



Neuberger Berman Climate Transition Multi-Sector Credit Strategy

November 2021

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NEUBERGER BERMAN

Neuberger Berman Overview

Investing for clients for over 80 years

NEUBERGER BERMAN: \$437BN

Equities | \$133bn

Fixed Income | \$189bn

Private Equity | \$65bn

Private Credit | \$12bn

Alternatives | \$30bn

Real Estate | \$8bn

THE NB DIFFERENCE

Independent

100%
Employee-Owned

Depth

600+
Investment Professionals

Leadership



Awarded to <1% of Investment Management Signatories²

Global

36
Cities and 19 Portfolio Management Centers

Stability

96%
Retention Rate¹

ESG

A+
Across All Categories from PRI³

Scale

2,300+
Employees

Alignment

100%
Deferred Cash Compensation Directly Linked To Strategies

Culture

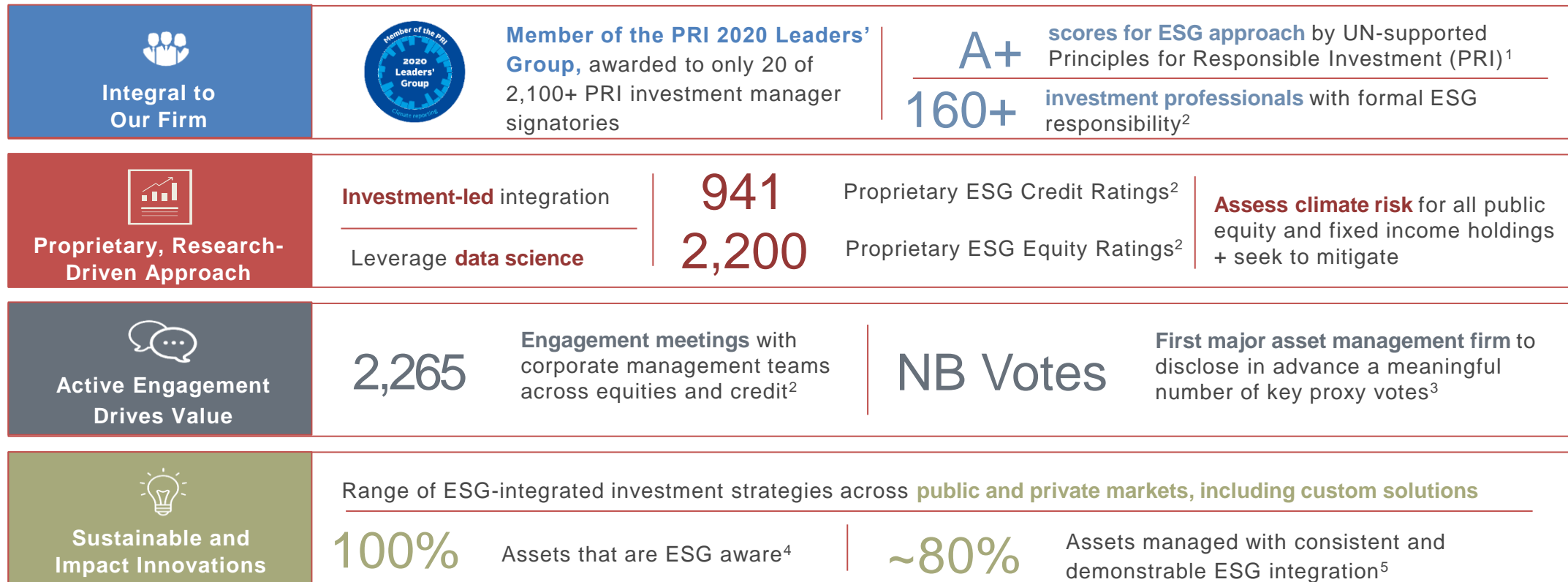


Awarded 1st or 2nd Place in Each of the Last Seven Consecutive Years by Pension & Investments⁴

As of September 30, 2021. 1. Retention of MD and SVP level since becoming an independent company in 2009. 2. Awarded by UN-supported Principles for Responsible Investment (PRI). 3. PRI grades are based on information reported directly by PRI signatories. Please see Additional Disclosures for information regarding PRI scores shown. 4. Among organizations with over 1,000 employees by Pensions & Investments.

ESG Investing at Neuberger Berman

Continuous innovation across four key pillars, focused on material investment results and delivering solutions



1. For illustrative and discussion purposes only. PRI grades are based on information reported directly by PRI signatories, of which investment managers totaled 1,924 for 2020, 1,119 for 2019, 1,120 for 2018 and 935 for 2017. Please see Principles for Responsible Investment (PRI) Scores and end of this material for information regarding PRI scores shown. 2. Data reported as of year-end 2019. 3. Major defined as AUM \$100B or greater. 4. ESG Aware is defined as investment teams having access to ESG resources across the firm. As of December 31, 2020, across equities and fixed income. 5. Based on AUM as of December 31, 2020 including strategies in late or final stages of approval by firm's ESG committee.

Why Climate Transition for Fixed Income Investors?

- ▶ Bond markets have important role to play in climate transition
- ▶ Achieving the Paris Climate Agreement objectives requires substantial shifts in capital allocation
- ▶ Lending capital to companies that are providing climate solutions or transitioning their business model towards a low carbon economy
- ▶ Directing capital away from carbon intensive industries with no sign of alignment to net zero.

Neuberger Berman Climate Transition Multi-Sector Credit Portfolio

Innovative solution combining unique investment and ESG expertise

- ▶ A relative value, credit-focused strategy with flexibility to invest across sectors, rating cohorts and geographies in order to generate attractive risk-adjusted returns over a market cycle
- ▶ Outperformance objective of 4-5% over the cash rate over the cycle
- ▶ Fully implements the IIGCC Net Zero Investment Framework to deliver a net zero portfolio by 2050 and lower carbon intensity today
- ▶ Designed to have a portfolio carbon footprint (scope 1 & 2) which declines over time to zero by 2050, equating to 7% annual declines - 20% lower in 2025, 50% lower in 2030¹

Strategy investment objective is being provided for illustrative purposes only and does not constitute any guarantee of the strategy's investment returns or performance.

¹The path to decarbonization is aligned with Paris goals and executed in line with the Institutional Investors Group on Climate Change (IIGCC) Net Zero Investment Framework

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Climate Transition Multi-Sector Credit Portfolio – Tools for Net Zero Implementation

Focus on a number of different levers to achieve Net Zero alignment in the portfolio

Climate risk integrated into strategic asset allocation (SAA)

Portfolio Commitment & Indicators

Portfolio designed to have a net portfolio carbon footprint (scope 1 + 2 and material scope 3) which declines over time to zero by 2050, with regular client reporting on indicators and progress

Minimum Standards

Dynamic and incrementally progressing spectrum for assessing company contribution. Those lacking alignment with transition to low carbon economy are excluded, tilting towards those contributing to solutions

Net Zero Company Analysis

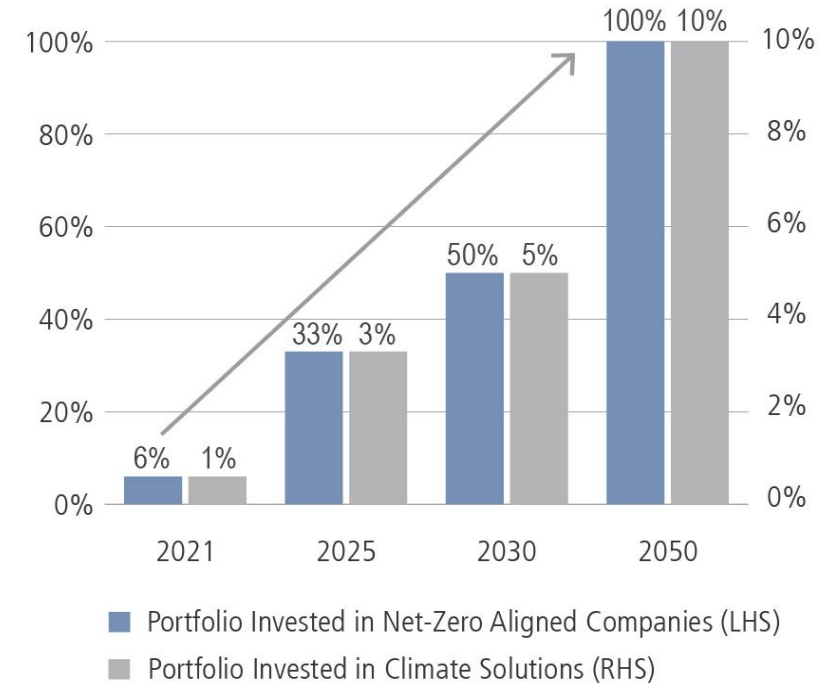
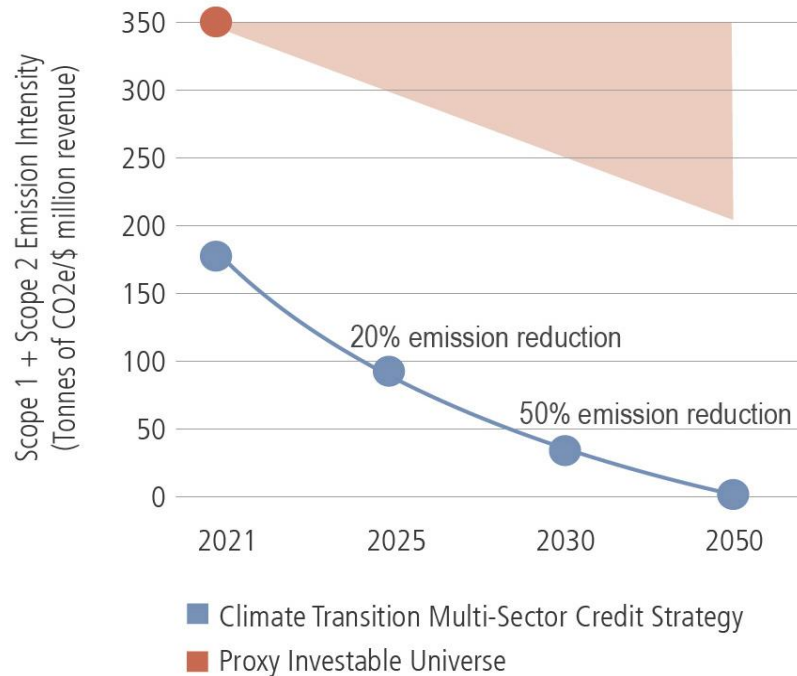
All holdings evaluated to ensure operations support Net Zero objectives which is informed by proprietary NB ESG analysis and climate scenarios to identify leaders or laggards

Engagement

Company- and sector-specific engagement on ESG issues including climate change. Focus on materiality, tracking objectives, and achieving real world outcomes

How to Measure Progress to Net Zero

We propose the following portfolio indicators across various time horizons as examples of net zero alignment and progress



*Any remaining emissions addressed with verifiable carbon allowances
 Sourced from Trucost. Direct + First Tier Included. Carbon emission is apportioned to the portfolio based on total assets for the banking sector and enterprise value for all other sectors. Carbon intensities are calculated for the corporate holdings only of the portfolio. Bank Loans, CLOs, and sovereign debts are not included. 61% of the corporate holdings are covered by Trucost.

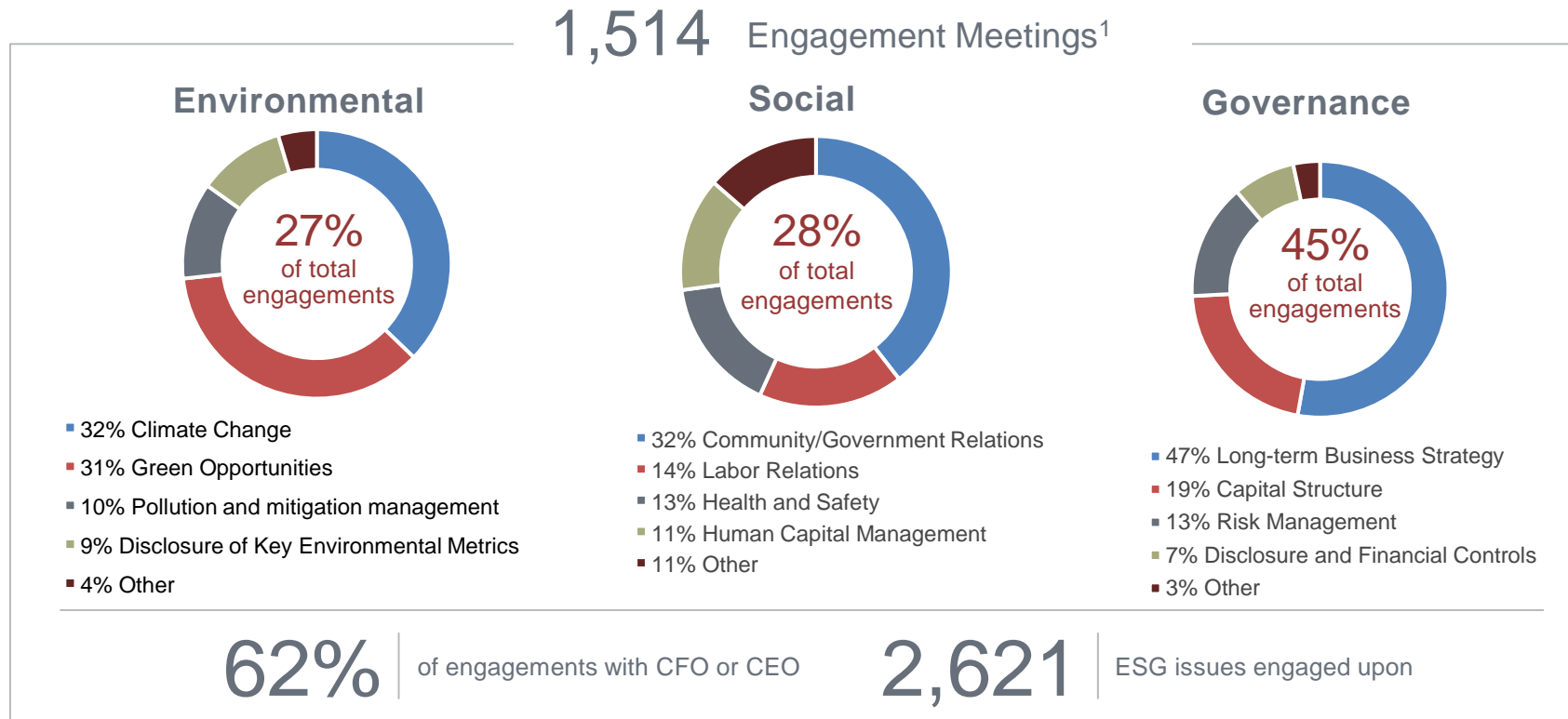
Minimum Standards: NB Framework to Identify Business Models for a Net Zero Strategy

Establishing dynamic minimum threshold – “do not harm” criteria

'Do no harm' minimum	Neutral	Diffuse	Targeted
<p>Companies whose products/services directly detract from climate change mitigation efforts</p>	<p>Companies whose products/services and/or debt instruments may have mixed environmental effects</p> <p><i>Business where operations can marginally contribute to Net Zero objectives</i></p>	<p>Companies whose products/services and/or debt instruments may have indirect positive environmental effects (i.e., by improving energy efficiency)</p> <p><i>'Light Green' businesses supporting the transition to a lower-carbon economy</i></p>	<p>Companies whose products/services and/or debt instruments directly contribute to climate mitigation efforts at scale and are well-supported by research/evidence</p> <p><i>'Green' businesses that directly contribute to climate solutions</i></p>

Proactive ESG Engagement in Fixed Income

Systematic approach with the goal of reducing the credit risk of a portfolio over time



Growing Areas of Engagement



LABOR RELATIONS & HEALTH AND SAFETY



CLIMATE CHANGE



LONG-TERM BUSINESS STRATEGY

1. Source: Neuberger Berman. Data as of July 1, 2020 – June 30, 2021.

2025 Net Zero Target Portfolio Proposal

A future portfolio aligned with the Net Zero initiative by reducing carbon intensity by 22%

	Carbon Intensity - Scope 1	Carbon Intensity - Scope 2	Yield(%)
Starting Portfolio	130.66	45.98	5.56
Target Portfolio	101.58	35.76	5.62
Change	-22.3%	-22.2%	0.06
Custom Benchmark (Loans, US HY, EMD)	291.11	59.31	5.41

As of 9/30/2020. Sourced from Trucost. Direct + First Tier Included. Carbon emission is apportioned to the portfolio based on total assets for the banking sector and enterprise value for all other sectors. Carbon intensities are calculated for the corporate holdings only of the portfolio. Bank Loans, CLOs, and sovereign debts are not included. 64% of the corporate holdings are covered by Trucost. Custom Benchmark used is 33.34% S&P/LSTA Leveraged Loan Index, 33.33% ICE BofAML US High Yield Master II Constrained Index, and 33.33% JP Morgan EMBI Global Diversified Index.

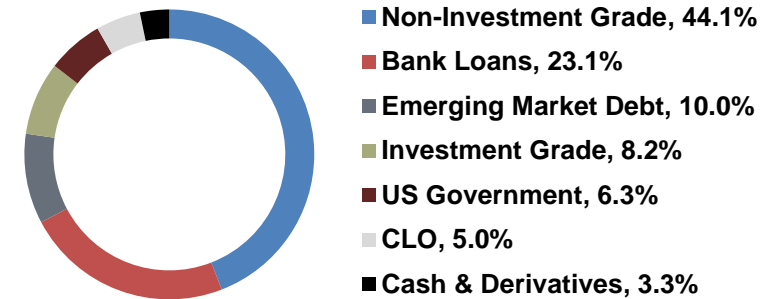
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Climate Sector Transition Multi-Sector Credit Portfolio - Positioning

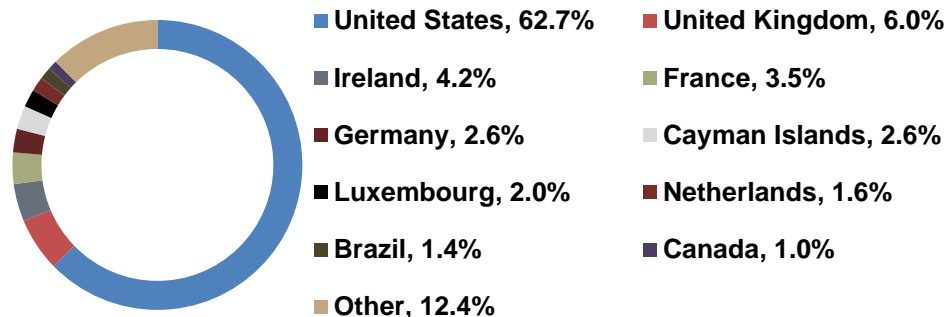
Statistics

Yield to Maturity (%) – EUR Hedged	4.10
Yield to Maturity (%) – USD-Hedged	4.89
Option Adjusted Spread (bps)	373
Duration (yrs)	2.88
Average Rating	B+
No. of bonds (Ex cash)	530

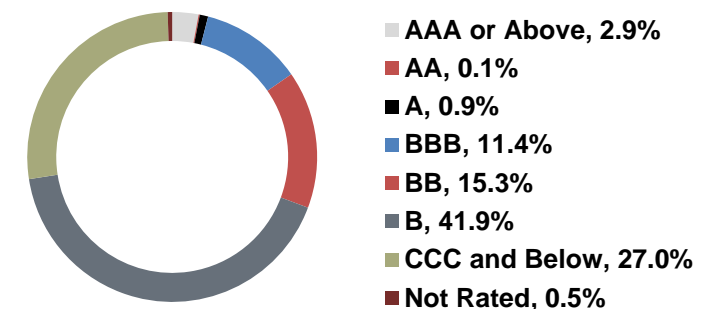
Sector Breakdown



Top 10 Countries Breakdown



Issue Rating Breakdown



Source: Neuberger Berman, as of September 30, 2021. Data is for the representative account. For illustrative purposes only. This should not be construed as a recommendation or an offer to buy or sell or the solicitation of an offer to buy or sell any security. Portfolio holdings should not be relied on in making investment decisions and should not be construed as research or investment advice regarding particular securities. Portfolio holdings and allocations may change at any time.

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Why Neuberger Berman for Climate Transition Multi-Sector Credit?

Innovative solution combining unique investment and ESG expertise

- ▶ ESG integration across investment universe (A+ score from UN PRI)
- ▶ Climate transition framework with specific objectives for carbon intensity reduction
- ▶ Proven expertise in Multi-Sector Credit investing since 2010, with \$8.4B in AUM
- ▶ High conviction credit ideas from broad-ranging opportunity set
- ▶ Recently funded Climate Transition Multi-Sector Credit Fund of one for a UK pension scheme

Risk Considerations

- **Market Risk:** The risk of a change in the value of a position as a result of underlying market factors, including among other things, the overall performance of companies and the market perception of the global economy.
- **Liquidity Risk:** The risk that the Portfolio may be unable to sell an investment readily at its fair market value. In extreme market conditions this can affect the Portfolio's ability to meet redemption requests upon demand.
- **Credit Risk:** The risk that bond issuers may fail to meet their interest repayments, or repay debt, resulting in temporary or permanent losses to the Portfolio.
- **Interest Rate Risk:** The risk of interest rate movements affecting the value of fixed-rate bonds.
- **Derivatives Risk:** The Portfolio is permitted to use certain types of financial derivative instruments (including certain complex instruments). This may increase the Portfolio's leverage significantly which may cause large variations in the value of your share. (Investors should note that the Portfolio may achieve its investment objective by investing principally in Financial Derivative Instruments (FDI). There are certain investment risks that apply in relation to the use of FDI.)
- **Emerging Markets Risk:** Emerging markets are likely to bear higher risk due to a possible lack of adequate financial, legal, social, political and economic structures, protection and stability as well as uncertain tax positions which may lead to lower liquidity. (The NAV of the Portfolio may experience medium to high volatility due to lower liquidity and the availability of reliable information, as well as due to the Portfolio's investment policies or portfolio management techniques.)
- **Counterparty Risk:** The risk that a counterparty will not fulfil its payment obligation for a trade, contract or other transaction, on the due date.
- **Operational Risk:** The risk of direct or indirect loss resulting from inadequate or failed processes, people and systems including those relating to the safekeeping of assets or from external events.
- **Currency Risk:** Investors who subscribe in a currency other than the base currency of the Portfolio are exposed to currency risk. Fluctuations in exchange rates may affect the return on investment. The past performance shown is based on the share class to which this material relates. If the currency of your investment is different from your local currency, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency.

Disclosures

NEUBERGER BERMAN FIXED INCOME SECTOR VIEWS AND RETURN ESTIMATES

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

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

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

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

NB Relative Value Asset Allocation process

NB's relative value asset allocation process is systematic and proprietary by design. The process entails sector teams defining and probability weighting different scenarios that, in their view, will dictate 12 month forward looking returns for their sector. The output of this process is two-fold: (1) probability weighted return assumptions by sector and (2) a measure of confidence in this estimated return.

Additional Disclosures

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

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

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

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