Neuberger Berman Disclosure Statement
Operating Principles for Impact Management

12 July 2020

I. Statement by Authorized Executive

Neuberger Berman is a founding signatory of the Operating Principles for Impact (“the Principles”), a framework adopted by leading global impact investors. We are committed to integrating impact management best practice and through this statement affirm that the Neuberger Berman Municipal Impact Fund, including (i) policies and practices and (ii) impact management systems are managed in alignment with the Principles since 2019.

This disclosure statement, which is a requirement for signatories to the Operating Principles for Impact, covers $59,000,000 of Neuberger Berman’s Assets Under Management (the “Covered Assets”), which covers the Neuberger Berman Municipal Impact Fund[1].

Principle 9 requires a regular, independent verification that discloses alignment with the Principles in the form of an independent verification statement. The verification statement is enclosed as a part of this disclosure statement.

Sincerely,

George T. Walker

George Walker
CEO and Chairman, Neuberger Berman

[1] As of December 31, 2019.

II. Statement of Alignment, The Principles

Principle 1.
Define strategic impact objective(s), consistent with the investment strategy

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social, economic, or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The strategic intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible expectation of achieving the impact objectives through the investment strategy; and that the magnitude (scale and/or intensity) of the expected portfolio impact is proportionate to the size of the investment portfolio.

Neuberger Berman is committed to investing responsibly, and has been a signatory of the UN-supported Principles for Responsible Investment (PRI) since 2012. In the most recent PRI Assessment report, we were awarded an A+ for our overarching approach to strategy and governance as well as ESG integration across each asset class, including Fixed Income.

We are also committed to industry-wide accepted frameworks for defining and managing impact. The Neuberger Berman Municipal Impact Fund invests in bonds that finance projects supporting sustainable communities in the U.S., targeting environmental and social impact alongside a financial return. Examples of positive social outcomes include: improving access to basic needs such as housing, education and health services. Projects could include, for example, low-to-moderate income housing or school district related financing. Examples of positive environmental outcomes include: addressing climate change, providing for energy needs in a sustainable manner, and conserving the natural environment. Projects could include, for example, mass transit and green infrastructure, water and sewage system improvements, and recycling and waste management.

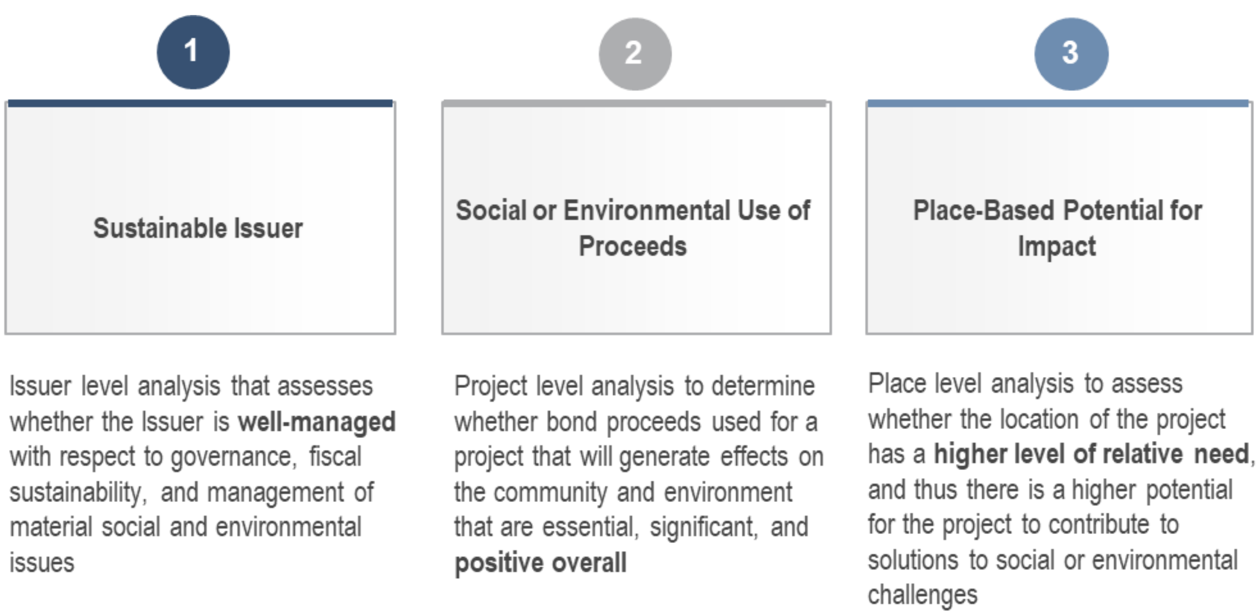
Like many investors, the investment team has found the UN Sustainable Development Goals (SDGs) to be a helpful framework for communicating objectives and connecting them to investable opportunities.

Sustainable Development Goals (SDGs) are a part of the United Nation's 2030 Agenda for Sustainable Development.

Principle 2.
Manage strategic impact and financial returns at the portfolio level

The Manager shall have a process to manage impact achievement at the portfolio level, similar to that of managing financial returns. The objective of the process is to establish and monitor expected impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

The Neuberger Berman Municipal Impact team applies a three-pillar methodology focused on the bond issuer, the use of proceeds and the place based potential for impact to discern investable candidates. Positive and negative factors within this framework are balanced and debated to reach an investment decision. These factors for each holding are monitored over their life in the portfolio to ensure the Initial Impact threshold is maintained. Impact is integrated throughout the entire investment process – from security selection, to portfolio management, and reporting.



These factors are analyzed based on the team's views on whether a particular investment meets the criteria. This material is intended as a broad overview of the portfolio managers' style, philosophy and investment process, and is subject to change.

Additionally, to reinforce the importance of ESG to our efforts at the firm, compensation for many investment professionals is now tied to ESG research insights and integration.

Principle 3.
Establish the investor's contribution to the achievement of impact

The Manager shall seek to establish and document a credible, transparent narrative on the investor's contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels, and assessed for the individual investment, or from a portfolio perspective. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

The Municipal Impact strategy invests in bonds that finance projects that seek to support sustainable communities in the U.S., with a bias to underserved communities, and generate positive outcomes for people and the planet alongside a financial return.

As an investor, we can signal that environmental, social and governance considerations matter by incorporating them into our investment criteria and process, but we go a step further and engage with issuers to help influence outcomes. At a minimum, we require issuers to provide an appropriate level of disclosure that enables our research team to analyze the issuer's capital, budgetary policy, governance, and management of material social and environmental issues. The investment team engages with issuers; the most common reason is on the topic of transparency and disclosure, as disclosure standards in the municipal market are often inconsistent. In addition, when a project goes awry for a bond in our portfolio, we engage with the issuer to help identify and work toward a solution, to seek to secure the stability and cash flows but to also lead to better social and environmental outcomes.

The investment team continues to actively educate issuers and other investors in the industry on these topics to enable financing of impactful projects.
Areas of further alignment: We seek to improve upon our engagement activities with a more systematic tracking and documentation process for our engagements.

Principle 4.
Assess the expected impact of each investment, based on a systematic approach

For each investment, the Manager shall assess, in advance and, where possible, quantify the concrete positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact?

The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact differing from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow international best practice conventions.

The nature and structure of the municipal bond market makes it an ideal asset class for sustainable and impact investing. The foundation of the municipal market is to fund projects that support and improve local communities, and there is high potential to connect the use of proceeds to impact objectives in addition to fulfilling place-based investing objectives. The Municipal Impact strategy focuses on directing capital to bonds that support projects that generate positive social and environmental outcomes for public benefit and aligned with certain impact objectives (*what is the intended impact?),* managed by sustainable and responsible issuers, with a bias to communities with a higher relative need (*who experiences the intended impact)*. Impact scoring and evaluation is embedded into the investment process, and specifically is a part of the investment requirements in the investment team's trading system. Therefore, in order to make a new purchase, they must have a view and minimum impact characteristics as well determined by a spectrum of the use of proceeds (*how significant is the intended impact?)*

Portfolio Managers evaluate investments based on their understanding of the following impact criteria: sustainable issuers (e.g., to what extent the Portfolio Managers believe the issuer is sustainable with respect to governance, fiscal responsibility, management of material social and environmental issues, and transparency and disclosure practices); social and environmental use of proceeds (e.g., will the debt proceeds be used for a project that the Portfolio Managers believe is essential, significant and overall positive); and places with higher potential for incremental impact (e.g., does the project target a geographical location that the Portfolio Managers believe to have a higher relative need). Impact is integrated throughout the entire investment process – from security selection, to portfolio management, and reporting.

Principle 5.
Assess, address, monitor, and manage the potential negative effects of each investment

For all investments, the Manager shall seek to avoid, minimize, or mitigate potential negative effects by assessing and monitoring Environmental, Social and Governance (ESG) and other non-financial risks, as well as the performance of the investee in managing material ESG issues. Where appropriate, the Manager shall engage with the investee company to seek its commitment to take action to address potential gaps in current investee systems, processes, and practices, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, provide support where appropriate, and address unexpected events.

The quality of issuers' governance and management practices are assessed, including corruption, sound budgetary practices and responsible use of debt. The team also considers environmental and social risks that may affect the borrower's ability to repay. For instance, the team looks at whether chronic social or environmental factors are a significant risk to the economic viability of the issuer, e.g., crime or polluted drinking water. And if the issuance is reliant on annual appropriation, the team closely examines the use of proceeds and whether the project being funded is essential to a community and thus likely to be repaid. The team also enhanced our process by incorporating a systematic feature for ESG assessment in order for a bond to be considered for purchase.

The Municipal Impact strategy specifically applies a negative screen to exclude issuers deemed not sustainable and use of proceeds that have an overall negative impact on people and the planet. The strategy targets bonds that fund projects that have an overall positive impact based on our proprietary place-based framework and as mentioned, with a bias to underserved communities.

Principle 6.
Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

During research and selection, the Municipal Impact team has a clear impact thesis and objective for the bond to have positive social or environmental impact in accordance with the impact framework.

The team reviews Official Statements published by issuers, publicly available information, supplemented by third party data to inform the impact attributes of each investment.

Monitoring and reporting on the impact of our investments is integral to the Municipal Impact strategy. As such, on a quarterly basis, the team conducts a portfolio review in partnership with the ESG investing team to discuss related updates and portfolio management considerations. In addition, the Municipal Impact strategy provides impact reporting in the form of an annual impact report. Annual reporting includes clients' portfolio exposure based on the team's Municipal Impact framework as well as illustrative case studies, which is incremental to conventional municipal bond strategies. Case studies include issuer overview, impact thesis, use of proceeds and place-based potential for impact as well as the impact theme and the SDGs being targeted and key impact metrics.

Areas for further alignment: While progress is monitored on an ongoing basis, and impact reported on annually, the frequency and method for data collection is an area for further alignment. We are continuously evaluating third party data sources to help augment the data available for municipal bonds, and seeking to improve our approach to impact management and monitoring.

Principle 7.
Conduct exits considering the effect on sustained impact.

The Manager shall, in good faith and consistent with its fiduciary responsibilities, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

For the Municipal Impact strategy, we generally apply a “buy and hold” approach, which further reflects our commitment to impact over the long-term. The investment team conducts rigorous research upfront to ensure that security selection is in alignment with the stated impact objectives.

Principle 8.
Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

Neuberger Berman is committed to continuously reviewing and improving our approach to impact investing and our impact management systems in a joint effort with the Municipal Impact strategy Portfolio Managers, investment team and the ESG Investing team along with senior management and in collaboration with industry standards like the Operating Principles for Impact.

As previously mentioned, on a quarterly basis, the team conducts a portfolio review in partnership with the ESG investing team to discuss related updates and portfolio management considerations.

Principle 9.
Publicly disclose alignment with the Principles and provide regular independent verification of the extent of alignment.

The Manager shall publicly disclose, on an annual basis, the extent to which impact management systems are aligned with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall be publicly disclosed, subject to fiduciary and regulatory concerns.

This Disclosure statement re-affirms the alignment of Neuberger Berman's Municipal Impact strategy investment process with the Principles and will be updated annually.

Independent assurance of this report was obtained from Neuberger Berman Internal Audit.

The Neuberger Berman Internal Audit Department is responsible to evaluate the adequacy of design and operating effectiveness of policies, procedures and internal controls of functions across the Firm. The Internal Audit department is an independent function and the Head of Internal Audit reports to the Audit Committee Chairman and has an administrative reporting line into the Firm's Chief of Staff. As of June 30, 2020 the department is staffed with a team of 10 professionals (9 current and one open headcount) whose industry experience ranges from 11 to 31 years. Most team members have graduate degrees (e.g., MBA, MS, etc.) and/or industry certifications (e.g., CPA, CISA, CIA, CFSA, Series 7, 63. 66, etc.).

The most recent relevant audit reports were:

- 2019 Municipal Fixed Income Audit issued December 5, 2019
- 2019 Neuberger Berman ESG Investing Team Audit issued November 1, 2019

While the 2021 Internal Audit plan has not been developed, it is anticipated that an audit of ESG processes, including the Neuberger Berman Municipal Impact Fund, will be included in the plan. A limited scope audit is to be completed annually, with the full scope audit to be completed on a cycled basis every 3-4 years.

Public statement by independent verifier: Attached

Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. This material is not intended as a formal research report and should not be relied upon as a basis for making an investment decision. Investing entails risks, including possible loss of principal. **Past performance is no guarantee of future results.** Historical trends do not imply, forecast or guarantee future results. Nothing herein constitutes a prediction or projection of future events or future market behavior. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed.

An investor should consider the Neuberger Berman Municipal Impact Fund's investment objectives, risks and fees and expenses carefully before investing. This and other important information can be found in the Fund's prospectus, and if available summary prospectus, which you can obtain by calling 877.628.2583. Please read the prospectus, and if available the summary prospectus, carefully before making an investment.

Shares in the Fund may fluctuate, sometimes significantly, based on interest rates, market conditions, credit quality and other factors. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's yield and share price will fluctuate in response to changes in interest rates. The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. Bonds are subject to the credit risk of the issuer. To the extent the Fund invests more heavily in particular bond market sectors, its performance will be especially sensitive to developments that significantly affect those sectors. In a rising interest rate environment, the value of an income fund is likely to fall. The market's behavior is unpredictable and there can be no guarantee that the Fund will achieve its goal.

High-yield bonds, also known as "junk bonds", are considered speculative, involve greater risks, may fluctuate more widely in price and yield, and carry a greater risk of default than investment-grade bonds. The municipal securities market could be significantly affected by adverse political and legislative changes, as well as uncertainties related to taxation or the rights of municipal security holders. Changes in the financial health of a municipality may make it difficult for it to pay interest and principal when due. In addition, changes in the financial condition of one or more individual municipal issuers or insurers of municipal issuers can affect the overall municipal securities market. Changes in market conditions may directly impact the liquidity and valuation of municipal securities, which may, in turn, adversely affect the yield and value of the Fund's municipal securities investments. Declines in real estate prices and general business activity may reduce the tax revenues of state and local governments. In recent periods an increasing number of municipal issuers have defaulted on obligations, been downgraded, or commenced insolvency proceedings. Financial difficulties of municipal issuers may continue or get worse.

Because many municipal securities are issued to finance similar types of projects, especially those related to education, health care, housing, transportation, and utilities, conditions in those sectors can affect the overall municipal securities market. Municipal securities backed by current or anticipated revenues from a specific project or specific asset (so-called "private activity bonds") may be adversely impacted by declines in revenue from the project or asset. Declines in general business activity could affect the economic viability of facilities that are the sole source of revenue to support private activity bonds. To the extent that the Fund invests in private activity bonds, a part of its dividends may be an item of tax preference for purposes of the federal alternative minimum tax. Prior to June 16, 2018, the Fund had a different goal and principal investment strategies and risks, which included a policy to invest 80% of its net assets in securities of municipal issuers that provide interest income that is exempt from New York State and New York City personal income taxes and invest in only investment grade securities, in addition to different fees and expenses. Its performance prior to that date as well as the characteristics noted herein might have been different if the current goal and principal investment strategies as well as fees and expenses had been in effect. An inability to sell a portfolio position can adversely affect the Fund's value or prevent the Fund from being able to take advantage of other investment opportunities. Unexpected episodes of illiquidity, including due to market factors, instrument or issuer-specific factors and/or unanticipated outflows, may limit the

Fund's ability to pay redemption proceeds within the allowable time period. The Fund's impact and ESG criteria could cause it to sell or avoid instruments that subsequently perform well. The Fund may underperform funds that do not follow an impact and ESG criteria. Changes in the priorities or policies of the federal government may cause it to reduce or suspend its support for certain types of projects in which the Fund has invested or change laws or regulations from which the projects might benefit, causing such projects to be less viable financially or lessening their positive social or environmental impact. Please see the Fund's prospectus for additional important information about taxation of municipal securities.

Global health pandemics (i.e., COVID-19) have negatively affected and are expected to continue to affect the economies of many nations, individual companies and global markets, including liquidity and increased market volatility, in ways that cannot be known with certainty at the present time. This may have both anticipated and unanticipated material adverse impacts on a Fund.

This material is intended as a broad overview of the portfolio manager's current style, philosophy and process. This material is presented solely for informational purposes and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. No recommendation or advice is being given as to whether any investment or strategy is suitable for a particular investor. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were, or will be, profitable. Any views or opinions expressed may not reflect those of the firm as a whole. All information is current as of the date of this material and is subject to change without notice. Investing entails risks, including possible loss of principal. **Past performance is no guarantee of future results.**

Opinions expressed are as of the date herein and are subject to change without notice. This material is not intended to be a formal research report and should not be construed as an offer to sell or the solicitation of an offer to buy any security.

Firm data, including employee and assets under management figures, reflect collective data for the various affiliated investment advisers that are subsidiaries of Neuberger Berman Group LLC (the "firm"). Firm history and timelines include the history and business expansions of all firm subsidiaries, including predecessor entities and acquisition entities. Investment professionals referenced include portfolio managers, research analysts/associates, traders, and product specialists and team-dedicated economists/strategists.

PRI grades are based on information reported directly by PRI signatories, of which investment managers totaled 1,119 for 2019. 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.

Neuberger Berman Internal Audit Verification Statement
June 16, 2020

Background

Neuberger Berman is a founding signatory of the Operating Principles for Impact ("the Principles"), a framework adopted by leading global impact investors to ensure impact considerations are meaningfully integrated throughout the investment process. We are committed to integrating impact management best practice and through this statement affirm that the Neuberger Berman Municipal Impact Fund, including (i) policies and practices and (ii) impact management systems are managed in alignment with the Principles.

Assessment Methodology

The Neuberger Berman Internal Audit Department performed an assessment of internal controls over the Neuberger Berman Municipal Impact Fund including certain controls designed to ensure compliance with ESG principals. Governance controls were tested as part of the 2019 ESG Investing Team Audit. Controls specific to the Municipal Impact Fund were tested as part of the 2019 Municipal Fixed Income Audit.

Summary Assessment

Internal Audit confirmed the degree of alignment of the Neuberger Berman Municipal Impact Fund with Principles 1 through 5. While Internal Audit did confirm that controls were in place to ensure alignment with Principles 6, 7 and 8, we were unable to test the degree of alignment with these principles because the audit was conducted in the early stages of the fund. This document addresses Principle 9.

<u>Areas of Strength</u>

The Municipal Fixed Income team has set clear and consistent strategic impact objectives and has established a strong set of processes to monitor against these objectives.

<u>Areas for Improvement</u>

Internal Audit identified opportunities to further improve engagement tracking (Principle 3) and the Municipal Impact strategy's overall approach to impact management and monitoring (Principle 6). Documentation regarding monitoring of progress against expectations, review of effects of exits and decision improvement processes will be the subject of a subsequent audit performed in 2021.