (e.g. market size, technology, etc.) in Next Generation Connectivity, (ii) maintain attractive financial metrics, (iii) generate earnings growth and (iv) have reasonable valuations. Thematic relevance is measured by having at least 50% of sales/earnings growth or investments related to Next Generation Connectivity. Leadership position is determined by a fundamental analysis of market share trends (in terms of revenues, orders, and/or contracts), technologies and/or business models employed as well as product or service offerings related to next generation mobility.

Systematic evaluation of material ESG factors is embedded in the investment decision-making process pre and post investment and is undertaken for every company within the initial investment universe, which the Sub-Investment Managers follow. The Sub-Investment Managers further evaluate those companies, seeking to identify the best in class companies, with sustainable advantages around the world, such as market leading technology, existing products or market access. The Sub-Investment Managers believe sustainable advantages are demonstrated through best in class product, technology, processes and market access.

As part of the investment process, the Sub-Investment Managers consider a variety of environmental and social characteristics, as detailed below. These environmental and social characteristics are considered using the NB ESG Quotient. The NB ESG Quotient is built around the concept of sector specific ESG risk. Foundational to the NB ESG Quotient is the proprietary Neuberger Berman ("**NB**") materiality matrix, which focuses on the ESG characteristics that are considered to be the most material drivers of ESG risk for each sector. The NB materiality matrix enables the Sub-Investment Managers to derive the NB ESG Quotient rating, to compare sectors and companies relative to their environmental and social characteristics.

To illustrate, below are some specific considerations the Sub-Investment Managers factor into the NB ESG Quotient rating of the companies:

- The Sub-Investment Managers assess biodiversity and water stress as part of the ESG analysis of companies, which impacts the NB ESG Quotient rating for

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each company and therefore the issuer selection for the strategy.

- When an oppressive regime is a major shareholder in a company, the Sub-Investment Managers will take this into consideration in its bottom-up ESG assessment.

The Sub-Investment Managers also participate in direct engagement with investee companies (e.g. face-to-face meetings, frequent phone contact with senior management, discussions with customers, suppliers and competitors and attendance at industry and company conferences). Engagement with investee companies is encouraged to mitigate risks and improve ESG and financial outcomes. The Sub-Investment Managers view this direct engagement, as an essential part of its investment process.

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**Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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## Neuberger Berman Global Thematic Equity Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio investing primarily in globally listed equity securities.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy, when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

ESG factors are integral to the Sub-Investment Manager's investment process, and are tracked and considered by all analysts and portfolio managers, with regular research and data management conducted by the Sub-Investment Manager. The Sub-Investment Manager looks at a wide array of ESG factors that seek to capture immediate developments and long-term trends. The investment process, inter alia identifies secular themes (i.e. broad changes and trends affecting societies, economies and industries) that have the potential for long-term influence (e.g. the rising value of water). A summary of how the Sub-Investment Manager integrates ESG factors into its investment process and portfolio construction is set out in section entitled "Investment Approach" in the Supplement.

As noted in the Supplement, the Sub-Investment Manager also conducts fundamental research to seek to identify multiple globally applicable long-term themes that result from secular shifts based on factors such as demographic, technological, environmental and societal changes.

This research leverages a variety of third party data sources. The Sub-Investment Manager utilises a proprietary ESG scoring system for each company in the strategy. The ratings on this scoring system also leverage the third party ESG data sources. This analysis is used to form the basis of an investment opinion, which is further supported by the Sub-Investment Manager participating in direct engagement with investee companies (e.g. face-to-face meetings, frequent phone contact with senior management, discussions with customers, suppliers and competitors and attendance at industry and company conferences). Engagement with investee companies is encouraged to mitigate risks and improve ESG and financial outcomes. The Sub-Investment Manager views this direct engagement, as an essential part of its investment process.

### Benchmark Index

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

## Neuberger Berman Next Generation Mobility Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio focuses on companies that are involved within the long-term trend of the proliferation of autonomous, electric and connected vehicles ("**Next Generation Mobility**"), as well as companies that are well positioned to benefit from the new business models related to Next Generation Mobility.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy, when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "*Sustainable Investment Criteria*" section of the Prospectus.

ESG factors are integral to the Sub-Investment Manager's investment process. A summary of how the Sub-Investment Manager integrates ESG factors into its investment process and portfolio construction is set out in section entitled "*Investment Approach*" in the Supplement.

As noted in the Supplement, in applying this process, the Sub-Investment Manager further evaluates those companies, seeking to identify the best in class companies, with sustainable advantages around the world. The Sub-Investment Manager believes sustainable advantages are demonstrated through best in class product, technology, processes and market access.

As part of the investment process, the Sub-Investment Manager considers a variety of environmental and social characteristics, as detailed below. These environmental and social characteristics are considered using the NB ESG Quotient. The NB ESG Quotient is built around the concept of sector specific ESG risk. Foundational to the NB ESG Quotient is the proprietary Neuberger Berman ("**NB**") materiality matrix, which focuses on the ESG characteristics that are considered to be the most material drivers of ESG risk for each sector. The NB materiality matrix enables the Sub-Investment Manager to derive the NB ESG Quotient rating, to compare sectors and companies relative to their environmental and social characteristics.

To illustrate, below are some specific considerations the Sub-Investment Manager factors into the NB ESG Quotient rating of the companies:

- The Sub-Investment Manager assesses biodiversity and water stress as part of the ESG analysis of companies, which impacts the NB ESG Quotient rating for each company and therefore the issuer selection for the strategy.
- When an oppressive regime is a major shareholder in a company, the Sub-Investment Manager will take this into consideration in its bottom-up ESG assessment.

This analysis is used to form the basis of an investment opinion, which is further supported by the Sub-Investment Manager participating in direct engagement with investee companies (e.g. face-to-face meetings, frequent phone contact with senior management, discussions with customers, suppliers and competitors and attendance at industry and company conferences). Engagement with investee companies is encouraged to mitigate risks and improve ESG and financial outcomes. The Sub-Investment Manager views this direct engagement, as an essential part of its investment process.

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**Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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## Neuberger Berman US Long Short Equity Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will primarily take long and synthetic short positions in equity and equity-linked securities listed or traded in US equity markets and in Exchange Traded Funds ("ETFs"), which are exposed to such securities.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy, when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

The Sub-Investment Manager considers financially material ESG factors as part of its investment decision making process from both an opportunity and a risk mitigation perspective. ESG integration is an essential part of the Sub-Investment Manager's rigorous and disciplined investment process. The Sub-Investment Manager focuses on companies and business models that demonstrate: strong corporate governance, high quality management, environmental and social leadership, and efficient capital allocation. This ESG framework particularly applies to the long side of the Portfolio which takes a multi-year time horizon. The Sub-Investment Manager's short positions are short-term (typically within a year) and more tactical and therefore may or may not take ESG factors into consideration which are long term by nature.

The Sub-Investment Manager conducts fundamental research, whilst also leveraging a broad range of sources, which combines both investee company reported and third party research. This leads the Sub-Investment Manager to early identification of sustainability trends that are not otherwise recognised by the market. In addition, through proprietary scenario analysis, investee companies are allocated climate risk profiles, which are taken into consideration by the Sub-Investment Manager.

The Sub-Investment Manager utilises a proprietary ESG scoring system for each company in the strategy. The ratings on this scoring system also leverage third party ESG data sources. This analysis is further supported by the Sub-Investment Manager participating in direct engagement with investee companies e.g. face-to-face meetings, frequent phone contact with senior management. Engagement with investee companies is encouraged to mitigate risks and improve ESG and financial outcomes. The Sub-Investment Manager views this direct engagement, as an essential part of its investment process.

### Benchmarks Index

The Benchmarks have not been designated as reference benchmarks for the purposes of SFDR. Therefore, they are not consistent with the promotion of environmental or social characteristics. For further details on the Benchmarks, please refer to the Supplement.

## Neuberger Berman China Bond Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will invest in debt securities and money market instruments which are issued within the PRC by PRC government, PRC government agencies or corporate issuers which have their head office or exercise an overriding part of their economic activity in the PRC and which are denominated in or are exposed to the currency of the PRC.

The Manager and the Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Manager and the Sub-Investment Manager have fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Manager and the Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy, when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus. In addition, the Portfolio excludes companies which are involved in direct child labour, in the tobacco industry, as well as certain companies with significant exposure to thermal coal or oil sands.

ESG factors are integral to the investment process, and are tracked and considered by all analysts and portfolio managers. ESG data coverage for the China universe is still evolving; therefore proprietary ESG scores are available only for part of the designated China bond universe currently.

The **environmental factors** considered include (i) the green procurement chain, (ii) CO2 emissions levels, (iii) greenhouse gases reduction programmes, (iv) environmental management systems and (v) water stresses. An example of some of the **social factors** which the Manager and the Sub-Investment Manager consider includes: (i) social supply chain incidents (ii) product safety (iii) privacy and data security and (iv) human capital development. The **governance factors** considered at the corporate issuer level, include (i) senior management quality/board quality, (ii) financial and accounting strategy and disclosure, as well as (iii) regulatory and legal track record. Companies that have a low ESG score (i.e. of 33/100 or lower) are excluded from the investment, unless the Manager's and the Sub-Investment Manager's engagement efforts with the investee company result in a positive outlook regarding ESG performance.

The Manager and the Sub-Investment Manager make assessments on these ESG factors on a regular basis, at least at each quarterly portfolio review and expands upon these factors from time to time. The Manager and the Sub-Investment Manager shall also utilise a proprietary ESG scoring system, which includes multiple non-financial metrics to improve credit risk assessment. This scoring system includes an in-house governance assessment tool and a specific scoring methodology for environmental and social factors.

The Manager and the Sub-Investment Manager shall also engage directly with the senior management team of investee companies, to understand risks and opportunities. The Manager and the Sub-Investment Manager view this direct engagement as an essential part of its investment process.

### Benchmark Index

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.



## Neuberger Berman US Multi Cap Opportunities Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio shall primarily invest in equity and equity-linked securities, listed or traded on Recognised Markets in the US and related securities and American Depositary Receipts (ADRs) that are selected using a fundamental, bottom-up research approach. The Portfolio may hold stocks of companies of any market capitalisation and in any economic sector.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy, when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

The Sub-Investment Manager considers financially material ESG factors as part of its investment decision-making process from both an opportunity and a risk mitigation perspective. ESG integration is an essential part of the Sub-Investment Manager's rigorous and disciplined investment process. The portfolio management team's evaluation of current and prospective investments on material ESG factors, focuses on companies and business models that demonstrate: strong corporate governance, high quality management, environmental and social leadership, and efficient capital allocation.

The Sub-Investment Manager conducts fundamental research, whilst also leveraging a broad range of sources, which combines both investee company reported and third party research. This leads the Sub-Investment Manager to early identification of sustainability trends that are not otherwise recognised by the market. In addition, through proprietary scenario analysis, investee companies are allocated climate risk profiles, which are taken into consideration by the Sub-Investment Manager.

The Sub-Investment Manager utilises a proprietary ESG scoring system for each company in the strategy. The ratings on this scoring system also leverage third party ESG data sources. This analysis is further supported by the Sub-Investment Manager participating in direct engagement with investee companies e.g. face-to-face meetings, frequent phone contact with senior management. Engagement with investee companies is encouraged to mitigate risks and improve ESG and financial outcomes. The Sub-Investment Manager views this direct engagement, as an essential part of its investment process.

### Benchmark Index

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

## Neuberger Berman US Equity Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will principally take long positions in equity and equity-linked securities, listed or traded on Recognised Markets in the US.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy, when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

The Sub-Investment Manager considers financially material ESG factors as part of its investment decision making process from both an opportunity and a risk mitigation perspective. ESG integration is an essential part of the Sub-Investment Manager's rigorous and disciplined investment process. The Sub-Investment Manager focuses on companies and business models that demonstrate: strong corporate governance, high quality management, environmental and social leadership, and efficient capital allocation. This ESG framework allows the Portfolio to take a multi-year time horizon.

The Sub-Investment Manager conducts fundamental research and utilises proprietary in-house research tools, whilst also leveraging a broad range of sources, which combines both investee company reported and third party research. The Sub-Investment Manager analyses data at both industry level and investee company level, in order to develop a data driven differentiated view to investment decision making.

This leads the Sub-Investment Manager to early identification of sustainability trends that are not otherwise recognised by the market. In addition, through proprietary scenario analysis, investee companies are allocated climate risk profiles, which are taken into consideration by the Sub-Investment Manager.

The Sub-Investment Manager utilises the in-house proprietary ESG scoring system for each company in the strategy. The ratings on this scoring system also leverage third party ESG data sources. This analysis is further supported by the Sub-Investment Manager participating in direct engagement with investee companies e.g. face-to-face meetings, frequent phone contact with senior management. Engagement with investee companies is encouraged to mitigate risks and improve ESG and financial outcomes. The Sub-Investment Manager views this direct engagement, as an essential part of its investment process.

### Benchmark Index

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

## Neuberger Berman Corporate Hybrid Bond Fund

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio seeks to achieve an attractive level of total return (income plus capital appreciation) by investing primarily in investment grade and sub-investment grade corporate hybrid bonds.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

ESG analysis is an important component of the fundamental credit research, and identifies business risks, which would cause deterioration in an issuer's credit profile. A proprietary ESG scoring system is utilised which focuses on the ESG issues that are the largest drivers of credit risk in each industry. These proprietary scores are assigned to all issuers. By integrating proprietary ESG analysis into internal credit ratings, there is a direct link between the analysis of material ESG factors and portfolio construction.

Material ESG factors are identified and assessed during the credit research process by:

- utilising the **environmental and social factors** identified by the SASB as potentially material for the given industry. Not all factors identified by SASB are relevant for fixed income investors, or for the time horizon over which the Sub-Investment Manager is valuing a security and therefore the factors are modified based on specific sectors and the expert judgment of the Sub-Investment Manager.
- the factors identified are reviewed and discussed and the rationale is debated and any modifications made. This discussion also includes the relative weight to place on each factor.
- a score is given to each issuer and where possible robust data sources are used to complete this scoring.

Sector specific **environmental factors** analysed include (i) carbon footprint, (ii) ecological incidents, (iii) water usage and remediation in the exploration and production sector; (v) carbon footprint in the pharmaceuticals sector and (vi) responsible and transparent underwriting in the banking sector.

Sector specific **social factors** analysed include (i) workforce health and safety, (ii) engagement with relevant communities in the exploration and production sector; (iii) affordability and fair pricing and (iv) drug safety in the pharmaceuticals sector; (v) privacy and data security, (vi) regulatory compliance and (vii) track record of litigation and controversies in the banking sector.

A proprietary investment grade credit governance score is applied which is standardised across all sectors, which considers: (i) level of independence of board members; (ii) capability of the board; (iii) compensation tied to cash flow and long-term viability; (iv) capability of management; and (v) financial statements quality and disclosures.

Assessments on these ESG factors are made on a regular basis, at least at each quarterly portfolio review and expands upon these factors from time to time.

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ESG scores allow credit analysts to (i) reach more comprehensive views on relative value between issuers and (ii) prioritise additional research and engagement efforts on the specific ESG factors on which a given issuer appears to be lagging. In this way, credit analysts are focusing on the material ESG factors, which they believe are likely to be most financially material to the Portfolio as a whole.

In addition to the aforementioned internal research, other multiple sources of ESG research is utilised including company information, meetings with management, industry peers, academic organisations, trade publications and conferences, third party ESG research, government agencies, labour organisations and non-governmental organisations (NGOs).

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**Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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## Neuberger Berman Global Opportunistic Bond Fund

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio seeks to achieve an attractive level of total return (income plus capital appreciation) by opportunistically investing in a diversified mix of fixed rate and floating rate debt securities globally under varying market environments with a focus on downside protection.

The Manager and the Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Manager and the Sub-Investment Manager have fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and is also available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Manager and the Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

The Manager and the Sub-Investment Manager incorporate ESG factors into their sector research and security selection process. As such, the Manager and the Sub-Investment Manager have developed a proprietary ESG scoring system for corporate holdings across global developed credit markets, both investment grade and non-investment grade, as well as for emerging market debt (local rates, FX, sovereign credit and corporate credit). The Manager and the Sub-Investment Manager also integrates ESG factors into its municipal research process.

### ESG Factors in Global Investment Grade Credit and Global Non-Investment Grade Credit (Developed Markets)

The Manager and the Sub-Investment Manager systematically consider and evaluate ESG factors as an important component of their credit analysis discipline when making investment decisions. Proprietary ESG scores are a key component of the internal credit ratings. These proprietary scores are assigned to all issuers. The proprietary ESG scoring system is built around the concept of sector specific criteria, which focuses on the ESG issues that are the largest drivers of credit risk in each industry. The SASB framework for sector specific criteria are used as a starting point, but the Manager and the Sub-Investment Manager customise each set of sector criteria based on their judgement, leveraging their significant sector/industry expertise. They also assign weightings to environmental, social and governance factors, which vary by sector and are aimed at enhancing their credit risk assessment.

### ESG Factors in Emerging Market Corporate Debt

ESG factors are integrated at three different levels:

#### 1) Exclusion lists

The Manager and the Sub-Investment Manager exclude companies, which are involved in controversial weapons (as noted above), child labour, and the tobacco industry and thermal coal mining companies.

#### 2) Integration of ESG factors in fundamental analysis

ESG scores are assigned to each issuer using the proprietary ESG scoring system.

#### 3) Analysis of Controversies and Direct Engagement

The Manager and the Sub-Investment Manager engage with corporate issuers which have high impact controversies or which have low internal ESG scores to assess if the issues are being addressed.

### ESG Factors in Emerging Market Debt Country Analysis

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The Manager and the Sub-Investment Manager assess ESG factors at least quarterly with the aim of capturing the qualitative factors driving the credit quality of Emerging Market countries.

The **environmental factors** considered are (i) energy intensity of GDP, (ii) global adaption ranking, (iii) carbon emissions per GDP, (iv) carbon emissions per capita, (v) coal use in electricity generation, (vi) CO2 emissions levels per GDP and per capita and (vii) the degree to which electricity is being produced from coal sources. The Manager and the Sub-Investment Manager also monitor countries' contributions/adherence to the UN Sustainable Development Goals.

The **social factors** considered are (i) government effectiveness, (ii) regulatory quality, (iii) political stability and security, (iv) human development and (v) voice and accountability. Other social factors considered in respect of country analysis include a country's relative position on income, education and health as tracked by local and international organisations and development banks, as well as factors related to the effectiveness and legitimacy of the administration through public opinion surveys.

The **governance factors** considered are (i) rule of law, (ii) corruption, (iii) politics and election calendar, (iv) banking system strength/non-performing loans, (v) ease of doing business and (vi) trade openness. There is also a focus on the quality of economic governance.

#### **Municipal Bonds**

The credit process focuses on four primary factors: economy, leverage, financial performance and management and/or political leadership. The quality of issuers' governance and management practices are assessed, including corruption, sound budgetary practices, and responsible use of debt. Others factors are also considered such as environmental (i.e. polluted drinking water) and social risks (i.e. crime) that may affect the borrower's ability to repay. Once a bond is found to be an acceptable credit risk, the issuer's governance, policies, and management of material social and environmental factors are reviewed. If an issuer is determined to have systemic concerns, the bond is not eligible for purchase. If the issuer meets the required standards, the Manager and the Sub-Investment Manager review the bonds' use of proceeds and score accordingly based on the proprietary methodology.

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#### **Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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## Neuberger Berman Global Bond Fund

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio seeks to achieve an attractive level of total return (income plus capital appreciation) from global fixed income markets.

The Manager and the Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Manager and the Sub-Investment Manager have fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and is also available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Manager and the Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

The Manager and the Sub-Investment Manager incorporate ESG factors into their sector research and security selection process. As such, the Manager and the Sub-Investment Manager have developed a proprietary ESG scoring system for corporate holdings across global developed credit markets, both investment grade and non-investment grade, as well as for emerging market debt (local rates, FX, sovereign credit and corporate credit). The Manager and the Sub-Investment Manager also integrates ESG factors into its municipal research process.

### ESG Factors in Global Investment Grade Credit and Global Non-Investment Grade Credit (Developed Markets)

The Manager and the Sub-Investment Manager systematically consider and evaluate ESG factors as an important component of their credit analysis discipline when making investment decisions. Proprietary ESG scores are a key component of the internal credit ratings. These proprietary scores are assigned to all issuers. The proprietary ESG scoring system is built around the concept of sector specific criteria, which focuses on the ESG issues that are the largest drivers of credit risk in each industry. The SASB framework for sector specific criteria are used as a starting point, but the Manager and the Sub-Investment Manager customise each set of sector criteria based on their judgement, leveraging their significant sector/industry expertise. They also assign weightings to environmental, social and governance, which vary by sector and are aimed at enhancing their credit risk assessment.

### ESG Factors in Emerging Market Corporate Debt

ESG factors are integrated at three different levels:

#### 1) Exclusion lists

The Manager and the Sub-Investment Manager exclude companies, which are involved in controversial weapons (as noted above), child labour, and the tobacco industry and thermal coal mining companies.

#### 2) Integration of ESG factors in fundamental analysis

ESG scores are assigned to each issuer using the proprietary ESG scoring system.

#### 3) Analysis of Controversies and Direct Engagement

The Manager and the Sub-Investment Manager engage with corporate issuers which have high impact controversies or which have low internal ESG scores to assess if the issues are being addressed.

### ESG Factors in Emerging Market Debt Country Analysis

The Manager and the Sub-Investment Manager assess ESG factors at least



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quarterly with the aim of capturing the qualitative factors driving the credit quality of Emerging Market countries.

The **environmental factors** considered are (i) energy intensity of GDP, (ii) global adaption ranking, (iii) carbon emissions per GDP, (iv) carbon emissions per capita, (v) coal use in electricity generation, (vi) CO2 emissions levels per GDP and per capita and (vii) the degree to which electricity is being produced from coal sources. The Manager and the Sub-Investment Manager also monitor countries' contributions/adherence to the UN Sustainable Development Goals.

The **social factors** considered are (i) government effectiveness, (ii) regulatory quality, (iii) political stability and security, (iv) human development and (v) voice and accountability. Other social factors considered in respect of country analysis include a country's relative position on income, education and health as tracked by local and international organisations and development banks, as well as factors related to the effectiveness and legitimacy of the administration through public opinion surveys.

The **governance factors** considered are (i) rule of law, (ii) corruption, (iii) politics and election calendar, (iv) banking system strength/non-performing loans, (v) ease of doing business and (vi) trade openness. There is also a focus on the quality of economic governance.

#### **Municipal Bonds**

The credit process focuses on four primary factors: economy, leverage, financial performance and management and/or political leadership. The quality of issuers' governance and management practices are assessed, including corruption, sound budgetary practices, and responsible use of debt. Others factors are also considered such as environmental (i.e. polluted drinking water) and social risks (i.e. crime) that may affect the borrower's ability to repay. Once a bond is found to be an acceptable credit risk, the issuer's governance, policies, and management of material social and environmental factors are reviewed. If an issuer is determined to have systemic concerns, the bond is not eligible for purchase. If the issuer meets the required standards, the Manager and the Sub-Investment Manager review the bonds' use of proceeds and score accordingly based on the proprietary methodology.

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#### **Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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## Neuberger Berman Strategic Income Fund

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio seeks to achieve an attractive level of total return (income plus capital appreciation) by investing in a diversified mix of fixed rate and floating rate debt securities globally under varying market environments with a focus on downside protection.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and is also available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

The Sub-Investment Manager incorporates ESG factors into their sector research and security selection process. As such, the Sub-Investment Manager has developed a proprietary ESG scoring system for corporate holdings across global developed credit markets, both investment grade and non-investment grade, as well as for emerging market debt (local rates, FX, sovereign credit and corporate credit). The Sub-Investment Manager also integrates ESG factors into its municipal research process.

### ESG Factors in Global Investment Grade Credit and Global Non-Investment Grade Credit (Developed Markets)

The Sub-Investment Manager systematically considers and evaluates ESG factors as an important component of their credit analysis discipline when making investment decisions. Proprietary ESG scores are a key component of the internal credit ratings. These proprietary scores are assigned to all issuers. The proprietary ESG scoring system is built around the concept of sector specific criteria, which focuses on the ESG issues that are the largest drivers of credit risk in each industry. The SASB framework for sector specific criteria are used as a starting point, but the Sub-Investment Manager customises each set of sector criteria based on their judgement, leveraging their significant sector/industry expertise. They also assign weightings to environmental, social and governance factors, which vary by sector and are aimed at enhancing their credit risk assessment.

### ESG Factors in Emerging Market Corporate Debt

ESG factors are integrated at three different levels:

#### 1) Exclusion lists

The Sub-Investment Manager excludes companies, which are involved in controversial weapons (as noted above), child labour, and the tobacco industry and thermal coal mining companies.

#### 2) Integration of ESG factors in fundamental analysis

ESG scores are assigned to each issuer using the proprietary ESG scoring system.

#### 3) Analysis of Controversies and Direct Engagement

The Sub-Investment Manager engages with corporate issuers which have high impact controversies or which have low internal ESG scores to assess if the issues are being addressed.

### ESG Factors in Emerging Market Debt Country Analysis

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The Sub-Investment Manager assesses ESG factors at least quarterly with the aim of capturing the qualitative factors driving the credit quality of Emerging Market countries.

The **environmental factors** considered are (i) energy intensity of GDP, (ii) global adaption ranking, (iii) carbon emissions per GDP, (iv) carbon emissions per capita, (v) coal use in electricity generation, (vi) CO2 emissions levels per GDP and per capita and (vii) the degree to which electricity is being produced from coal sources. The Sub-Investment Manager also monitors countries' contributions/adherence to the UN Sustainable Development Goals.

The **social factors** considered are (i) government effectiveness, (ii) regulatory quality, (iii) political stability and security, (iv) human development and (v) voice and accountability. Other social factors considered in respect of country analysis include a country's relative position on income, education and health as tracked by local and international organisations and development banks, as well as factors related to the effectiveness and legitimacy of the administration through public opinion surveys.

The **governance factors** considered are (i) rule of law, (ii) corruption, (iii) politics and election calendar, (iv) banking system strength/non-performing loans, (v) ease of doing business and (vi) trade openness. There is also a focus on the quality of economic governance.

#### **Municipal Bonds**

The credit process focuses on four primary factors: economy, leverage, financial performance and management and/or political leadership. The quality of issuers' governance and management practices are assessed, including corruption, sound budgetary practices, and responsible use of debt. Others factors are also considered such as environmental (i.e. polluted drinking water) and social risks (i.e. crime) that may affect the borrower's ability to repay. Once a bond is found to be an acceptable credit risk, the issuer's governance, policies, and management of material social and environmental factors are reviewed. If an issuer is determined to have systemic concerns, the bond is not eligible for purchase. If the issuer meets the required standards, the Sub-Investment Manager reviews the bonds' use of proceeds and score accordingly based on the proprietary methodology.

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#### **Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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## Neuberger Berman Euro Bond Absolute Return Fund

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio seeks to generate positive absolute returns over a market cycle (typically 3-5 years), irrespective of market conditions with a moderate level of volatility. It aims to achieve this by implementing an unconstrained strategy combining long and synthetic short positions in a diversified portfolio of predominantly Euro-denominated debt securities.

The Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and is also available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy, when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

ESG research is a critical component of the Manager's portfolio management team's (the "Team") fundamental research process. The Team believes that integrating ESG factors into its investment process adds value by helping to identify risks generally not captured by traditional corporate credit analysis and by shedding light on non-financial aspects of an issuer's business.

The Team has integrated its proprietary ESG scoring system into its overall credit best practices research process. This ESG analysis is performed internally by the Team, not outsourced to a centralised group within the firm or to a third party ESG rating service. These proprietary scores are assigned to all issuers held in the Portfolio and are a key component of each issuer's internal credit rating. These internal credit ratings are notched up or down depending on the issuer's ESG profile. This integration creates a direct link between the ESG analysis and the portfolio construction.

The proprietary ESG scoring system is built around the concept of sector specific criteria, which focuses on the ESG issues that are the largest drivers of credit risk in each industry. The Team uses the SASB framework for sector specific criteria as a starting point, but then customises each set of sector criteria based on their own judgement, leveraging their significant sector/industry expertise. The Team also assigns weightings to environmental, social and governance factors, which vary by sector and are aimed at enhancing credit risk assessment.

Engaging with management is a critical component of the Team's investment process. The research Team maintains an active dialogue with all issuers and these discussions cover, among other things, ESG issues, capital structure, corporate strategy and business / industry trends. The Team closely monitors these engagement activities (through its ESG engagement tracker) and reports on these discussions to the Neuberger Berman credit committee. The Team believes this consistent engagement with companies can help reduce credit risk.

Oversight of the ESG process and the development of data measuring the impact of ESG in the fixed income markets are also important priorities for the Team. The Team provides quarterly ESG portfolio reviews (touching on key updates and the performance impact of ESG related decision making), tracks closely its management engagement activities through the ESG engagement tracker, monitors its climate-value at risk and works collaboratively within the firm's fixed income ESG working group and ESG committee.

### Benchmark Index

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark,

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please refer to the Supplement.

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## Neuberger Berman Ultra Short Term Euro Bond Fund

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio's objective to achieve an attractive level of outperformance over the Euro cash return over a period of 1 year irrespective of the market environment by taking exposure to a diversified mix of short-term Euro-denominated fixed and floating rate debt securities.

The Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and is also available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy, when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

ESG research is a critical component of the Manager's portfolio management team's (the "Team") fundamental research process. The Team believes that integrating ESG factors into its investment process adds value by helping to identify risks generally not captured by traditional corporate credit analysis and by shedding light on non-financial aspects of an issuer's business.

The Team has integrated its proprietary ESG scoring system into its overall credit best practices research process. This ESG analysis is performed internally by the Team, not outsourced to a centralised group within the firm or to a third party ESG rating service. These proprietary scores are assigned to all issuers held in the Portfolio and are a key component of each issuer's internal credit rating. These internal credit ratings are notched up or down depending on the issuer's ESG profile. This integration creates a direct link between the ESG analysis and the portfolio construction.

The proprietary ESG scoring system is built around the concept of sector specific criteria, which focuses on the ESG issues that are the largest drivers of credit risk in each industry. The Team uses the SASB framework for sector specific criteria as a starting point, but then customises each set of sector criteria based on their own judgement, leveraging their significant sector/industry expertise. The Team also assigns weightings to environmental, social and governance factors, which vary by sector and are aimed at enhancing credit risk assessment.

Engaging with management is a critical component of the Team's investment process. The research Team maintains an active dialogue with all issuers and these discussions cover, among other things, ESG issues, capital structure, corporate strategy and business / industry trends. The Team closely monitors these engagement activities (through its ESG engagement tracker) and reports on these discussions to the Neuberger Berman credit committee. The Team believes this consistent engagement with companies can help reduce credit risk.

Oversight of the ESG process and the development of data measuring the impact of ESG in the fixed income markets are also important priorities for the Team. The Team provides quarterly ESG portfolio reviews (touching on key updates and the performance impact of ESG related decision making), tracks closely its management engagement activities through the ESG engagement tracker, monitors its climate-value at risk and works collaboratively within the firm's fixed income ESG working group and ESG committee.

### Benchmark Index

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

## Neuberger Berman Euro Opportunistic Bond Fund

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio seeks to outperform the Benchmark (as specified in the "Benchmark" section of the Supplement) before fees over a market cycle (typically 3 years) by investing in a diversified mix of Euro-denominated fixed and floating rate debt securities.

The Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and is also available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy, when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

ESG research is a critical component of the Manager's portfolio management team's (the "Team") fundamental research process. The Team believes that integrating ESG factors into its investment process adds value by helping to identify risks generally not captured by traditional corporate credit analysis and by shedding light on non-financial aspects of an issuer's business.

The Team has integrated its proprietary ESG scoring system into its overall credit best practices research process. This ESG analysis is performed internally by the Team, not outsourced to a centralised group within the firm or to a third party ESG rating service. These proprietary scores are assigned to all issuers held in the Portfolio and are a key component of each issuer's internal credit rating. These internal credit ratings are notched up or down depending on the issuer's ESG profile. This integration creates a direct link between the ESG analysis and the portfolio construction.

The proprietary ESG scoring system is built around the concept of sector specific criteria, which focuses on the ESG issues that are the largest drivers of credit risk in each industry. The Team uses the SASB framework for sector specific criteria as a starting point, but then customises each set of sector criteria based on their own judgement, leveraging their significant sector/industry expertise. The Team also assigns weightings to environmental, social and governance factors, which vary by sector and are aimed at enhancing credit risk assessment.

Engaging with management is a critical component of the Team's investment process. The research Team maintains an active dialogue with all issuers and these discussions cover, among other things, ESG issues, capital structure, corporate strategy and business / industry trends. The Team closely monitors these engagement activities (through its ESG engagement tracker) and reports on these discussions to the Neuberger Berman credit committee. The Team believes this consistent engagement with companies can help reduce credit risk.

Oversight of the ESG process and the development of data measuring the impact of ESG in the fixed income markets are also important priorities for the Team. The Team provides quarterly ESG portfolio reviews (touching on key updates and the performance impact of ESG related decision making), tracks closely its management engagement activities through the ESG engagement tracker, monitors its climate-value at risk and works collaboratively within the firm's fixed income ESG working group and ESG committee.

### Benchmark Index

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.



## Neuberger Berman Multi-Asset Income Fund

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio aims to provide an income distribution of 7% per annum before fees, whilst also seeking to preserve capital and offering the potential for capital growth over a market cycle (typically 3 years) by investing in a diversified range of assets and markets worldwide.

The Sub-Investment Managers will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Managers have fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Managers shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

The Sub-Investment Managers shall consider environmental factors which may include but are not limited to (i) carbon emissions and climate change, (ii) natural resource use, (iii) pollution and toxic emissions, and (iv) use of green technologies, where applicable. In terms of social factors, the Sub-Investment Manager shall consider, including but not limited to, (i) data privacy and security, (ii) labour relations, (iii) human capital management, and (iv) product safety, where applicable. The governance factors that the Sub-Investment Manager shall consider may include, but are not limited to, (i) corporate governance, (ii) board independence and quality, and (iii) business ethics.

The Sub-Investment Managers seek to evaluate public companies by utilising a proprietary ESG score which is developed by combining external, third-party ESG data with internal proprietary ESG ratings provided by the Sub-Investment Managers. The proprietary ESG score is used within the Sub-Investment Managers' proprietary factor score that combines Momentum, Quality, Low Risk, Income, and Value. This score allows the Sub-Investment Managers to assess the attractiveness of securities within their investable universe and then seek to position the portfolio accordingly, favouring securities that rank higher based on this combined multi-factor score and underweighting securities that rank lower. Additionally, the firm's dedicated ESG team and equity analysts also proactively engage a portion of the companies held within the Portfolio to help drive these companies to make positive changes in environmental, social, and/or governance issues which the Sub-Investment Managers believe to be a potential driver of attractive returns.

### Benchmark Index

Non-applicable. The Portfolio does not have a benchmark index.

## Neuberger Berman CLO Income Fund

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio invests primarily in USD and EUR denominated floating rate collateralised loan obligations ("CLO") debt securities and typically maintains exposure to the US high yield market.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, security selection and CLO collateral manager evaluation process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

ESG factors are integrated into the security selection investment process through the monitoring and avoidance of CLOs with relatively significant underlying corporate investments that generate a significant portion of their revenues from coal mining/extraction, cluster munitions, nuclear weapons, tobacco products, for-profit correctional facilities, severe environmental damage and other sectors identified by the team. The Sub-Investment Manager re-assesses the sector exclusion list at least annually based on environmental, social and governance factors.

Engaging with CLO collateral managers is a critical component of the investment process. An active dialogue is maintained with CLO collateral managers the Portfolio is exposed to and these discussions cover, among other things, ESG integration to the investment process, new developments in ESG frameworks, governance for the CLO manager, changes in the credit conditions of underlying investments and other trends relevant to the performance of the Portfolio.

As part of engagement with CLO collateral managers, due diligence questionnaires are requested to be completed that seek to ascertain the sophistication, integration and importance that ESG factors have in CLO portfolio management. Based on the feedback provided in the questionnaires, the team may seek to encourage a CLO collateral manager to adopt certain changes to their investment process or reduce the Portfolio's exposure to such CLO collateral manager.

The Portfolio utilises the proprietary ESG scoring system of the Neuberger Berman Non-Investment Grade platform as it relates to underlying CLO exposures. These proprietary scores are assigned to the majority of loans in CLOs held in the Portfolio and are a key component of the underlying portfolio's evaluation and monitoring. These internal credit ratings are notched up or down depending on the issuer's ESG profile. This integration creates a direct link between the ESG analysis and the construction of the Portfolio.

### Benchmark Index

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

## Neuberger Berman US Real Estate Securities Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio shall invest in equity securities issued by real estate companies, which have either their head office or exercise an overriding part of their economic activity in the US.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy, when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

The Sub-Investment Manager's team (the "**Team**") considers financially material ESG factors as part of its investment decision making process from both an opportunity and a risk mitigation perspective. ESG integration is an essential part of the Team's rigorous and disciplined investment process. The Team focuses on companies and business models that demonstrate: strong corporate governance, high quality management, environmental and social leadership, and efficient capital allocation.

ESG factors are an integral part of the Sub-Investment Manager's investment process. The Sub-Investment Manager conducts fundamental research and utilises proprietary in-house research tools, which analyse data at both industry level and investee company level, in order to develop a data driven differentiated view to investment decision making.

At the investee company/corporate issuer level, the Sub-Investment Manager considers; **environmental factors** including (i) green building opportunities, (ii) green house gas emissions profiles, (iii) waste water management, (iv) solar panel installations; **social factors** including (i) employee and board diversity, (ii) employee and tenant health and safety, (iii) workforce development and mobility and **governance factors** including (i) board independence, (ii) management compensation ties to absolute and relative total shareholder returns, (iii) shareholder rights, and (iv) conservative use of financial leverage and conservative dividend policies.

The Sub-Investment Manager actively engages with the senior management of investee or prospective investee companies, participating in direct engagement with investee companies (e.g. face-to-face meetings, frequent phone contact with senior management). The Sub-Investment Manager views this direct engagement as an essential part of its investment process.

The Sub-Investment Manager utilises a proprietary ESG scoring system for each company in the strategy. The ratings on this scoring system also leverage third party ESG data sources. The Sub-Investment Manager integrates its proprietary ESG scores into its proprietary REIT valuation model to reflect the significance of ESG in the investment process and investment decisions.

### Benchmark Index

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

## Neuberger Berman Global Real Estate Securities Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio shall invest in equity securities issued by real estate companies globally.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy, when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

The Sub-Investment Manager's team (the "**Team**") considers financially material ESG factors as part of its investment decision making process from both an opportunity and a risk mitigation perspective. ESG integration is an essential part of the Team's rigorous and disciplined investment process. The Team focuses on companies and business models that demonstrate: strong corporate governance, high quality management, environmental and social leadership, and efficient capital allocation.

ESG factors are an integral part of the Sub-Investment Manager's investment process. The Sub-Investment Manager conducts fundamental research and utilises proprietary in-house research tools, which analyse data at both industry level and investee company level, in order to develop a data driven differentiated view to investment decision making.

At the investee company/corporate issuer level, the Sub-Investment Manager considers; **environmental factors** including (i) green building opportunities, (ii) green house gas emissions profiles, (iii) waste water management, (iv) solar panel installations; **social factors** including (i) employee and board diversity, (ii) employee and tenant health and safety, (iii) workforce development and mobility and **governance factors** including (i) board independence, (ii) management compensation ties to absolute and relative total shareholder returns, (iii) shareholder rights, and (iv) conservative use of financial leverage and conservative dividend policies.

The Sub-Investment Manager actively engages with the senior management of investee or prospective investee companies, participating in direct engagement with investee companies (e.g. face-to-face meetings, frequent phone contact with senior management). The Sub-Investment Manager views this direct engagement as an essential part of its investment process.

The Sub-Investment Manager utilises a proprietary ESG scoring system for each company in the strategy. The ratings on this scoring system also leverage third party ESG data sources. The Sub-Investment Manager integrates its proprietary ESG scores into its proprietary REIT valuation model to reflect the significance of ESG in the investment process and investment decisions.

### Benchmark Index

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

## Neuberger Berman China A-Share Equity Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio shall invest in a portfolio of China A Share equity holdings that provide exposure to economic development in the PRC.

The Sub-Investment Manager has integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy and (iii) the Sustainable Exclusion Policy, when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "*Sustainable Investment Criteria*" section of the Prospectus.

The Sub-Investment Manager integrates material ESG factors in the investment process by applying sector specific analysis in order to determine the quality of the company and to identify higher quality companies that could present lower long-term risk. The Sub-Investment Manager's strategy is built on the belief that responsibility is a hallmark of quality and invests in companies that have a sustainable competitive advantage derived from ESG factors. The Sub-Investment Manager shall seek to generate a positive social and environmental impact alongside a financial return.

The Sub-Investment Manager shall consider **environmental factors** including (i) environmental policies and clean tech investment (i.e. resource reduction policy/expense, environmental management system certifications), (ii) climate change (i.e. reduce energy plan, reduce the consumption of materials and plan for waste disposal and transportation) (iii) energy use and greenhouse gas emissions (i.e. toxic/carbon emissions, water stress).

In terms of **social factors**, the Sub-Investment Manager shall consider (i) fair labour (i.e. lower turnover, higher medical insurance coverage), (ii) welfare, training and development (higher employee welfare per capita, enough training hours, open and fair promotion mechanism), (iii) health and working conditions and employee incidents (i.e. work injury rate, safe working condition protection expense absenteeism/higher productivity).

The Sub-Investment Manager shall also consider **governance factors** including (i) independence and board diversity (i.e. improved oversight and increased accountability) and (ii) executive compensation (i.e. to ensure management is aligned with shareholder interest).

The Sub-Investment Manager considers a company's record in its management of environmental, social and, in particular, governance matters to be an indicator of management quality, which is an important consideration in its research work. The Sub-Investment Manager also evaluates material ESG factors by internal ESG framework and analysis, together with third-party data providers for common global ESG factors (e.g. resource productivity from MSCI ESG).

The Sub-Investment Manager shall also participate in engagement with prospective investee companies and existing companies held in the Portfolio. The engagement process employed by the Sub-Investment Manager is a three-step process consisting of: (i) identifying engagement priorities; (ii) developing a company engagement strategy; and (iii) tracking, monitoring and following-up. The purposes of the engagement process is to address ESG disclosure gaps, to address ESG material issues of concern and to discuss best practices and opportunities.

The Sub-Investment Manager's engagement process includes face-to-face meetings, frequent phone contact with senior management, and board members, all in an attempt to understand the company as well as the competitive environment in

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which it is operating. These meetings provide the Sub-Investment Manager with a holistic view of a company, which allows it to assess the growth prospects of the company during its entire investment process and whether or not returns are sustainable in the future. The Sub-Investment Manager views this direct engagement, as an essential part of its investment process.

In addition, the Sub-Investment Manager meets regulators, government officials, and independent consultants and attends numerous conferences to meet with customers, suppliers, and competitors in a less formal setting. The Sub-Investment Manager also relies on additional information sources including industry research, competitive analysis, third party research, non-governmental organisations, government agencies, UN agencies, media and academia.

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**Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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## Neuberger Berman Global Sustainable Equity Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio invests primarily in a portfolio of global equity holdings that comply with the Sustainable Criteria (as defined in the Prospectus) with the aim of achieving a minimum excess annualised return of 2% over the Benchmark before fees over a 3-5 year investment horizon.

The Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Portfolio will invest primarily in equity securities issued by companies whose behaviours, processes and operations contribute to system-level progress towards environmental and social objectives.

The Manager invests in high quality companies, which (i) provide attractive sustainable products or services, (ii) demonstrate a commitment to sustainability in their operations, and (iii) are economically competitive, as described in greater detail in the Supplement.

The Manager (i) excludes securities issued by companies that are involved in controversial activities and behaviour and those which rated worst in terms of the NB ESG Quotient from the investment universe, such that at least 20% of the investment universe is excluded on these bases; and (ii) ensures at least 90% ESG coverage rate of the Net Asset Value of the Portfolio. Companies will then be selected based on either their positive contribution to environmental and social outcomes through their operations, practices and behaviour, or through their products and services. This allows the Portfolio to drive strong, continually improving performance on material environmental and social factors which contribute to a more sustainable world.

In addition, as part of the investment process, the Manager considers a variety of environmental and social characteristics, as detailed in the “*Investment Approach*” section above. The Neuberger Berman Global Sustainable Equity (“**GSE**”) Team within the Manager prefers to analyse the world looking through a “*Value Chain Lens*”. This lens allows the GSE Team to view and understand sustainability issues from multiple perspectives via a bottom-up ESG assessment, to better understand the role of technological developments and disruptions, to identify the full playing field of competitive forces in a value chain and to select the winners from those dynamics. This lens helps the GSE Team to positively select transition winners based on their durable competitive positions, ‘do no significant harm’ profiles and adaptation abilities. The Value Chain Lens captures most of the daily economic activities: how the economy is powered, how people stay healthy, consume and pay or finance their activities and also how the future enterprise is evolving. Sustainability issues are complex and the GSE Team’s Value Chain Lens provides a distinctive and effective approach to differentiate between perspectives and supports the holistic thinking needed to analyse these. This is important as sustainability captures both environmental and social issues which can be seen as interrelated, parts of wider meta-problems or interlocking crises. The GSE Team has defined five value chains: Energy Transition, Access to Healthcare, Conscious Consumer, FinTech and Financial Inclusion and Digital Enterprise which are considered as part of their bottom-up ESG assessment.

One of the data inputs for the bottom-up ESG assessment of companies is the NB ESG Quotient. The NB ESG Quotient is built around the concept of sector specific ESG risk. Foundational to the NB ESG Quotient is the proprietary Neuberger Berman (“**NB**”) materiality matrix, which focuses on the ESG characteristics that are considered to be the most material drivers of ESG risk for each sector. The NB materiality matrix enables the Manager to derive the NB ESG Quotient rating, to compare companies relative to their environmental and social characteristics.



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To illustrate, below are some specific considerations the Manager factors into the bottom-up ESG assessment of the companies:

The Manager assesses biodiversity, water stress and land use as part of the ESG analysis of companies, which impacts the outcome of the bottom-up ESG assessment for each company and therefore the ultimate suitability of the companies for the strategy.

When an oppressive regime is a major shareholder in a company, the Manager will take this into consideration in the bottom-up ESG assessment.

Additionally, the Portfolio will not invest in companies that derive more than 5% of their revenue from fur and specialty leather manufacturers or military contractors.

This allows the Portfolio to drive strong, continually improving performance on material environmental and social factors which contribute to a more sustainable world.

In aiming to align the Portfolio with a net-zero goal, the Manager intends to have at least 90% of the Portfolio's Net Asset Value invested in companies with Science-Based Target initiative ("SBTi")<sup>8</sup> validated targets (or equivalent as assessed by Neuberger Berman's net-zero sector alignment methodology, which conforms with the IIGCC target setting guidance<sup>9</sup>) by 2030 and to reach 100% of the Portfolio's Net Asset Value by 2050. Additionally, the Portfolio must reduce its carbon footprint across scope 1, 2, and material scope 3 GHG emissions<sup>10</sup>, by a minimum of 30% by 2030 relative to a 2019 baseline and a subsequent decline to net zero by 2050. The 2019 baseline may be subject to re-calculation as data quality and disclosure expands over time, particularly with respect to scope 3 emissions.

#### **ESG Screening**

The Portfolio shall also apply (i) the Global Standards Policy; (ii) the Controversial Weapons Policy; (iii) the Sustainable Exclusion Policy, (iv) the Enhanced Sustainable Exclusion Policy. Further details on these screening/exclusion policies are set out in the "Sustainable Investment Criteria" section of the Prospectus.

The Manager also excludes companies from the investment universe that are (i) not compliant with the United Nations Global Compact, (ii) in violation of the UN Declaration of Human Rights, (iii) in violation of the International Labour Organisation's Core Conventions, (iv) in violation of the OECD guidelines for multinational enterprises, (v) involved in dictatorial regimes/ high ESG controversies and/ or (vi) exhibit very poor behaviours in terms of environmental pollution, human rights' issues or governance controversies. Companies that aren't transparent on ESG or score very poorly on ESG metrics overall are also excluded.

Please refer to the sections of the Supplement entitled "*Investment Approach*" and "*Environmental, Social and Governance ("ESG")*" for further information in respect of the Article 8 Portfolio classification.

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#### **Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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<sup>8</sup> The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature which enables companies to set science-based emissions reduction targets.

<sup>9</sup> IIGCC target setting guidance: is a framework for investors to achieve net zero emissions alignment issued by the Institutional Investors Group on Climate Change.

<sup>10</sup> Scope 1 emissions: are direct emissions from an issuer's owned or controlled sources (such as emissions created directly by the issuer's business processes or from vehicles owned by the issuer). Scope 2 emissions: are indirect emissions from the generation of electricity, steam, heating and cooling consumed by the issuer. Scope 3 emissions: are all other indirect emissions that occur in an issuer's value chain (such as emissions from products or services consumed by the issuer, disposal of its waste, employee commuting, distribution and transport of its products or its investments).

## Neuberger Berman European Sustainable Equity Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio invests primarily in a portfolio of European equity holdings that comply with the Sustainable Criteria (as defined in the Prospectus) with the aim of achieving a minimum excess annualised return of 2% over the Benchmark before fees over a 3-5 year investment horizon.

The Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Portfolio will invest primarily in equity securities issued by companies whose behaviours, processes and operations contribute to system-level progress towards environmental and social objectives.

The Manager invests in high quality companies, which (i) provide attractive sustainable products or services, (ii) demonstrate a commitment to sustainability in their operations, and (iii) are economically competitive, as described in greater detail in the Supplement.

The investment universe is specifically created by the Manager to meet and deliver the promotion of the relevant environmental and social characteristics for the Portfolio. To achieve this the Manager applies a two-step process to the investment universe to ensure that it consists of securities which meet the Sustainable Criteria.

The Manager:

- (i) excludes securities issued by companies that are involved in controversial activities and behaviour and those which rated worst in terms of the NB ESG Quotient from the investment universe, such that at least 20% of the investment universe is excluded on these bases; and
- (ii) ensures at least 90% ESG coverage rate of the Net Asset Value of the Portfolio.

In addition, as part of the investment process, the Manager considers a variety of environmental and social characteristics, as detailed below. The Neuberger Berman Global Sustainable Equity (“GSE”) Team within the Manager prefers to analyse the world looking through a “Value Chain Lens”. This lens allows the GSE Team to view and understand sustainability issues from multiple perspectives via a bottom-up ESG assessment, to better understand the role of technological developments and disruptions, to identify the full playing field of competitive forces in a value chain and to select the winners from those dynamics. This lens helps the GSE Team to positively select transition winners based on their durable competitive positions, ‘do no significant harm’ profiles and adaptation abilities. The Value Chain Lens captures most of the daily economic activities: how the economy is powered, how people stay healthy, consume and pay for or finance their activities and also how the future enterprise is evolving. Sustainability issues are complex and the GSE Team’s Value Chain Lens provides a distinctive and effective approach to differentiate between perspectives and supports the holistic thinking needed to analyse these. This is important as sustainability captures both environmental and social issues which can be seen as interrelated, parts of wider meta-problems or interlocking crises. The GSE Team has defined five value chains: Energy Transition, Access to Healthcare, Conscious Consumer, FinTech and Financial Inclusion and Digital Enterprise which are considered as part of their bottom-up ESG assessment.

One of the data inputs for the bottom-up ESG assessment of companies is the NB ESG Quotient. The NB ESG Quotient is built around the concept of sector specific ESG risk. Foundational to the NB ESG Quotient is the proprietary Neuberger Berman (“NB”) materiality matrix, which focuses on the ESG characteristics that are considered to be the most material drivers of ESG risk for each sector. The NB

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materiality matrix enables the Manager to derive the NB ESG Quotient rating, to compare companies relative to their environmental and social characteristics.

To illustrate, below are some specific considerations the Manager factors into the bottom-up ESG assessment of the companies:

- The Manager assesses biodiversity, water stress and land use as part of the ESG analysis of companies, which impacts the outcome of the bottom-up ESG assessment for each company and therefore the ultimate suitability of the companies for the strategy.
- When an oppressive regime is a major shareholder in a company, the Manager will take this into consideration in the bottom-up ESG assessment.

Additionally, the Portfolio will not invest in companies that derive more than 5% of their revenue from fur and specialty leather manufacturers or military contractors.

This allows the Portfolio to drive strong, continually improving performance on material environmental and social factors which contribute to a more sustainable world.

In aiming to align the Portfolio with a net-zero goal, the Manager intends to have at least 90% of the Portfolio's Net Asset Value invested in companies with Science-Based Target initiative ("SBTi")<sup>11</sup> validated targets (or equivalent as assessed by Neuberger Berman's net-zero sector alignment methodology, which conforms with the IIGCC target setting guidance<sup>12</sup>) by 2030 and to reach 100% of the Portfolio's Net Asset Value by 2050. Additionally, the Portfolio must reduce its carbon footprint across scope 1, 2, and material scope 3 GHG emissions<sup>13</sup>, by a minimum of 30% by 2030 relative to a 2019 baseline and a subsequent decline to net zero by 2050. The 2019 baseline may be subject to re-calculation as data quality and disclosure expands over time, particularly with respect to scope 3 emissions.

The Portfolio shall also apply (i) the Global Standards Policy; (ii) Controversial Weapons Policy, (iii) the Sustainable Exclusion Policy and (iv) the Enhanced Sustainable Exclusion Policy. Further details on these screening/exclusion policies are set out in the "*Sustainable Investment Criteria*" section of the Prospectus.

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#### **Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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<sup>11</sup> The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature which enables companies to set science-based emissions reduction targets.

<sup>12</sup> IIGCC target setting guidance: is a framework for investors to achieve net zero emissions alignment issued by the Institutional Investors Group on Climate Change.

<sup>13</sup> Scope 1 emissions: are direct emissions from an issuer's owned or controlled sources (such as emissions created directly by the issuer's business processes or from vehicles owned by the issuer). Scope 2 emissions: are indirect emissions from the generation of electricity, steam, heating and cooling consumed by the issuer. Scope 3 emissions: are all other indirect emissions that occur in an issuer's value chain (such as emissions from products or services consumed by the issuer, disposal of its waste, employee commuting, distribution and transport of its products or its investments).

## Neuberger Berman US Small Cap Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio shall invest in equity securities issued by small-capitalisation companies ("**Small Cap**"), which have either their head office or exercise an overriding part of their economic activity in the US and that are listed or traded on Recognised Markets.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy, when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "*Sustainable Investment Criteria*" section of the Prospectus.

As the Portfolio is Small Cap focused, a longstanding component of the Sub-Investment Manager's investment process has been a focus on governance (given the size of companies). Over time, the Sub-Investment Manager has increasingly incorporated material environmental and social factors that might affect the financial sustainability of the business.

ESG factors are an integral part of the Sub-Investment Manager's investment process. The Sub-Investment Manager conducts fundamental research and utilises proprietary in-house research tools, which analyse data at both industry level and investee company level, in order to develop a data driven differentiated view to investment decision making. At industry level, the factors considered include environmental, social, workforce (e.g. health and safety, human capital development), supply chain, leadership and governance (e.g. innovation, policy and regulatory risk).

At the investee company/corporate issuer level, the Sub-Investment Manager considers: **environmental factors** including (i) carbon intensity, (ii) emission reduction strategy; **social factors** including (i) labour relations, (ii) employee satisfaction, (iii) workforce diversity and inclusion and **governance factors** including (i) board independence, (ii) compensation concerns, (iii) board skillset and (iv) shareholder rights.

As noted above, corporate governance is highly material in the Small Cap market given the size of companies. Accordingly, the Sub-Investment Manager actively engages with the senior management of investee or prospective investee companies. The Sub-Investment Manager views this direct engagement as an essential part of its investment process and given the historically low turnover at Small Cap companies, it enables the Sub-Investment Manager to build longstanding relationships with the senior management of such entities.

The Portfolio may not purchase securities of issuers that derive meaningful revenues from certain products or practices in providers of firearms, tobacco, gambling, adult entertainment and coal.

### Benchmark Index

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

## Neuberger Berman InnovAsia 5G Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and only invests in companies that follow good governance practices.

The Sub-Investment Managers will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Managers have fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

ESG themed investing is a core component of the Sub-Investment Managers' strategy for the Portfolio. The Sub-Investment Managers shall also apply (i) the Global Standards Policy; (ii) the Controversial Weapons Policy; (iii) the Sustainable Exclusion Policy; and (iv) the Enhanced Sustainable Exclusion Policy, when determining what investments to make for the Portfolio. Further details on these screening/exclusion policies are set out in the "Sustainable Investment Criteria" section of the Prospectus.

Systematic evaluation of material ESG factors is embedded in the investment decision-making process pre- and post-investment and is undertaken for every company within the initial investment universe, which the Sub-Investment Managers follow. The Sub-Investment Managers further evaluate those companies, seeking to identify the best in class companies, with sustainable advantages primarily in Asia, such as market leading technology, existing products or market access. The Sub-Investment Managers believe sustainable advantages are demonstrated through best in class product, technology, processes and market access.

In addition, as part of the investment process, the Sub-Investment Managers consider a variety of environmental and social characteristics, as detailed below. These environmental and social characteristics are considered using the NB ESG Quotient. The NB ESG Quotient is built around the concept of sector specific ESG risk. Foundational to the NB ESG Quotient is the proprietary Neuberger Berman ("NB") materiality matrix, which focuses on the ESG characteristics that are considered to be the most material drivers of ESG risk for each sector. The NB materiality matrix enables the Sub-Investment Managers to derive the NB ESG Quotient rating, to compare sectors and companies relative to their environmental and social characteristics.

To illustrate, below are some specific considerations the Sub-Investment Managers factor into the NB ESG Quotient rating of the companies:

- The Sub-Investment Managers assess biodiversity and water stress as part of the ESG analysis of companies, which impacts the NB ESG Quotient rating for each company and therefore the issuer selection for the strategy.
- When an oppressive regime is a major shareholder in a company, the Sub-Investment Managers will take this into consideration in its bottom-up ESG assessment.

The Sub-Investment Managers also participate in direct engagement with investee companies (e.g. face-to-face meetings, frequent phone contact with senior management, discussions with customers, suppliers and competitors and attendance at industry and company conferences). Engagement with investee companies is encouraged to mitigate risks and improve ESG and financial outcomes. The Sub-Investment Managers view this direct engagement, as an essential part of its investment process.

### Benchmark Index

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

## Neuberger Berman Global Investment Grade Credit Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

The Sub-Investment Managers will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Managers have fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Managers shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

ESG analysis is an important component of the fundamental credit research and identifies business risks, which would cause deterioration in an issuer's credit profile. A proprietary ESG scoring system is utilised which focuses on the ESG issues that are the largest drivers of credit risk in each industry. These proprietary scores are assigned to all issuers. By integrating proprietary ESG analysis into internal credit ratings, there is a direct link between the analysis of material ESG factors and portfolio construction.

Material ESG factors are identified and assessed during the credit research process by:

- utilising the **environmental and social factors** identified by the Sustainability Accounting Standards Board ("**SASB**") framework as potentially material for the given industry. Not all factors identified by SASB are relevant for fixed income investors, or for the time horizon over which the Sub-Investment Managers are valuing a security and therefore the factors are modified based on specific sectors and the expert judgement of the Sub-Investment Managers.
- the factors identified are reviewed and discussed and the rationale is debated and any modifications made. This discussion also includes the relative weight to place on each factor.
- a score is given to each issuer and where possible robust data sources are used to complete this scoring.

Sector specific **environmental factors** analysed include (i) carbon footprint, (ii) ecological incidents, (iii) water usage and remediation in the exploration and production sector, (iv) carbon footprint in the pharmaceuticals sector and (v) responsible and transparent underwriting in the banking sector.

Sector specific **social factors** analysed include (i) workforce health and safety, (ii) engagement with relevant communities in the exploration and production sector, (iii) affordability and fair pricing, (iv) drug safety in the pharmaceuticals sector, (v) privacy and data security, (vi) regulatory compliance and (vii) track record of litigation and controversies in the banking sector.

A proprietary investment grade credit governance score is applied which is standardised across all sectors, which considers: (i) level of independence of board members, (ii) capability of the board, (iii) compensation tied to cash flow and long-term viability, (iv) capability of management and (v) financial statements quality and

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disclosures.

Assessments on these ESG factors are made on a regular basis, at least at each quarterly portfolio review and expands upon these factors from time to time.

ESG scores allow credit analysts to (i) reach more comprehensive views on relative value between issuers and (ii) prioritise additional research and engagement efforts on the specific ESG factors on which a given issuer appears to be lagging. In this way, credit analysts are focusing on the material ESG factors, which they believe are likely to be most financially material to the Portfolio as a whole.

In addition to the aforementioned internal research, other multiple sources of ESG research are utilised including company information, meetings with management, industry peers, academic organisations, trade publications and conferences, third party ESG research, government agencies, labour organisations and non-governmental organisations (NGOs).

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**Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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## Neuberger Berman Global Flexible Credit Income Fund

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio seeks to achieve an attractive level of total return (income plus capital appreciation) by investing in a diversified mix of fixed rate and floating rate debt securities globally under varying market environments with a focus on downside protection.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and is also available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

The Sub-Investment Manager incorporates ESG factors into their sector research and security selection process. As such, the Sub-Investment Manager has developed a proprietary ESG scoring system for corporate holdings across global developed credit markets, both investment grade and non-investment grade, as well as for emerging market debt (local rates, FX, sovereign credit and corporate credit). The Sub-Investment Manager also integrates ESG factors into its municipal and CLO research process.

### ESG Factors in Global Investment Grade Credit and Global Non-Investment Grade Credit (Developed Markets)

The Sub-Investment Manager systematically considers and evaluate ESG factors as an important component of their credit analysis discipline when making investment decisions. Proprietary ESG scores are a key component of the internal credit ratings. These proprietary scores are assigned to all issuers. The proprietary ESG scoring system is built around the concept of sector specific criteria, which focuses on the ESG issues that are the largest drivers of credit risk in each industry. The SASB framework for sector specific criteria are used as a starting point, but the Sub-Investment Manager customises each set of sector criteria based on their judgement, leveraging their significant sector/industry expertise. They also assign weightings to environmental, social and governance factors, which vary by sector and are aimed at enhancing their credit risk assessment.

Engaging with management is a critical component of the Sub-Investment Manager's portfolio management team's (the "**Team**") investment process. The Team maintains an active dialogue with all issuers and these discussions cover, among other things, ESG issues, capital structure, corporate strategy and business / industry trends. The Team closely monitors these engagement activities (through its ESG engagement tracker) and reports on these discussions to the Neuberger Berman credit committee. The Team believes this consistent engagement with companies can help reduce credit risk.

### ESG Factors in Emerging Market Corporate Debt

ESG factors are integrated at three different levels:

#### 1) Exclusion lists

The Sub-Investment Manager excludes companies, which are involved in controversial weapons (as noted above), child labour, and the tobacco industry and thermal coal mining companies.

#### 2) Integration of ESG factors in fundamental analysis

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ESG scores are assigned to each issuer using the proprietary ESG scoring system.

### 3) Analysis of Controversies and Direct Engagement

The Sub-Investment Manager engages with corporate issuers which have high impact controversies or which have low internal ESG scores to assess if the issues are being addressed.

#### **ESG Factors in Emerging Market Debt Country Analysis**

The Sub-Investment Manager assesses ESG factors at least quarterly with the aim of capturing the qualitative factors driving the credit quality of Emerging Market countries.

The **environmental factors** considered are (i) energy intensity of GDP, (ii) global adaption ranking, (iii) carbon emissions per GDP, (iv) carbon emissions per capita, (v) coal use in electricity generation, (vi) CO2 emissions levels per GDP and per capita and (vii) the degree to which electricity is being produced from coal sources. The Sub-Investment Manager also monitors countries' contributions/adherence to the UN Sustainable Development Goals.

The **social factors** considered are (i) government effectiveness, (ii) regulatory quality, (iii) political stability and security, (iv) human development and (v) voice and accountability. Other social factors considered in respect of country analysis include a country's relative position on income, education and health as tracked by local and international organisations and development banks, as well as factors related to the effectiveness and legitimacy of the administration through public opinion surveys.

The **governance factors** considered are (i) rule of law, (ii) corruption, (iii) politics and election calendar, (iv) banking system strength/non-performing loans, (v) ease of doing business and (vi) trade openness. There is also a focus on the quality of economic governance.

#### **Municipal Bonds**

The credit process focuses on four primary factors: economy, leverage, financial performance and management and/or political leadership. The quality of issuers' governance and management practices are assessed, including corruption, sound budgetary practices, and responsible use of debt. Others factors are also considered such as environmental (i.e. polluted drinking water) and social risks (i.e. crime) that may affect the borrower's ability to repay. Once a bond is found to be an acceptable credit risk, the issuer's governance, policies, and management of material social and environmental factors are reviewed. If an issuer is determined to have systemic concerns, the bond is not eligible for purchase. If the issuer meets the required standards, the Sub-Investment Manager reviews the bonds' use of proceeds and score accordingly based on the proprietary methodology.

#### **Collateralised Loan Obligations**

ESG factors are integrated into the security selection investment process through the monitoring and avoidance of CLOs with relatively significant underlying corporate investments that generate a significant portion of their revenues from coal mining/extraction, cluster munitions, nuclear weapons, tobacco products, for-profit correctional facilities, severe environmental damage and other sectors identified by the Team. The Sub-Investment Manager re-assesses the sector exclusion list at least annually based on environmental, social and governance factors.

Engaging with CLO collateral managers is a critical component of the investment process. An active dialogue is maintained with CLO collateral managers the Portfolio is exposed to and these discussions cover, among other things, ESG integration to the investment process, new developments in ESG frameworks, governance for the CLO manager, changes in the credit conditions of underlying investments and other trends relevant to the performance of the Portfolio.

As part of engagement with CLO collateral managers, due diligence questionnaires

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are requested to be completed that seek to ascertain the sophistication, integration and importance that ESG factors have in CLO portfolio management. Based on the feedback provided in the questionnaires, the Team may seek to encourage a CLO collateral manager to adopt certain changes to their investment process or reduce the Portfolio's exposure to such CLO collateral manager.

The Portfolio utilises the proprietary ESG scoring system of the Neuberger Berman Non-Investment Grade platform as it relates to underlying CLO exposures. These proprietary scores are assigned to the majority of loans in CLOs held in the Portfolio and are a key component of the underlying portfolio's evaluation and monitoring. These internal credit ratings are notched up or down depending on the issuer's ESG profile. This integration creates a direct link between the ESG analysis and the construction of the Portfolio.

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**Benchmark Index**

N/A the Portfolio does not have a Benchmark.

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## Neuberger Berman Global Diversified Income FMP-2024

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio seeks to maximise current income over the term of the Portfolio, by investing in a diversified mix of global fixed income securities, including high income securities.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Managers has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and is also available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

The Sub-Investment Manager incorporates ESG factors into their sector research and security selection process. As such, the Sub-Investment Manager has developed a proprietary ESG scoring system for corporate holdings across global developed credit markets, both investment grade and non-investment grade, as well as for emerging market debt (local rates, FX, sovereign credit and corporate credit). The Sub-Investment Managers also integrates ESG factors into its municipal research process.

### ESG Factors in Global Investment Grade Credit and Global Non-Investment Grade Credit (Developed Markets)

The Sub-Investment Manager systematically considers and evaluates ESG factors as an important component of their credit analysis discipline when making investment decisions. Proprietary ESG scores are a key component of the internal credit ratings. These proprietary scores are assigned to all issuers. The proprietary ESG scoring system is built around the concept of sector specific criteria, which focuses on the ESG issues that are the largest drivers of credit risk in each industry. The SASB framework for sector specific criteria are used as a starting point, but the Sub-Investment Manager customises each set of sector criteria based on their judgement, leveraging their significant sector/industry expertise. They also assign weightings to environmental, social and governance factors, which vary by sector and are aimed at enhancing their credit risk assessment.

Engaging with management is a critical component of the Sub-Investment Manager's portfolio management team's (the "Team") investment process. The Team maintains an active dialogue with all issuers and these discussions cover, among other things, ESG issues, capital structure, corporate strategy and business / industry trends. The Team closely monitors these engagement activities (through its ESG engagement tracker) and reports on these discussions to the Neuberger Berman credit committee. The Team believes this consistent engagement with companies can help reduce credit risk.

### ESG Factors in Emerging Market Corporate Debt

ESG factors are integrated at three different levels:

#### 1) Exclusion lists

The Manager and the Sub-Investment Manager exclude companies, which are involved in controversial weapons (as noted above), child labour, and the tobacco industry and thermal coal mining companies.

#### 2) Integration of ESG factors in fundamental analysis

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ESG scores are assigned to each issuer using the proprietary ESG scoring system.

### 3) Analysis of Controversies and Direct Engagement

The Manager and the Sub-Investment Manager engage with corporate issuers which have high impact controversies or which have low internal ESG scores to assess if the issues are being addressed.

#### **ESG Factors in Emerging Market Debt Country Analysis**

The Manager and the Sub-Investment Manager assess ESG factors at least quarterly with the aim of capturing the qualitative factors driving the credit quality of Emerging Market countries.

The **environmental factors** considered are (i) energy intensity of GDP, (ii) global adaption ranking, (iii) carbon emissions per GDP, (iv) carbon emissions per capita, (v) coal use in electricity generation, (vi) CO2 emissions levels per GDP and per capita and (vii) the degree to which electricity is being produced from coal sources. The Manager and the Sub-Investment Manager also monitor countries' contributions/adherence to the UN Sustainable Development Goals.

The **social factors** considered are (i) government effectiveness, (ii) regulatory quality, (iii) political stability and security, (iv) human development and (v) voice and accountability. Other social factors considered in respect of country analysis include a country's relative position on income, education and health as tracked by local and international organisations and development banks, as well as factors related to the effectiveness and legitimacy of the administration through public opinion surveys.

The **governance factors** considered are (i) rule of law, (ii) corruption, (iii) politics and election calendar, (iv) banking system strength/non-performing loans, (v) ease of doing business and (vi) trade openness. There is also a focus on the quality of economic governance.

#### **Municipal Bonds**

The credit process focuses on four primary factors: economy, leverage, financial performance and management and/or political leadership. The quality of issuers' governance and management practices are assessed, including corruption, sound budgetary practices, and responsible use of debt. Others factors are also considered such as environmental (i.e. polluted drinking water) and social risks (i.e. crime) that may affect the borrower's ability to repay. Once a bond is found to be an acceptable credit risk, the issuer's governance, policies, and management of material social and environmental factors are reviewed. If an issuer is determined to have systemic concerns, the bond is not eligible for purchase. If the issuer meets the required standards, the Manager and the Sub-Investment Manager review the bonds' use of proceeds and score accordingly based on the proprietary methodology.

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#### **Benchmark Index**

N/A the Portfolio does not have a Benchmark.

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## Neuberger Berman Sustainable Asia High Yield Fund

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio aims to outperform the Benchmark (as specified in the "Benchmark" section of the Supplement) before fees over a market cycle (typically 3 years) by primarily investing in below investment grade rated Hard Currency-denominated debt instruments issued in Asian countries that comply with the Sustainable Criteria.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and is also available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager applies (i) the Global Standards Policy; (ii) the Controversial Weapons Policy; (iii) the Sustainable Exclusion Policy; and (iv) the Thermal Coal Involvement Policy when determining what investments to make for the Portfolio. Companies which are involved in controversial weapons (anti-personnel mines, cluster weapons, depleted uranium, nuclear weapons, white phosphorus, biological and chemical weapons), direct child labour and the tobacco industry are excluded. Further details on these screening/exclusion policies are set out in the "Sustainable Investment Criteria" section of this Prospectus.

ESG factors are integral to the Sub-Investment Manager's investment process. A summary of how Sub-Investment Manager integrates ESG factors into their investment processes and portfolio construction is set out in the "Investment Approach" section. In particular, investment is prioritised in issuers who have a lower carbon emission intensity and which demonstrate better environmental, social and governance practices than the broader universe of Asian issuers of high yield debt.

In addition, the Portfolio will make meaningful allocations to green, social and sustainability-labelled fixed income securities, dependent on market opportunities.

ESG analysis is performed, with the support of third-party data, by the Sub-Investment Manager and is not outsourced.

The Sub-Investment Manager:

- (i) excludes securities issued by companies that are involved in controversial activities and behaviour and issuers which are rated worst in terms of the NB ESG Quotient from the investment universe, such that at least 20% of the investment universe is excluded on these bases; and
- (ii) ensures at least 90% ESG coverage rate of the Net Asset Value of the Portfolio.

### Benchmark Index

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

## Neuberger Berman US Large Cap Value Fund

This Portfolio is classified as an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio will primarily invest in equity securities issued by large-capitalisation companies which have their head office or exercise an overriding part of their economic activity in the US and that are listed or traded on Recognised Markets in the US. The Portfolio's investment in large capitalisation companies will not be restricted by sector or industry.

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and is also available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager apply (i) the Global Standards Policy; and (ii) the Controversial Weapons Policy, when determining what investments to make for the Portfolio. Further details on these screening/exclusion policies are set out in the "Sustainable Investment Criteria" section of this Prospectus.

The Sub-Investment Manager shall also engage directly with a majority of the investee companies (e.g., management teams) through a robust qualitative ESG engagement program. Once specific holdings have been selected, the engagement program is focused on in-person meetings and conference calls to understand ESG risks, opportunities and assess good corporate governance practices at investee companies. The Sub-Investment Manager views this direct engagement with investee companies, as an essential part of its investment process. In addition, constructive engagements are undertaken with corporate issuers which have high impact controversies, or which have low internal NB Quotient scores (as described below), in order to assess whether those violations, controversies or weak ESG efforts are being addressed adequately. For these engagements, the Sub-Investment Manager will set out engagement targets to promote environmental, social and governance objectives. The Sub-Investment Manager will closely monitor and track these engagement activities. The team also typically includes the Sub-Investment Manager's research analyst that covers the issuers during these engagements.

The Sub-Investment Manager may also escalate its engagement via proxy voting, its [NB Votes](#) initiative, public statements and possibly divestment in cases of company unresponsiveness. NB Votes is a firm-wide initiative within the Neuberger Berman group, whereby voting intentions and supporting rationale are published in advance of select shareholder meetings for companies in which Neuberger Berman has invested on behalf of its clients, addressing a broad range of topics across key governance and engagement principles.

The Sub-Investment Manager considers financially material ESG factors (which may be climate or human capital related as noted above) as part of its investment decision making process, particularly as it relates to the Sub-Investment Manager's normalised earnings framework. ESG integration is an essential part of the Sub-Investment Manager's rigorous and disciplined investment process as outlined above.

The Sub-Investment Manager uses proprietary scenario analysis known as NB Quotient which covers the entire U.S. large cap universe including the Benchmark. NB Quotient builds on the Sub-Investment Manager's unique materiality framework and leverages specialized third party data, its own data science efforts and finally its central research analysts' judgment with respect to ESG analysis. The NB Quotient scores are relative to sector peers across over thirty-three industries and seventy-seven ESG specific factors which allows for deep ESG fundamental research. Secondly, the Sub-Investment Manager leverages the NB Quotient scores to identify material opportunities to engage portfolio companies which have time to adapt to better understand and improve their ESG risks and opportunities.

The Sub-Investment Manager also leverages the firm's Climate Value-at-Risk (CVaR) model to better comprehend the long term climate risks embedded in the Portfolio. CVaR is defined as the present value of the aggregated future policy risk



	costs, technology opportunity profits, and extreme weather event costs and profits expressed as a percentage of the portfolio's market value should the climate scenario in question be realized. CVaR helps to identify climate risk and translate it into an economic value in present dollars.
<b>Benchmark Index</b>	The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

## Neuberger Berman Sustainable Emerging Market Debt – Hard Currency Fund

This Portfolio is classified as an Article 9 Portfolio as it has Sustainable Investment as its objective. It invests in companies that contribute to both environmental and social objectives. In pursuing its sustainable investment objective the Portfolio will also take appropriate measures to ensure that (i) its investments do not significantly harm any of the environmental objectives; and (ii) that companies it invests in follow good governance practices.

### Sustainable Investment Objective of the Portfolio

As noted in the Supplement, the Portfolio's objective is to outperform the Benchmark (as specified in the "Benchmark" section in the Supplement) before fees over a market cycle (typically 3 years) by investing primarily in Hard Currency-denominated debt securities issued in Emerging Market Countries that comply with the Sustainable Investment Criteria.

The Sub-Investment Manager applies (i) the Global Standards Policy; (ii) the Controversial Weapons Policy; (iii) the Sustainable Exclusion Policy; and (iv) the Enhanced Sustainable Exclusion Policy, when determining what investments to make for the Portfolio. Further details on these screening/exclusion policies are set out in the "Sustainable Investment Criteria" section of the Prospectus.

The Sub-Investment Manager will also manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and is also available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

ESG factors are integral to the Sub-Investment Manager's investment process. A summary of how the Sub-Investment Manager integrates ESG factors into the investment process and portfolio construction is set out in the "Investment Approach" section. In particular, investment is prioritised in sovereign issuers which are showing relatively stronger progress towards achieving the environmental and social objective (or where there is potential for increased alignment with these goals).

The Sub-Investment Manager:

- (i) excludes securities issued by companies that are involved in controversial activities and behaviour and those issuers which are rated worst in terms of the NB ESG Quotient from the investment universe, such that at least 20% of the investment universe is excluded on these bases; and
- (ii) ensures at least 90% ESG coverage rate of the Net Asset Value of the Portfolio.

ESG analysis is performed by the Sub-Investment Manager and is not outsourced.

### Benchmark Indices

The Benchmarks have not been designated as reference benchmarks for the purposes of SFDR. Therefore, they are not consistent with the promotion of environmental or social characteristics. For further details on the Benchmarks, please refer to the Supplement.

## Neuberger Berman Next Generation Space Economy Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio seeks to achieve long-term capital appreciation through investing primarily in a portfolio of global equity holdings that are involved in or derive benefit from the Next Generation Space Economy (as defined in the Supplement).

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply the (i) Global Standards Policy; (ii) Controversial Weapons Policy; (iii) Thermal Coal Involvement Policy; and (iv) the Sustainable Exclusion Policy, when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy is set out in the "Sustainable Investment Criteria" section of the Prospectus.

The environmental and social characteristics promoted by the Portfolio are:

- Environmental Characteristics: air quality; biodiversity and responsible land use; energy management; environmental management; fuel economy; reduction of GHG emissions; clean technologies; toxic emissions and waste reduction; water management; and
- Social Characteristics: access to finance; access to healthcare; community relations; data privacy and security; employee incentives and risk taking; health and nutrition; health and safety; human capital development; labour management; materials sourcing; packaging lifecycle management; product lifecycle management; product safety and integrity; supply chain labour standards; workforce diversity and inclusion.

(collectively, the "E&S Characteristics")

The promotion of the E&S Characteristics (which are considered as part of the NB ESG Quotient) will be measured and reported in aggregate at Portfolio level in the Portfolio's periodic reporting.

In aiming to align the Portfolio with a net-zero goal, the Sub-Investment Manager intends to have at least 90% of the Portfolio's Net Asset Value invested in companies with Science-Based Target initiative ("SBTi")<sup>14</sup> validated targets (or equivalent as assessed by Neuberger Berman's net-zero sector alignment methodology, which conforms with the IIGCC target setting guidance<sup>15</sup>) by 2030 and to reach 100% of the Portfolio's Net Asset Value by 2050. Additionally, the Portfolio must reduce its carbon footprint across scope 1, 2, and material scope 3 GHG emissions<sup>16</sup>, by a minimum of 30% by 2030 relative to a 2019 baseline and a subsequent decline to net zero by 2050. The 2019 baseline may be subject to re-calculation as data quality and disclosure expands over time, particularly with respect to scope 3 emissions. Further details on Neuberger Berman's commitment to the Net Zero Asset Manager Initiative are contained in the "Sustainable Investment Criteria" section of the Prospectus.

14 The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature which enables companies to set science-based emissions reduction targets.

15 IIGCC target setting guidance is a framework for investors to achieve net zero emissions alignment issued by the Institutional Investors Group on Climate Change.

16 Scope 1 emissions: are direct emissions from an issuer's owned or controlled sources (such as emissions created directly by the issuer's business processes or from vehicles owned by the issuer). Scope 2 emissions: are indirect emissions from the generation of electricity, steam, heating and cooling consumed by the issuer. Scope 3 emissions: are all other indirect emissions that occur in an issuer's value chain (such as emissions from products or services consumed by the issuer, disposal of its waste, employee commuting, distribution and transport of its products or its investments).

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Systematic evaluation of material ESG factors is embedded in the investment decision-making process pre- and post-investment and is undertaken for companies within the initial investment universe, which the Sub-Investment Managers follow.

The Sub-Investment Managers also participate in direct engagement with select investee companies (e.g. face-to-face meetings, frequent phone contact with senior management, discussions with customers, suppliers and competitors and attendance at industry and company conferences). Engagement with investee companies is encouraged to mitigate risks and improve ESG and financial outcomes. It is not envisaged that the Sub-Investment Managers will set engagement Key Performance Indicators (“**KPIs**”) for investee companies. The Sub-Investment Managers view this direct engagement, as an essential part of its investment process.

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**Benchmark Index**

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

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## Neuberger Berman Metaverse Fund

This Portfolio meets the classification of an Article 8 Portfolio as it promotes environmental and social characteristics and limits investments to companies that follow good governance practices.

### Environmental or social characteristics promoted by the Portfolio

As noted in the Supplement, the Portfolio seeks to achieve long-term capital appreciation through investing primarily in a portfolio of global equity holdings that are involved in or derive benefit from the growing virtual economy, which is called the "Metaverse".

The Sub-Investment Manager will manage the Portfolio in accordance with the ESG Policy on a continuous basis. The Sub-Investment Manager has fully integrated the ESG Policy into the overall investment process, in particular, the portfolio construction process. A summary of the ESG Policy is detailed above in this SFDR Annex and it is available on the Neuberger Berman website, [www.nb.com/esg](http://www.nb.com/esg)

The Sub-Investment Manager shall also apply the (i) Global Standards Policy; (ii) Controversial Weapons Policy; (iii) Thermal Coal Involvement Policy; and (iv) the Sustainable Exclusion Policy, when determining what investments to make for the Portfolio. Further details on this screening/exclusion policy are set out in the "Sustainable Investment Criteria" section of the Prospectus.

The environmental and social characteristics promoted by the Portfolio are:

- Environmental Characteristics: air quality; biodiversity and responsible land use; energy management; environmental management; fuel economy; reduction of GHG emissions; clean technologies; toxic emissions and waste reduction; water management; and
- Social Characteristics: access to finance; access to healthcare; community relations; data privacy and security; employee incentives and risk taking; health and nutrition; health and safety; human capital development; labour management; materials sourcing; packaging lifecycle management; product lifecycle management; product safety and integrity; supply chain labour standards; workforce diversity and inclusion.

(collectively, the "E&S Characteristics").

The promotion of the E&S Characteristics (which are considered as part of the NB ESG Quotient) will be measured and reported in aggregate at Portfolio level in the Portfolio's periodic reporting.

As described above and in the "Investment Approach" section of the Supplement, systematic evaluation of material ESG factors is embedded in the investment decision-making process pre- and post-investment and is undertaken for companies within the initial investment universe, which the Sub-Investment Managers follow.

The Sub-Investment Managers also participate in direct engagement with select investee companies (e.g. face-to-face meetings, frequent phone contact with senior management, discussions with customers, suppliers and competitors and attendance at industry and company conferences). Engagement with investee companies is encouraged to mitigate risks and improve ESG and financial outcomes. It is not envisaged that the Sub-Investment Managers will set engagement Key Performance Indicators ("KPIs") for investee companies but failure by issuers to engage with the Sub-Investment Managers or a lack of progress through engagement over time may lead to the Portfolio divesting from issuers' securities. The Sub-Investment Managers view this direct engagement, as an essential part of its investment process.

### Benchmark Index

The Benchmark has not been designated as a reference benchmark for the purposes of SFDR. Therefore, it is not consistent with the promotion of environmental or social characteristics. For further details on the Benchmark, please refer to the Supplement.

