

NEUBERGER BERMAN INVESTMENT FUNDS PLC

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

An umbrella fund with segregated liability between sub-funds

The directors of Neuberger Berman Investment Funds plc (the "Directors") accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement misleading.

This circular is important and requires your immediate attention. If you are in doubt as to the action you should take you should seek advice from your stockbroker, bank manager, solicitor, accountant, tax adviser or other independent financial adviser. If you have sold or transferred all of your Shares please pass this circular at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee as soon as possible.

24 March 2020

Dear Shareholder

**NEUBERGER BERMAN INVESTMENT FUNDS PLC (THE "COMPANY")
NEUBERGER BERMAN US REAL ESTATE SECURITIES FUND (THE "PORTFOLIO")**

We are writing to you in your capacity as a Shareholder in the Portfolio, a sub-fund of the Company. The purpose of this circular is to notify you of a recent inspection carried out by the Central Bank of Ireland (the "**Central Bank**") on the Portfolio which is described in more detail below. Unless otherwise indicated, all capitalised terms shall have the same meaning as described in the Company's prospectus dated 28 February 2020 (the "**Prospectus**") and the existing Hong Kong offering documents (comprising of a Hong Kong Covering Document dated 28 February 2020, the supplement for the Portfolio dated 28 February 2020 (the "**Supplement**") and the Product Key Facts Statement of the Portfolio dated 28 February 2020 (together, the "**Hong Kong Offering Documents**")).

As part of its industry wide thematic review (the "**Thematic Review**"), the Central Bank issued a letter (the "**CBI Letter**") to UCITS across the Irish funds industry seeking information in relation to the correlation of the performance of individual funds with specified indices which had been selected by the Central Bank. The Thematic Review was in part driven by an increased regulatory focus on index tracking at a European level, including the publication of a revised question and answers document by the European Securities and Markets Authority (the "**ESMA Q&A**"), which required new disclosures in respect of the use of benchmarks (as previously referred to in our circular which was issued on 20 December 2019 to Shareholders who were invested in the Portfolio at that time).

The Company received a CBI Letter in respect of the Portfolio on 13 February 2019 indicating that, further to the Central Bank's analysis of the Portfolio's performance, the Portfolio had been identified by the Central Bank as closely moving in line with an index, the S&P Select Sector Capped 20% Real Estate Index (the "**S&P Index**") over an extended period of analysis. For this analysis, the Central Bank used the following thresholds:

- Tracking Error of less than 3.5%. Tracking error measures the divergence of a fund's investment returns from that of its benchmark, over a period of time, by looking at the volatility of a fund's return versus that of the benchmark. It measures the active risk within a fund.
- Beta in the range of 0.9 and 1.1. Beta is a measure of the sensitivity of a fund's returns to the returns of its benchmark. It gives an indication of the systematic or market risk within the fund.
- R² greater than 0.9. R² reflects the proportion of a fund's performance that can be explained by movements in the benchmark. It is a measure of correlation between a fund's performance and that of the benchmark.

As the Portfolio met these thresholds, it was subsequently subject to a detailed review from the Central Bank which prompted an update to the Company's offering documents.

Notwithstanding this additional review, investors should be aware that the Portfolio is actively managed and does not seek to track the performance of any index or benchmark. In addition, it is important to note that the Central Bank made no finding of closet tracking in respect of the Portfolio. For the avoidance of doubt, the Portfolio does not use the S&P Benchmark used by the Central Bank in its analysis at all and, in fact, does not have any access to it. As disclosed in the Portfolio's Supplement, the Portfolio uses a different index, the FTSE NAREIT All Equity REITs Index (Total Return, Net of tax, USD), for comparison purposes only. The Portfolio gives some consideration to the benchmark constituents in the selection of securities and may not hold all or many of the benchmark's components.

However, in conjunction with the annual review of the offering documents, the Company has made some updates and clarification changes to the Supplement, in addition to updates pertaining to the ESMA Q&A updates on a funds relationship with its benchmark and whether it is actively managed or not. These updates were communicated to you by circular dated 20 December 2019 and included in the recently noted Prospectus and Supplement, which may be inspected free of charge at the offices of the Hong Kong Representative at 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong, during normal business hours on any Hong Kong business day.

Where appropriate, please pass the contents of this communication on to the beneficial investors of the Fund.

Should you have any queries in relation to this matter, please do not hesitate to contact your sales representative, or contact Neuberger Berman's client services team in Hong Kong at +852 3664 8868.

Yours sincerely



Director

Neuberger Berman Investment Funds plc