

FUND NEWS

Neuberger Berman Offers Private-Markets Fund for Main Street Investors

The asset manager is seeding its NB Crossroads Private Markets Access Fund with \$208 million, including \$34 million invested by employees

By Laura Kreutzer

Neuberger Berman is joining the growing vanguard of asset managers looking to bring private markets investments to accredited individual investors.

The asset manager is launching NB Crossroads Private Markets Access Fund to give certain individual investors access to private markets for a \$50,000 minimum investment, far lower than the millions of dollars that institutions typically must shell out to back private-equity funds.

The New York firm said that it has launched the fund with an initial \$208 million in capital, \$34 million of which came from its own employees. The rest came from a couple of Neuberger Berman strategic partners, according to a spokesman.

Neuberger Berman plans to invest most of the fund through direct and secondary investments in private markets funds or companies with an emphasis on buyout and growth-equity strategies, according to Managing Director Maura Reilly Kennedy, a senior member of the firm's private-equity team. The firm plans to invest the portfolio alongside traditional private-markets funds and separate accounts it manages, she added. The fund will also invest a portion of its assets in liquid fixed-income and other credit investments, according to a regulatory filing.

The Private Markets Access Fund allows its investors to periodically redeem capital up to a certain percentage of the fund's assets each quarter and is structured as permanent capital, which lets the firm reinvest distributions back into new deals. Ms. Reilly Kennedy said that the fund's focus on direct investments and secondaries will help it deploy capital more quickly and efficiently than traditional private-equity funds, while the quarterly redemption provision gives the vehicle more liquidity than those traditional funds. The firm is marketing the new fund largely through financial advisers.



Neuberger Berman's new fund will give individual investors access to private markets for a \$50,000 minimum investment. PHOTO: NEUBERGER BERMAN

The firm structured the fund to address feedback it had received over the past several years from financial advisers as it pitched other registered investment funds, according to Scott Kilgallen, managing director and head of Neuberger Berman's North American intermediary client coverage. In 2016, the firm formed a private-markets registered investment vehicle in Europe, which has raised more than \$1 billion so far, according to a separate person with knowledge of the offering. The firm manages about \$75 billion in assets in registered funds and over \$2 billion across permanent and longer-life private-markets funds.

Neuberger Berman is the latest in a growing list of asset managers appealing to a relatively untapped but expanding pool of U.S. accredited investors, which includes

people with at least \$1 million in investible assets. In June 2019, the Securities and Exchange Commission estimated that there are at least 11.8 million U.S. households that would qualify as accredited investors, excluding the value of their primary residences. Last year, the agency expanded the definition to include certain investment professionals.

Earlier this month, Hamilton Lane Inc. announced the formation of its own fund for U.S. accredited investors, building on the firm's experience forming a similar fund for foreign investors in 2019. Meanwhile, Partners Group has offered its Partners Group Private Equity (Master Fund) LLC to U.S. investors since 2009. As of Sept. 30, that fund had some \$6.3 billion in net assets, according to its latest semiannual report.

An investor should consider the NB Crossroads Private Markets Access Fund LLC's (the "Fund") investment objectives, risks and fees and expenses carefully before investing. This and other important information can be found in the Fund's prospectus, which an investor can obtain by calling 617-619-4690 or by emailing PEBostonIR@nb.com. Please read the prospectus carefully before making an investment.

IMPORTANT NOTE ON INVESTOR ELIGIBILITY: Please note that the Fund will sell its limited liability company interests ("shares") only to eligible investors that are both "accredited investors," as defined in Section 501(a) of Regulation D under the Securities Act of 1933, as amended, and "qualified clients" as defined in Rule 205-3 under the Investment Advisers Act of 1940, as amended. In addition, shares are generally being offered only to investors that are U.S. persons for U.S. federal income tax purposes. The qualifications required to invest in the Fund will appear in subscription documents that must be completed by each prospective investor.

An investment in the Fund involves a high degree of risk and therefore should only be undertaken by qualified investors whose financial resources are sufficient to enable them to assume these risks and to bear the loss of all or part of their investment. The Fund is registered under the Investment Company Act of 1940, as amended, as a non-diversified, closed-end management investment company. The Fund and Neuberger Berman do not guarantee any level of return or risk on investments and there can be no assurance that the Fund's investment objective will be achieved.

The Fund is a newly organized fund with no operating history. The Fund's investment program is speculative and entails substantial risks. Investors should consult with their own financial, legal, investment and tax advisors prior to investing in the Fund. There is no assurance that the investments held by the Fund will be profitable, that there will be proceeds from such investments available for distribution to investors, or that the Fund will achieve its investment objective. There can be no assurance that projected or targeted returns for the Fund will be achieved.

An investment in the Fund should be considered illiquid. An investment in the Fund is not suitable for investors who need access to the money they invest. Although the Fund may offer to repurchase a limited amount of the Fund's shares from time to time via quarterly repurchase offers, the Fund's shares will not be redeemable at an investor's option nor will they be exchangeable for shares of any other fund. As a result, an investor may not be able to sell or otherwise liquidate his or her shares. There can be no assurance that the Fund will conduct repurchase offers in any particular period and investors may be unable to tender their shares for repurchase for an indefinite period of time.

There will be a substantial period of time between the date as of which investors must submit a request to have their shares repurchased and the date they can expect to receive payment for their shares from the Fund. The Board of the Fund may under certain circumstances elect to postpone, suspend or terminate an offer to repurchase shares.

The Fund's shares are not listed, and are not expected to be listed, for trading on any securities exchange, and the Fund does not expect any secondary market to develop for its shares in the foreseeable future. The Fund's shares are subject to substantial restrictions on transferability and resale and may not be transferred or resold except as permitted under the Fund's limited liability company agreement.

A substantial portion of the Fund's assets are expected to consist of direct investments in private companies as well as investments in private equity portfolio funds that primarily invest in securities of private companies. Investments in private companies involve a high degree of business and financial risk that can result in substantial losses. Operating results for private companies in a specified period will be difficult to predict.

The Fund's private equity investments will be illiquid and typically cannot be transferred or redeemed for a substantial period of time. The Fund's private equity investments in most cases will be highly illiquid and difficult to value. Unless and until those investments are sold or mature into marketable securities, they will remain illiquid.

The Fund intends to elect for treatment, and to qualify each year to be treated, as a regulated investment company or a "RIC." As such, the Fund must satisfy, among other requirements, certain ongoing asset diversification, source-of-income and annual distribution requirements. If the Fund fails to qualify as a RIC it will become subject to corporate-level income tax, and the resulting corporate taxes could substantially reduce the Fund's net assets, the amount of income available for distributions to investors, the amount of distributions and the amount of funds available for new investments.

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