# Neuberger Berman Japan Equity Engagement Fund

## Looking to create value through quality-focused stock selection and active engagement

### Key Characteristics

- SMID cap portfolio of typically **35 – 65 high-quality companies** positioned for durable growth in Japan
- Proprietary scoring system aims to find “Hidden Gem” companies with potential for **ESG transformation**
- Seeks to create shareholder value by **engaging companies** on financially material issues, including ESG factors
- **Experienced Tokyo-based team** averaging 15 years of investment experience, supported by global Neuberger Berman research and ESG investing platforms
- Three-year+ track record and **the fund outperformed the benchmark** since inception[1]

### Investment Opportunity

We believe the world’s second most liquid small cap market is a deep ocean of “Hidden Gem” companies

**JAPAN’S DEEP SMALL-CAP MARKET**
Our stock selection process seeks to identify:

**Emerging Disruptors:** Asset-light next-generation businesses with disruptive innovation

**Lost Decade Survivors:** Leaders of consolidating industries with high entry costs

**Deep Discounts:** Undervalued companies open to engagement and looking to realise gains

**Small Giants:** Global market leaders in growing niche industries protected by a tech moat

**Non-Investable Companies:** As viewed against the team’s quality standards

[1]Source: Neuberger Berman, as at 30 September 2024.

This material is intended as a broad overview of the portfolio managers’ current style, philosophy and process and is subject to change without notice. Portfolio managers’ views may differ from those of other portfolio managers as well as the views of Neuberger Berman. Investing entails risks, including possible loss of principal. **Past performance is not indicative of future results**. As with any investment, there is the possibility of profit as well as the risk of loss.

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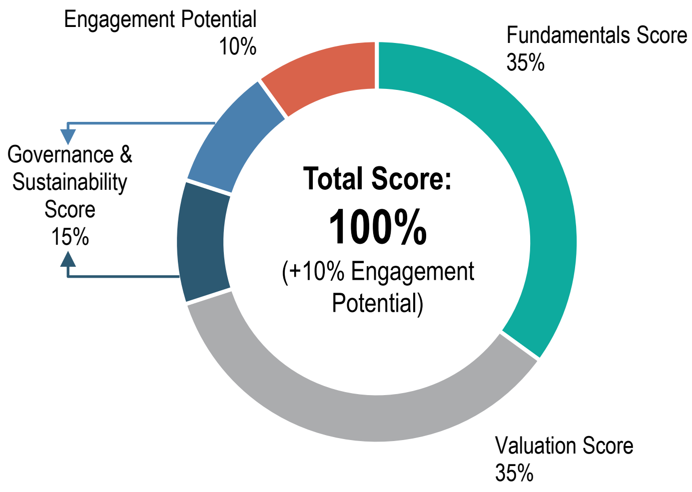
## Proprietary Scoring Model

All stocks are rated based on fundamentals, valuation, ESG and engagement potential




**Fundamentals Score**

Translate bottom-up views into a consistent framework to assess business quality

**Valuation Score**

In-depth analysis of company financials to identify attractively priced securities

**Environmental & Social + Governance Scores**

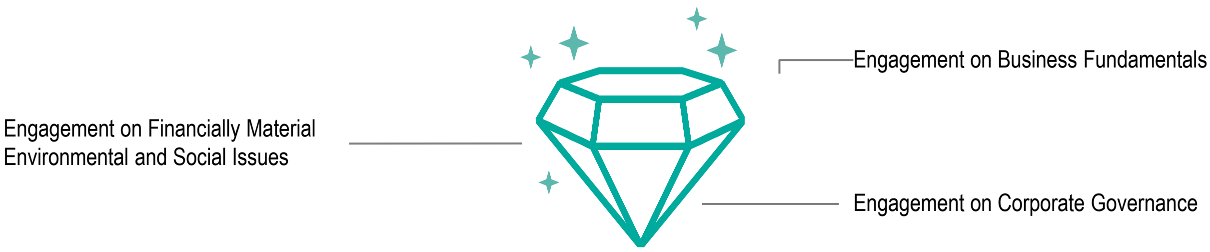
Identify and evaluate financially material ESG factors

**Adjustment for Engagement Potential**

Our engagement approach aims to narrow the perception gap between our in-house view of the firm's financially material issues and that of third-party ratings agencies. We believe this should lead to a re-rating of the firm's sustainability profile in the mid to long term

## Engagement Focus

Our engagement process seeks to unlock value from "Hidden Gem" companies




For all holdings we establish and track engagement milestones and related KPIs, which we believe can lead to long-term growth of corporate value

| Milestone 1 | Milestone 2 | Milestone 3 | Milestone 4 | Milestone 5 |
|---|---|---|---|---|
| Neuberger Berman identifies material issues on fundamentals and ESG factors; sets objectives | Neuberger Berman communicates its findings on material issues to Company for consideration | Company management acknowledges material issues | Company formulates action plans and executes strategy | Company addresses material issues and meets Neuberger Berman objectives |

**In 2023, we conducted over 600+ engagement meetings, 50% of which were directed to Chairman/CEOs and Director/Executive Officers**

## Investment Team

Experienced Tokyo-based team supported by global team of ESG, research and investment professionals

### Japan Equity Team

**Keita Kubota**
Head of Japanese Equities team, Senior Portfolio Manager

**Kei Okamura**
Portfolio Manager

**Hiroaki Misawa**
Portfolio Manager

**Zui Shiromoto**
Investment Manager

**Kento Sugimoto**
Research Analyst
Japanese Equity:
Tech, Media & Telecom

### Global Equity Research Team

**Timothy Creedon**
Director of Research

**Hari Ramanan**
CIO – Research Funds

**55 dedicated research professionals** focused on providing proprietary research, including ESG company ratings in Japan

### ESG Investing Team

**26 dedicated ESG investing professionals** supporting the deepening of ESG integration into investment strategies across various asset classes

### Neuberger Berman Equity Platform

Access to and dialogue with **320+ global equity investment professionals** at Neuberger Berman

### Governance & Proxy Voting Committee

**7 members** including **Joesph Amato, President & CIO—Equities,** Heads of ESG Investing and Research, and senior PMs

## Neuberger Berman's Leading Approach to ESG Investing

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

### INTEGRAL TO OUR FIRM

**26 ESG investing professionals** supporting the deepening of ESG integration into investment strategies across various asset classes[2]

PRI Principles for Responsible Investment

**Scored above the median** of all reporting signatories and large investment management peers globally[2] for our ESG integration efforts in every UN PRI reported category[3]

### PROPRIETARY, RESEARCH-DRIVEN APPROACH

**Investment-led** integration leveraging **data science** insights

**>2,700**
Proprietary **NB ESG Quotient™** Credit Ratings[4]

**>4,000**
Proprietary **NB ESG Quotient™** Equity Ratings[4]

Focused on evaluating financially material risks and opportunities

### ACTIVE ENGAGEMENT DRIVES VALUE

Equities **3,256**

Fixed Income **1,402**

**Engagement meetings** with corporate management teams[5]

NB VOTES

First major asset management firm to disclose in advance a meaningful number of key proxy votes[6]

### INNOVATIVE STRATEGIES

Range of **ESG-integrated** investment strategies across public and private markets, as well as outcomes-focused solutions such as **impact, climate transition, net zero, SDG engagement** and **avoidance-based.**

[2]As at 30 September 2024.
[3]PRI grades are based on information reported directly by PRI signatories, of which investment managers totalled 3,123 for 2023. For more information on the PRI grades, please see Important Information about PRI Grades at the end of this piece.
[4]Data reported as at 31 December 2023.
[5]Data reported as at 31 December 2023.
[6]"Major" defined as AUM $100Bn or greater.

**RISK CONSIDERATIONS**

**Concentration Risk:** The fund's investments may be concentrated in a small number of investments and its performance may therefore be more variable than the performance of a more diversified fund.

**Counterparty Risk:** The risk that a counterparty will not fulfil its payment obligation for a trade, contract or other transaction on the due date.

**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.

**Derivatives Risk:** The fund is permitted to use certain types of financial derivative instruments ("FDI") (including certain complex instruments) which can give rise to particular risks, including market risk, liquidity risk and counterparty credit risk. This may increase the fund's leverage significantly which may cause large variations in the value of your share.

**Liquidity Risk:** The risk that the portfolio may be unable to sell an investment readily at its fair market value.

**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.

**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.

**Sustainable Risk:** The strategy may focus on investments in companies that relate to certain sustainable development themes and demonstrate adherence to environmental, social and corporate governance practices. This may mean the universe of securities from which the strategy can invest in may be smaller than that of other strategies and may underperform the market as a result.

THE FOREGOING DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS AND CONFLICTS INVOLVED IN THIS OFFERING OR AN INVESTMENT IN THE STRATEGY. POTENTIAL INVESTORS SHOULD INFORM THEMSELVES BEFORE DECIDING WHETHER TO INVEST IN THE STRATEGY AND SHOULD CONDUCT THEIR OWN DILIGENCE OF THE OPPORTUNITY AND IDENTIFY AND MAKE THEIR OWN ASSESSMENT OF THE RISKS INVOLVED.

**Important Information about PRI Grades:** For illustrative and discussion purposes only. PRI grades are based on information reported directly by PRI signatories, of which investment managers totaled 3,123 for 2023, 2,791 for 2021, 1,545 for 2020 and 1,247 for 2019. All PRI 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. Neuberger Berman pays a fee to be a member of PRI and the grades are only available to PRI members. 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. Information about PRI grades is sourced entirely from PRI and Neuberger Berman makes no representations, warranties or opinions based on that information.

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The value of investments 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. Tax treatment depends on the individual circumstances of each investor and may be subject to change. Investors are therefore recommended to seek independent tax advice.

Investment in the fund should not constitute a substantial proportion of an investor's portfolio and may not be appropriate for all investors. Diversification and asset class allocation do not guarantee profit or protect against loss.

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