

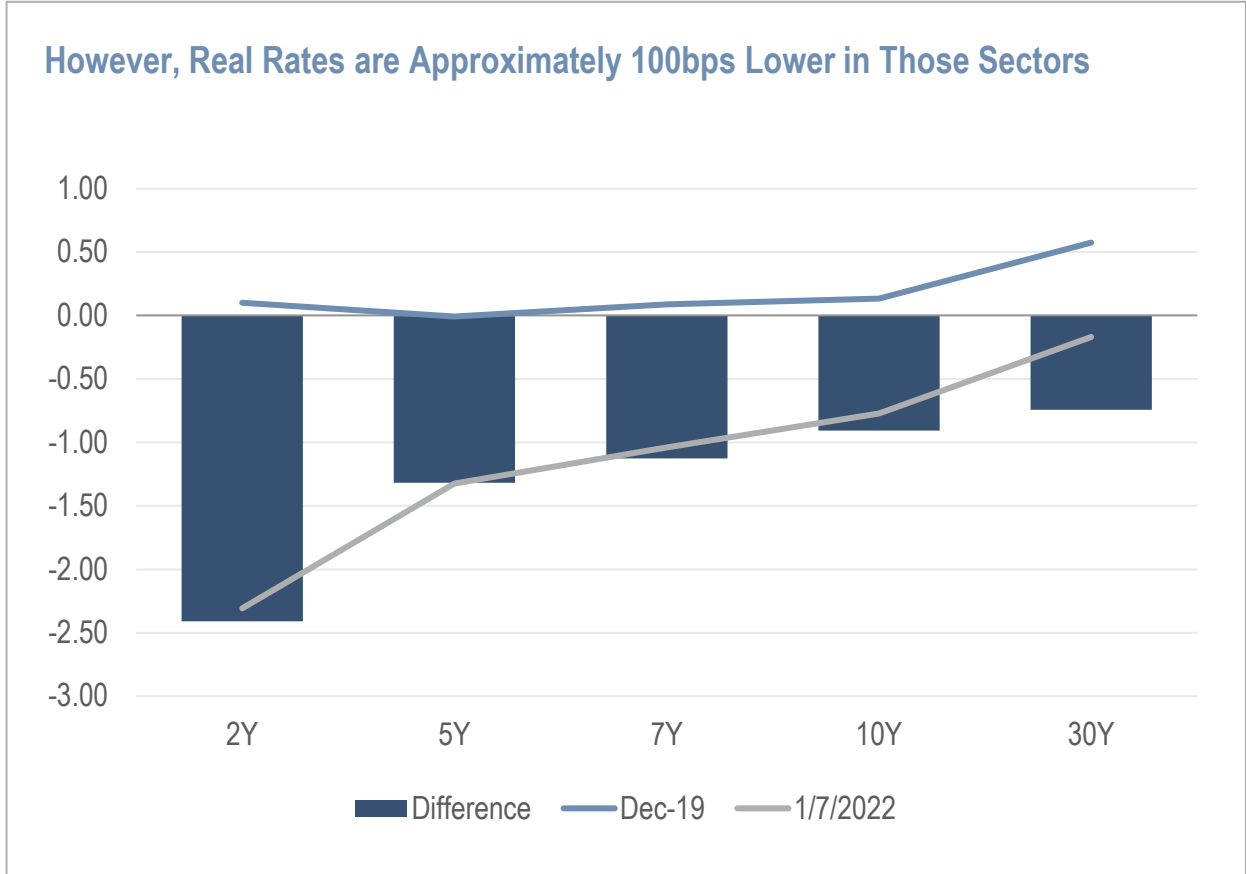
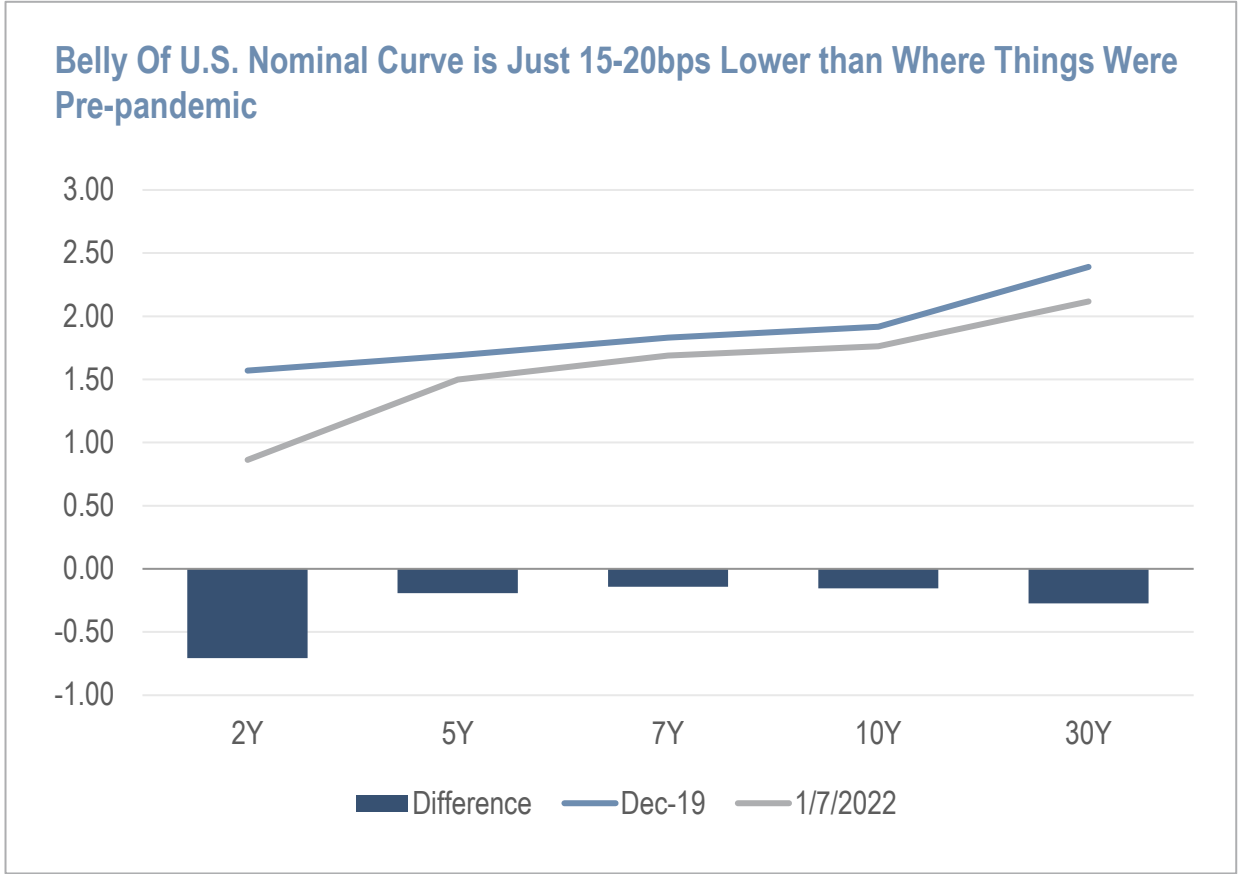


With Rates And Inflation On The Rise, Fixed Income Needs To Be More Flexible

Norman Milner, Senior Portfolio Manager, Multi-Sector Fixed Income Strategies

US Nominal Curve After Five Years Is Near Pre-pandemic Levels, Real Rates Are Not

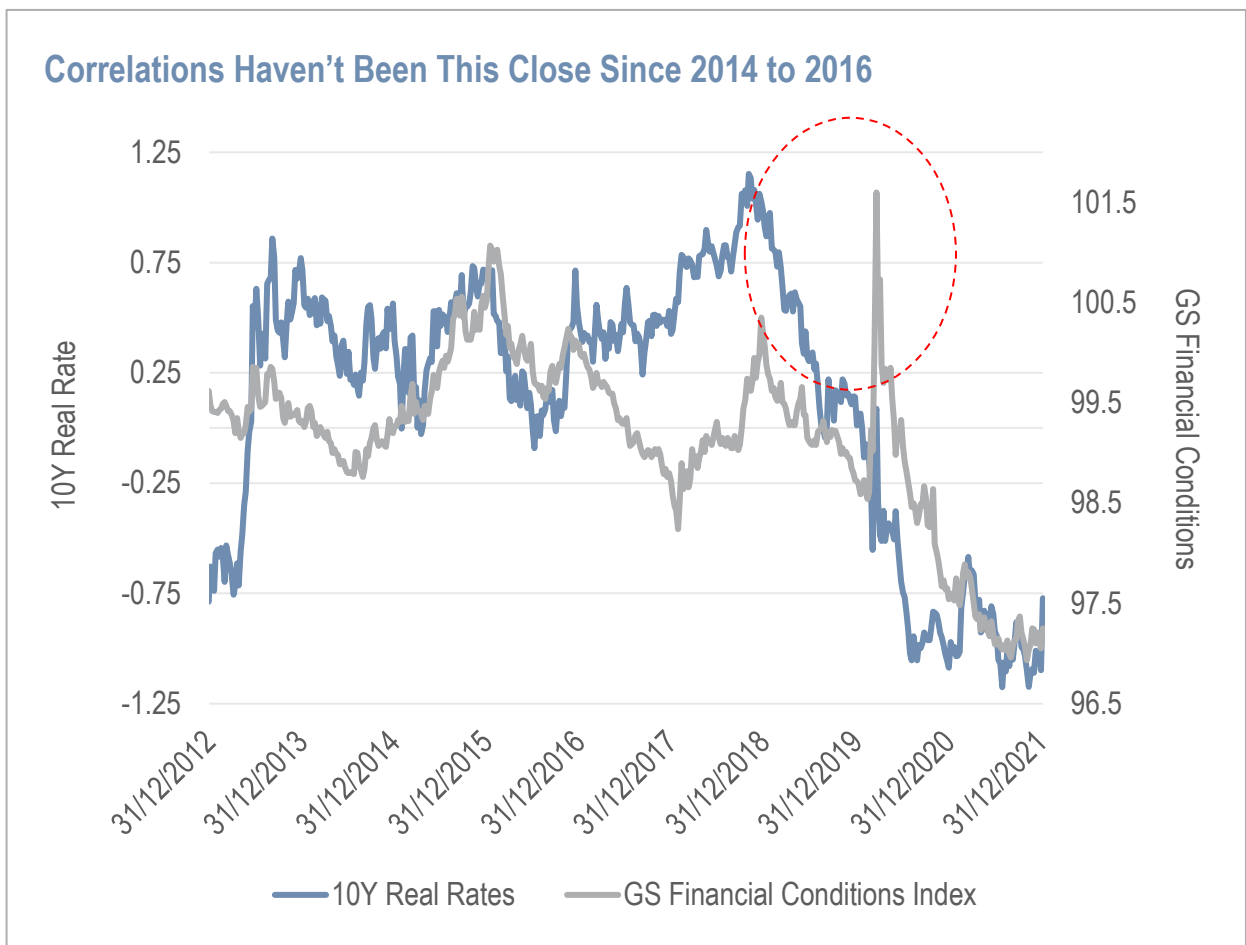
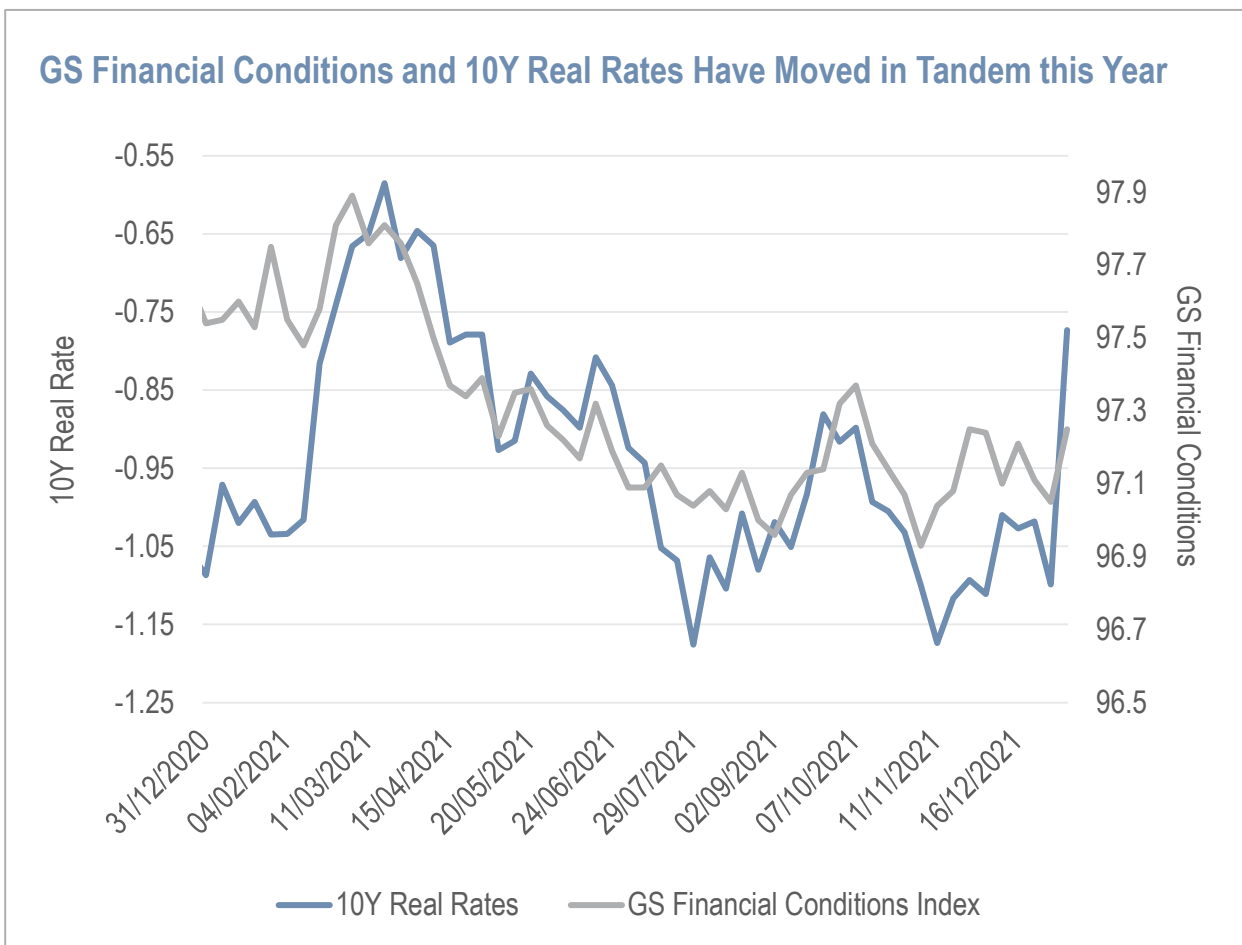
A key characteristic of the yield curve is that real yields are materially lower than pre-pandemic levels, supporting risk assets as capital finds higher real returns



Note: Using Generic Tickers. For Real Rates, there is no Generic Ticker for 2Y and 7Y. In those cases using nominal and generic break-evens to calculate real rates
Source: Bloomberg. As of 1/7/2022

Real Rates And Financial Conditions Have Been Closely Correlated This Year

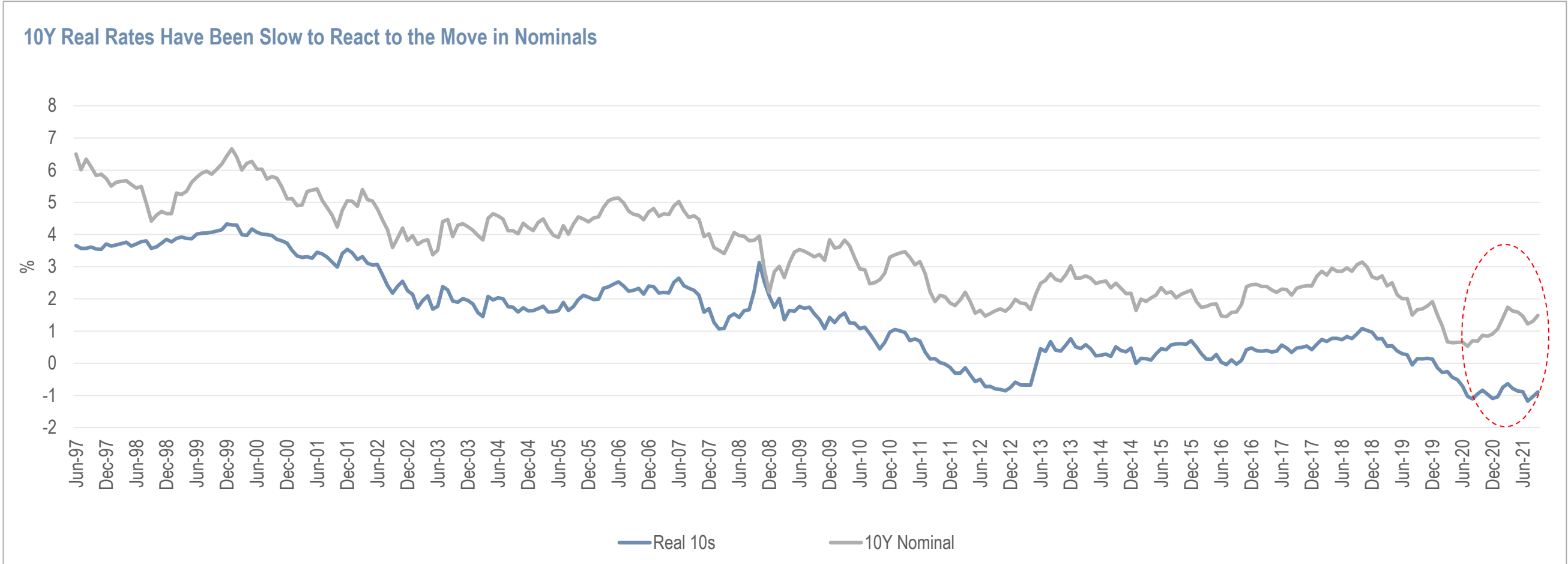
Movement is similar to just before the last hiking cycle where real rates started moving about a year before the first hike



Source: Bloomberg

Real Rates And Nominals Have Been Diverging Since 2H20

10Y Treasuries moved by 60bps in 2021 as Real Rates fell by 1bp



Source: Bloomberg. As of December 2021

Credit Market Correlation – There Are Diversification Benefits

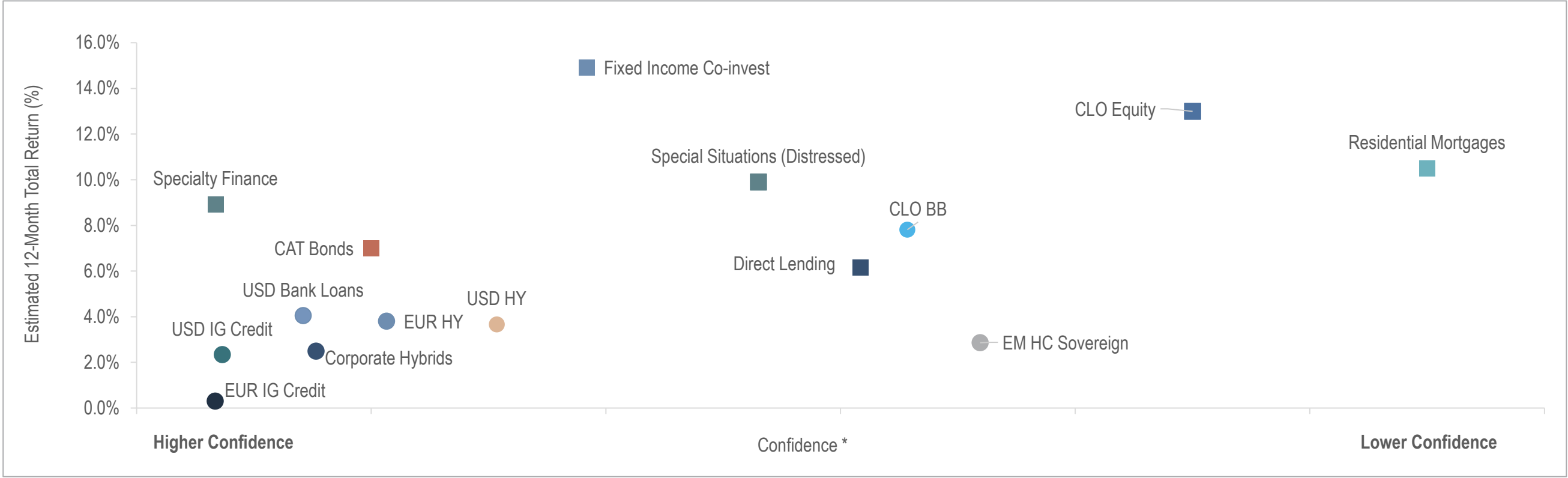
Broadening the credit universe helps to improve portfolio correlation, enhance yields and reduce volatility

Correlation	Direct Lending	Residential Mortgages	Specialty Finance	Fixed Income Co-invest	CLO Equity	CLO BB	Special Situations (Distressed)	USD HY	European HY	USD Bank Loans	EM HC Sovereign	Corporate Hybrids	CAT Bonds
Direct Lending	1.00												
Residential Mortgages	0.13	1.00											
Specialty Finance	0.81	0.24	1.00										
Fixed Income Co-invest	0.52	0.33	0.69	1.00									
CLO Equity	0.74	0.18	0.58	0.28	1.00								
CLO BB	0.85	0.27	0.70	0.46	0.74	1.00							
Special Situations (Distressed)	0.88	0.17	0.93	0.56	0.69	0.76	1.00						
USD HY	0.83	0.25	0.95	0.66	0.64	0.73	0.95	1.00					
European HY	0.79	0.27	0.89	0.63	0.62	0.73	0.89	0.88	1.00				
USD Bank Loans	0.96	0.15	0.87	0.55	0.73	0.83	0.94	0.87	0.85	1.00			
EM HC Sovereign	0.68	0.30	0.78	0.78	0.48	0.66	0.75	0.81	0.75	0.71	1.00		
Corporate Hybrids	0.51	0.26	0.69	0.49	0.40	0.49	0.69	0.74	0.71	0.56	0.69	1.00	
CAT Bonds	0.28	0.22	0.21	0.17	0.26	0.21	0.25	0.22	0.22	0.26	0.23	0.15	1.00

Source: Neuberger Berman, Bloomberg; as of 2021-07-31. Estimated yields and estimated volatility (risk) shown are hypothetical and are for illustrative and discussion purposes only. They are not intended to represent, and should not be construed to represent, predictions of future yields or volatility. Actual yields and volatility may vary significantly. Unlike actual investment performance, hypothetical model results do not represent actual trading and accordingly they may not reflect the impact that material economic and market factors might have had on decision making if assets were actually managed during the relevant period. Investing entails risks, including possible loss of principal. Indexes are unmanaged and are not available for direct investment. Past performance is no guarantee of future results. See Additional Disclosures at the end of this presentation, which are an important part of this presentation.

Sector Return Estimates

A relative value asset allocation framework allows for harmonization of return and confidence across the credit continuum



*Confidence quantifies the confidence of the expected return by measuring return standard deviation across states of the world. A wider dispersion of the states of the world, represented by a larger standard deviation, indicates a lower degree of confidence, or, a higher degree of uncertainty.

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Sample Allocations And Liquidity

Portfolios should be anchored on duration management while being optimized for higher yield/income

Proposed Fund Dealing:	Daily	Fortnightly	Annually
Available Assets			
Liquid	IG Credit Corporate Hybrids High Yield Bank Loans EM HC Sovereign	IG Credit Corporate Hybrids High Yield Bank Loans EM HC Sovereign	IG Credit Corporate Hybrids High Yield Bank Loans EM HC Sovereign
Semi-Liquid		CLO Debt Specialty Finance CAT Bonds Fixed Income Co-invest	CLO Debt Specialty Finance CAT Bonds Fixed Income Co-invest
Less Liquid			Direct Lending European Private Loans Residential Mortgages CLO Equity Capital Solutions Special Situations
Liquidity Allocations	100% / 0% / 0%	75% / 25% / 0%	50% / 25% / 25%
Yield to Worst	4.4%	6.3%	8.0%

Source: Neuberger Berman, Bloomberg; as of 2021-05-31. The above portfolios are for illustrative and discussion purposes only. They do not represent any portfolios or portfolios offered and are intended to demonstrate different points on the risk-return spectrum through the combination of public and private asset classes. They are not intended to represent and should not be construed to represent predictions of future yields or volatility. Actual yields, return and volatility may vary significantly. Unlike actual investment performance, hypothetical model results do not represent actual trading and accordingly they may not reflect the impact that material economic and market factors might have had on decision making if assets were actually managed during the relevant period. Investing entails risks, including possible loss of principal. Indexes are unmanaged and are not available for direct investment. Past performance is no guarantee of future results. See Additional Disclosures at the end of this presentation, which are an important part of this presentation.

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NB Relative Value Asset Allocation process

NB’s relative value asset allocation process is systematic and proprietary by design. The process entails sector teams defining and probability weighting different scenarios that, in their view, will dictate 12 month forward looking returns for their sector. The output of this process is two-fold: (1) probability weighted return assumptions by sector and (2) a measure of confidence in this estimated return.

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