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PRIVATE EQUITY:

Unique Characteristics Mean Unique Opportunity

At a time when investors are cautious about the return outlook for traditional public markets, private equity offers important long-term advantages, including strong historical returns and diversification benefits.

Private Equity Basics

Private, Diverse:

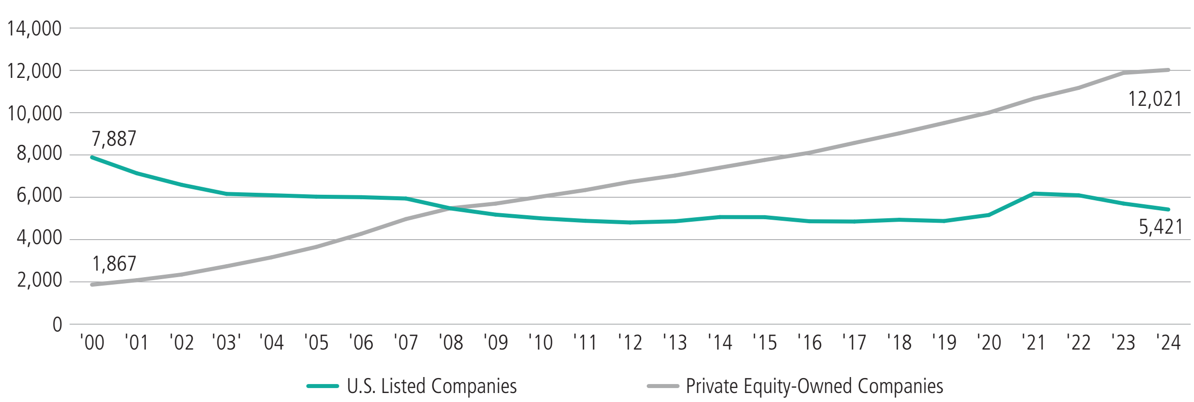
- Private equity (PE) is an investment in a company that is not listed on a public exchange.
- PE-backed companies are a growing presence, found across a wide spectrum of business sectors and stages (i.e., in start-ups, middle market and well-established enterprises).

Truly Active:

- PE managers have a greater ability to influence both the operations and management of a business.
- Unlike a typical investor in public equity, PE investors can play a very active role in the management of its portfolio companies, and can thus dramatically improve its operating results.

Private Equity Companies Are a Growing Presence

U.S. Listed Companies vs. U.S. Private Equity-Owned Companies



Source: PitchBook and World Bank. Data as of December 2024, the most current available data from the World Bank.

THE PRIVATE EQUITY UNIVERSE

Within private equity, there is considerable variety and thus diversification potential. Key areas of investment include:

Buyouts. Investment in relatively mature, established companies, using a combination of debt and equity financing. This group is divided into small-, mid- and large/mega-cap buyouts.

Special situations. Involves restructuring of companies both from a financial and operational standpoint, and may involve the purchase of distressed assets or debt.

Growth capital. Typically working in partnership with a founder or entrepreneur, the private equity investor provides capital to help a company grow.

Venture capital. Investment in new, potentially high-growth, businesses alongside company management. Venture capital-financed companies may carry more risk than the other private equity segments due to the early stage of the business.

Private debt. Investment in middle market companies that provide fixed income returns capitalizing on the illiquidity premium.

Depending on the investor, a core allocation to private equity may complement other alternative investments, such as real estate and hedge funds.

Why PE Managers Have an Advantage

On the Buy:

- Unlike public markets, a private market investor can have information advantages, such as access to management and greater visibility into a potential portfolio company.
- Private equity is an inefficient market compared to public markets, and thus provides additional opportunities for attractive valuations.

During the Hold:

- The private equity investor has the ability to influence a portfolio company for the better, both in terms of operating improvements and positioning the company for growth.

On the Sell:

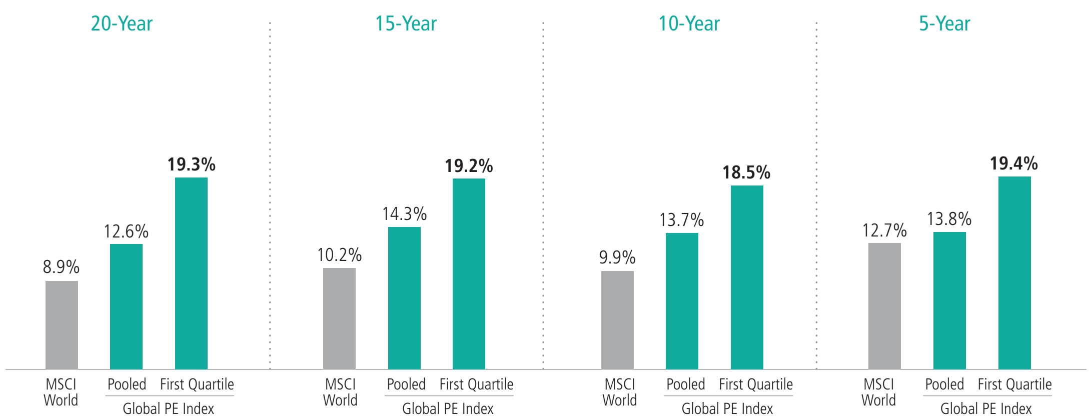
- PE investors have many potential exit options, including an IPO or sale of the portfolio company to a strategic or financial buyer.
- Importantly, private equity investors have the luxury of time. They’re not managing to quarterly earnings, and can choose to exit at the most attractive time.

Private Equity's Performance Benefits

These PE advantages have historically translated into attractive performance and effective diversification. Private equity has outperformed the major public markets over the last 5-, 10-, 15- and 20-year periods with relatively low correlations to traditional asset classes. In addition, over the last 25 years, the addition of an allocation to private equity has provided an improved risk/return profile for diversified portfolios.

PE Has Outpaced Public Markets

Comparison of Horizon Returns – Public vs. Private

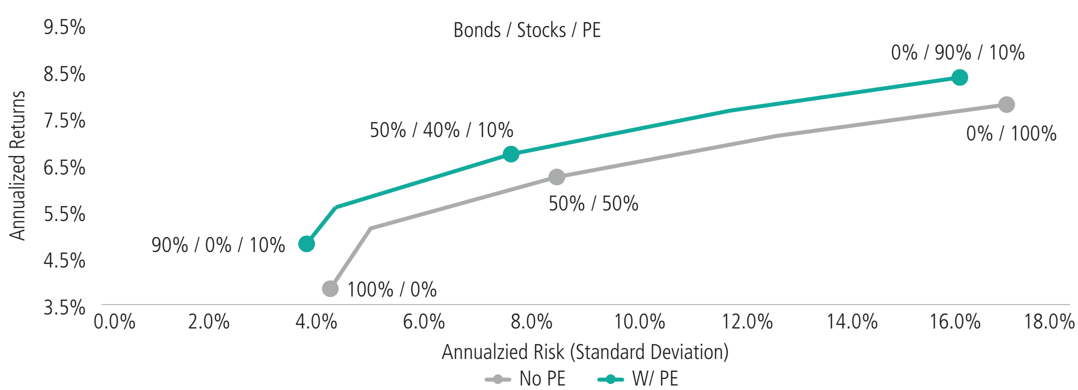


Data as of 3Q 2024. The benchmark performance is presented for illustrative purposes only to show general trends in the market for the relevant periods shown. The investment objectives and strategies of the benchmarks may be different than the investment objectives and strategies of a particular private fund, and may have different risk and reward profiles. A variety of factors may cause this comparison to be an inaccurate benchmark for any particular type of fund and the benchmarks do not necessarily represent the actual investment strategy of a fund. It should not be assumed that any correlations to the benchmark based on historical returns would persist in the future. **Past performance is no guarantee of future results.** Indexes are unmanaged and are not available for direct investment.

Source: Private equity data from Burgiss. Represents pooled horizon IRR and first quartile return for Global Private Equity as of 3Q 2024, which is the latest data available. Public market data sourced from Neuberger Berman as of 3Q 2024.

PE Can Improve Portfolio Risk/Return Profile

25 Years Ended March 31, 2024



Source: Neuberger Berman, FactSet as of March 31, 2024. Bonds represented by the Barclays U.S. Aggregate Index, stocks represented by the S&P 500, private equity represented by the Cambridge Associates Private Equity Index. **Past performance is not indicative of future results.** Indices are not available for direct investment. Please refer to the endnotes for certain important information on indices and risks of private equity investing.

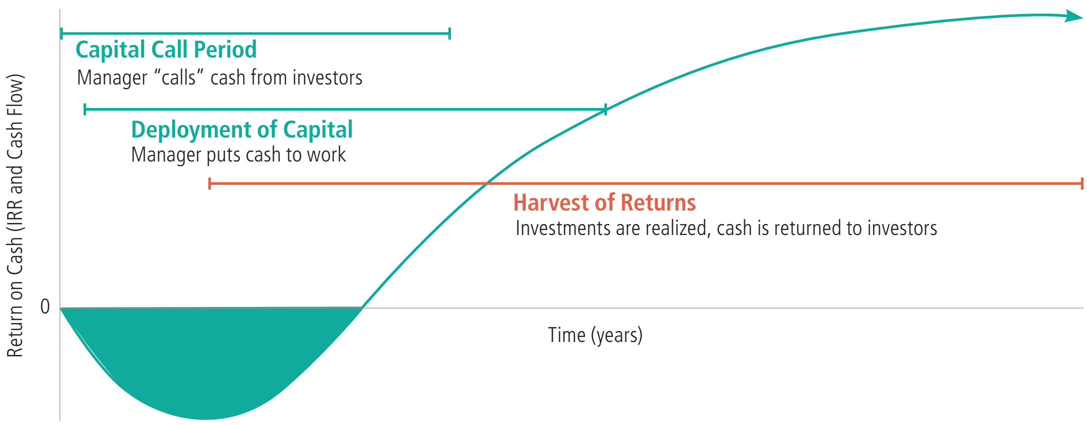
Key Considerations

Liquidity Risk: The process of making improvements to portfolio companies takes time—sometimes a lot of it—leading to liquidity risk. Private equity has lock-up periods, typically ranging from eight to 14 years. The tradeoff is that investors should be compensated for this illiquidity.

Return Patterns: The investor initially experiences negative cash flows as capital is "called" and put to work. The expectation is that returns become positive later as investments are harvested and cash is returned to investors.

The Private Equity Investment Cycle: Capital Call, Investment and Realization Periods

Internal rate of return of a private equity fund.



Source: Neuberger Berman. For Illustrative purposes only.

Allocating to Private Equity

Weighting:

- Neuberger Berman's Investment Strategy Group typically recommends that high net worth investors with moderate to aggressive investor profiles invest up to 10% in private equity; individual needs vary—some may prefer to have more or less than this amount.

Systematic Approach:

- To offset the initial dip in cash flows early in the PE cycle, investors may choose to regularly invest over multiple years. This helps to diversify by "vintage" (the characteristics of each year's funds may be somewhat different).
- Investors often consider "overcommitting" to private equity to make sure they have sufficient assets at work.
  - Typically, a fund will have about 60 – 70% of capital commitments invested at any given time, suggesting the need to commit 1.2 to 1.5 times the amount you want invested in order to achieve the desired exposure to private equity.

ACCESSING PRIVATE EQUITY

There are multiple ways to access the asset class:

Primary fund investment. An investor makes a commitment to a private equity fund, which, via a general partner, makes investments into several companies. Here, there is more diversification of underlying holdings across the private equity portfolio.

Fund of funds. In this case, an investor makes a commitment to a vehicle or a fund that in turn makes commitments to individual private equity funds. These commitments are typically very diverse, with investments across managers and portfolio companies.

Secondary fund. In a secondary fund, the general partner buys more mature or seasoned limited partnership stakes from other limited partners, often at a discount.

Co-investment. The investor makes equity co-investment in an operating company, alongside the private equity manager, in a leveraged buyout, recapitalization, growth or venture capital transaction.

What to Look for in a PE Manager

There are about 17,000 private equity firms in the space, with a wide disparity in terms of investment success, style and strategy. We believe a successful manager should have the following characteristics:

Access to Opportunities, Information:

- A PE manager should have access to a significant and wide array of attractive opportunities (or "deal flow") in order to be highly selective.
- The manager should be able to access information and resources needed to make well-informed investment decisions.

Experience and Resources:

- A PE manager should have an experienced team with ample resources that has invested across multiple asset classes and market cycles.
- The manager should have an attractive track record, both on an absolute basis and relative to peers. The strategy employed should not only have a history of success, but compare well in specific periods, given the market and economic environment.

Combining these elements will increase the chances of effectively accessing the unique opportunity associated with private equity.

Addendum: PE Nuts and Bolts

Who's Who:

- PE funds are typically structured as partnerships.
- The general partner, or GP, controls the fund and makes investment decisions. A GP will also typically make a significant investment in the fund.
- The Limited Partners, or LPs, are the investors.

Process:

- The GP invests in companies with the idea of improving, growing and then selling them.
- The GP makes capital calls from limited partners as it makes investments.
- Once investment objectives tied to underlying portfolio companies are completed, it is sold and proceeds, subject to incentive allocations, are distributed back to the investors.

Timeline:

- During the investment period, which typically lasts three to five years, the GP is looking for appropriate investment opportunities, and begins to call capital from LPs with which to invest.
- The harvest or divestment period follows, which typically takes four to six years, in which private equity investments are developed and, ideally, realized. All told, the typical fund life is between eight and 14 years. *Please also see "Private Equity Investment Cycle" on page 4.*

Costs and Fees:

- Although PE fund fees can vary widely, most private equity funds typically charge a management fee of 1 – 2% on committed capital, with an additional performance-related fee component or "carried interest."
- Carried interest serves as extra incentive for fund managers, is generally tied to fund performance and is often paid when returns exceed a certain threshold, called the "preferred return" or "hurdle."

Tax Treatment:

- Every PE fund has its own tax treatment depending on the type and mix of the underlying investments.
- As funds are generally structured as limited partnerships, the income, gains and losses they produce flow directly to investors for tax purposes. For example, a venture capital fund might result in more taxable capital gains to investors while a private debt fund might generate more ordinary income.
- It's important to note that the tax treatment of these investments may affect whether they are suitable for use in an IRA, Roth IRAs or other tax-favored vehicles. Be sure to consult with a tax advisor before you invest.

Tax Reporting:

- Private equity funds typically generate an annual Form K-1 for use in preparing income taxes, which typically take longer to produce—sometimes well after the mid-April tax deadline, which may require the taxpayer to file for an extension.
- On the bright side, multiple K-1s can be "added together" when preparing income tax returns. Again, please consult with your tax advisor before making any investment.

Prospective investors should be aware that an investment in any private equity fund is speculative and involves a high degree of risk that is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of such investment and for which the investment does not represent a complete investment program. An investment should only be considered by persons who can afford a loss of their entire investment. The following is a summary of only certain considerations and is not intended to replace any of the materials that would be provided in connection with an investor's consideration to invest in an actual Neuberger Berman private equity fund, which would only be done pursuant to the terms of a confidential private placement memorandum and other related material. Prospective investors are urged to consult with their own tax and legal advisors about the implications of investing in a private equity strategy, including the risks and fees of such an investment.

Market Conditions. Private equity strategies are based, in part, upon the premise that investments will be available for purchase at prices considered favorable. To the extent that current market conditions change or change more quickly, anticipated investment opportunities may cease to be available. There can be no assurance or guarantee that investment objectives will be achieved, that the past, targeted or estimated results will be achieved or that investors will receive any return on their investments. Performance may be volatile. An investment should only be considered by persons who can afford a loss of their entire investment.

Legal, Tax and Regulatory Risks. Legal, tax and regulatory changes (including changing enforcement priorities, changing interpretations of legal and regulatory precedents or varying applications of laws and regulations to particular facts and circumstances) could occur during the term of the Fund that may adversely affect the Fund or its partners.

Default or Excuse. If an Investor defaults on or is excused from its obligation to contribute capital to the Fund, other Investors may be required to make additional contributions to the Fund to replace such shortfall. In addition, an Investor may experience significant economic consequences should it fail to make required capital contributions.

Leverage. Investments in underlying portfolio companies whose capital structures may have significant leverage. These companies may be subject to restrictive financial and operating covenants. The leverage may impair these companies' ability to finance their future operations and capital needs. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the portfolio company or its industry.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive investments is highly competitive, and involves a high degree of uncertainty. There can be no assurance or guarantee that the Fund will be able to locate, consummate and exit investments that satisfy the Fund's rate of return objectives or realize upon their values or that it will be able to invest fully its committed capital.

Reliance on Key Management Personnel. The success of a private equity strategy will depend, in large part, upon the skill and expertise of investment professionals that manage the strategy.

Limited Liquidity. There is no organized secondary market for investors in most private equity funds, and none is expected to develop. There are typically also restrictions on withdrawal and transfer of interests.

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