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Neuberger Berman Taxable Municipals

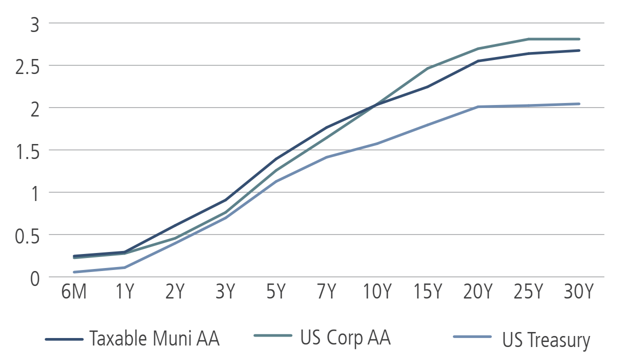
Neuberger Berman is one of the largest privately held investment management firms in the US with 36 offices across the globe and over $433 billion of assets under management, including $201 billion of fixed income and $12.8 billion of municipals AUM. The Municipals team is focused on research-driven management with an active, bottom-up approach, focused on delivering total returns with downside protection.

Taxable Municipal Bonds

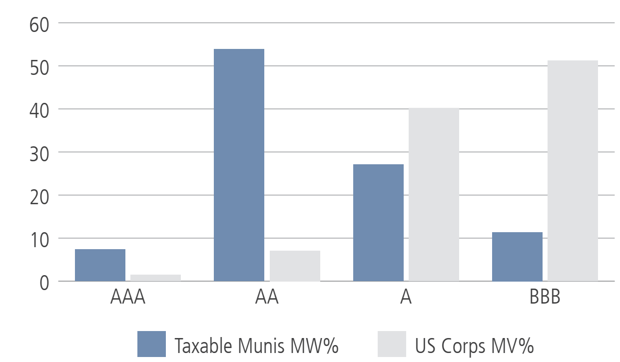
Broad municipals is a mature market (200+ year existence) with approximately $3.9 trillion outstanding. Majority of issuance is "Tax-Exempt" (approx. $3.3T) with "Taxable Municipals" comprising approximately $600 billion of the universe.[1] Compelling relative value of the asset class versus US Treasuries and US Corporate securities for several factors:

- Municipal market is a strong diversifier to risk assets with negative correlation to equities, unlike corporate bonds[3]
- Rare for municipal market to experience substantial downgrade activity, even following market downturns (i.e. 2009 – 2011)[1]
- Average recovery rates of US Municipals at 61% is significantly higher than Global Corporates at 48%[3]

Yield Comparison[2]



High-Quality Universe vs. Corporates[2]



An Attractive Opportunity in Current Markets

- The global search for high-quality duration with spread continues to be relentless. Despite spread tightening YTD, taxable munis still offer great value on an absolute and risk-adjusted basis.
- Economic conditions continue to attract new buyers and drive demand for taxable munis. Taxable munis are more fairly valued and recent demand has been more muted, but cross-over buyers remain active.
- Municipalities have been positively impacted by improved tax receipts and increasing property values, leading to a more stable financial position at the state and local level.
- Most state and local governments are now better positioned financially in comparison to pre-pandemic based on assistance from the federal government.

Why Neuberger Berman

- Senior experienced team in place for 20+ years managing $12.8 billion in Municipals / $3.1 billion in Taxable Municipals[1]
- Maintain network of 100+ regional broker/dealer relationships providing unique deal flow across primary/secondary issuances
- Long-term track record of delivering excess returns utilising a demonstrated repeatable process
- Accelerated ramp-up achieved through optimized deal participation

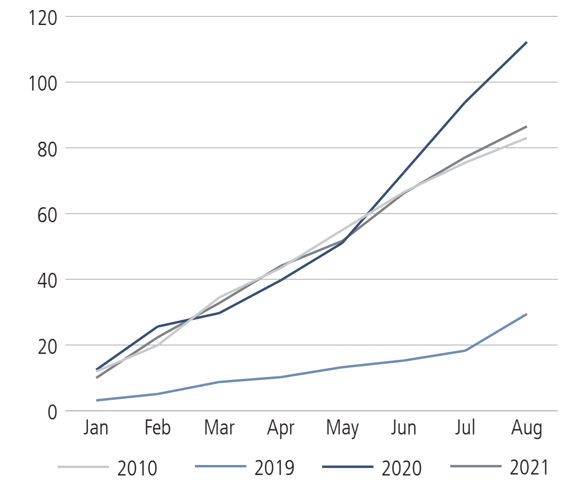
Constructive Views for 2021 Supply Outlook

Remain constructive on taxable municipals as elevated supply has continued to broaden the buyer base with international and domestic investors seeking diversification, quality and yield.

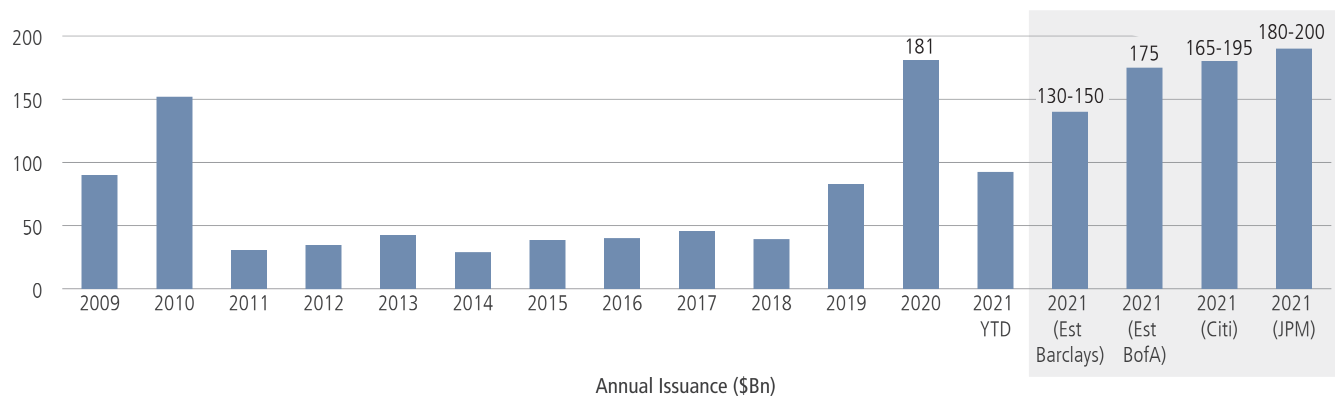
Ability of issuers to "advance refund" their tax-exempt debt through issuing taxable debt has led to a unique period of increased supply from December 2018 onward.

Proposals are being considered in the U.S. Congress to address infrastructure funding. Resurrection of a Build America Bond (BAB)* -like program could be a positive development for taxable muni issuance, whereas a reversal of the advance refunding restriction could cause taxable issuance to decline.

Taxable Issuance YTD Is on Pace With 2010 BAB Issuance[4]



Taxable Annual Issuance ($Bn) – Universe Grew More than 20% in 2020[5]



Taxable Municipals – A $600 Billion Asset Class Attractive to Insurers

Attractive SCR Treatment[6]

	Total	Estimated Infrastructure-related sub universe	Estimated Infrastructure-related sub universe < 20 yrs
Mkt Value	317,080,868	159,540,119	89,581,764
		50%	28%
Yield to Worst % (USD)	2.53	2.57	2.42
Modified OA Duration	11.6	11.6	9.9
OAS (bps)	89	90	91
Rating	AA3	AA3	AA3
SCR	8.74%	7.35%	6.43%

High quality and low SCR

Diversifier from US IG Corporates

Efficient source of duration

NB estimate of bonds within the index that could be eligible for infrastructure categorisation under S2

* Build America Bonds (i.e. BABs) originated from an infrastructure initiative by U.S. President Obama following the global financial crisis that incentivized projects through a tax subsidy to offset the costs of borrowing.

1. As of June 30, 2021. Source: Neuberger Berman.
2. As of September 16. 2021. Source: Neuberger Berman.
3. As of January 2021. Source: BNY Mellon.
4. As of August 31, 2021. Source: Bloomberg.
5. As of August 31, 2021. Source: JPMorgan, assumed $115bn of issuance.
6. As of September 8, 2021. Source: Neuberger Berman.

Key Risks

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.

Liquidity Risk: The risk that the portfolio may be unable to sell an investment readily at its fair market value. In extreme market conditions this can affect the portfolio's ability to meet redemption requests upon demand.

Credit Risk: The risk that bond issuers may fail to meet their interest repayments, or repay debt, resulting in temporary or permanent losses to the portfolio.

Interest Risk: The risk of interest rate movements affecting the value of fixed-rate bonds.

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

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.

Currency Risk: Investments 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. If the currency of the portfolio is different from your local currency, then you should be aware that due to exchange rate fluctuations the performance may increase or decrease if converted into your local currency.

Municipal Securities Risk: 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 Strategy'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 Strategy earns interest income on private activity bonds, a part of the dividends will be a Tax Preference Item. Municipal bonds may be bought or sold at a market discount (i.e. a price less than the bond's principal amount or, in the case of a bond issued with an original issue discount ("OID"), a price less than the amount of the issue price plus accrued OID). If the market discount is more than a de minimis amount, and if the bond has a maturity date of more than one year from the date it was issued, then any market discount that accrues annually, or any gains earned on the disposition of the bond, generally will be subject to federal income taxation as ordinary (taxable) income rather than as capital gains

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