

# Neuberger Berman Small Cap Portfolio

## Portfolio Highlights

### Key Features

- Bottom-up value orientation
- Fundamental stock selection, i.e.,
  - Seeks to identify high-quality companies with high sustainable free cash flow, higher-than-market return-on-assets (ROA), and generally strong balance sheets
  - Aggregate portfolio typically exhibits lower-than-market price/earnings ratio
- Commitment to internal research and extensive, direct contact with company management
- Broad diversification in an attempt to manage risk
- Disciplined sell process
- Experienced investment team

## Management Team

### Judith M. Vale, CFA

Managing Director, Senior Portfolio Manager

### Robert W. D'Alelio

Managing Director, Senior Portfolio Manager

### Brett S. Reiner

Managing Director, Portfolio Manager

### Gregory G. Spiegel

Managing Director, Portfolio Manager

## Investment Performance (%)<sup>1</sup>

|                           | QTD   | YTD    | Annualized Returns (Period Ended 6/30/2020) |         |         |          |
|---------------------------|-------|--------|---|---------|---------|----------|
|                           |       |        | 1 Year                                      | 3 Years | 5 Years | 10 Years |
| Small Cap (Gross of Fees) | 22.95 | 0.34   | 7.00  | 12.41   | 11.58   | 14.58    |
| Small Cap (Net of Fees)   | 22.05 | -1.13  | 3.89  | 9.13    | 8.33    | 11.28    |
| Russell 2000® Index       | 25.42 | -12.98 | -6.63                                       | 2.01    | 4.29    | 10.50    |

Past performance is no guarantee of future results.

Fee schedule: maximum fee 300 bps annually; 75 bps quarterly.

## Portfolio Characteristics

|                             | Small Cap | Russell 2000 Index |
|-----------------------------|-----------|--------------------|
| Weighted Average Cap (\$mn) | 7,953     | 2,078              |
| P/E FY1 (x)                 | 34.59     | 70.56              |
| ROE (%)                     | 26.01     | 13.70              |

## Sector Weightings (%)

|                        | Small Cap | Russell 2000 Index |
|------------------------|-----------|--------------------|
| Communication Services | 3.16      | 2.55               |
| Consumer Discretionary | 11.02     | 11.72              |
| Consumer Staples       | 3.55      | 3.34               |
| Energy                 | 0.00      | 2.26               |
| Financials             | 13.54     | 16.46              |
| Health Care            | 16.26     | 20.63              |
| Industrials            | 18.66     | 14.52              |
| Information Technology | 30.30     | 13.80              |
| Materials              | 2.37      | 4.03               |
| Real Estate            | 0.00      | 7.05               |
| Utilities              | 0.00      | 3.63               |
| Cash                   | 1.13      | 0.00               |
| Other                  | 0.02      | 0.00               |

## Top Ten Holdings (%)

|                                    |              |
|------------------------------------|--------------|
| West Pharmaceutical Services, Inc. | 5.11         |
| Pool Corporation                   | 4.11         |
| Bio-Techne Corporation             | 3.34         |
| Jack Henry & Associates, Inc.      | 2.89         |
| MarketAxess Holdings Inc.          | 2.82         |
| Power Integrations, Inc.           | 2.77         |
| Nordson Corporation                | 2.72         |
| Fair Isaac Corporation             | 2.71         |
| Toro Company                       | 2.69         |
| Manhattan Associates, Inc.         | 2.66         |
| <b>Total</b>                       | <b>31.81</b> |

Source: FactSet and Neuberger Berman.

<sup>1</sup>This Portfolio is available only through a wrap fee or similar program sponsored by a third-party intermediary ("Sponsor") that has engaged Neuberger Berman Investment Advisers LLC ("NBIA") to manage certain of the Sponsor's client accounts on a discretionary basis or to provide the Sponsor with recommendations in the form of model portfolio. Please refer to the attached GIPS® compliant composite presentation, which reflects NBIA's calculations with respect to the Portfolio that are not specific to any Sponsor or client account ("Composite"). Specific client account performance is reflected in the official books and records maintained by the Sponsor or other custodian selected by the Sponsor or client. Performance reflects reinvestment of any dividends and distributions. Representative portfolio information (characteristics, holdings, weightings, etc.) is based upon the Composite. Gross return is shown as supplemental and does not reflect the deduction of advisory fees and other expenses. Investing entails risks, including possible loss of principal. Past performance is no guarantee of future results.

Please see Additional Disclosures on page 2, which are a required part of this factsheet.

## Investment Performance Disclosure Statement

|              | Composite                         |                                 | Benchmark                 | Composite          |                         |                               |                     |                        | 3 Year Standard Deviation |                           |
|--------------|-----------------------------------|---------------------------------|---------------------------|--------------------|-------------------------|-------------------------------|---------------------|------------------------|---------------------------|---------------------------|
|              | Total Return (%<br>Gross of Fees) | Total Return (%<br>Net of Fees) | Russell 2000<br>Index (%) | No. of<br>Accounts | Market Value<br>(\$, m) | Total Firm Assets<br>(\$, bn) | % of Firm<br>Assets | Internal<br>Dispersion | Composite (%)             | Russell 2000<br>Index (%) |
| YTD Jun-2020 | 0.34                              | -1.13                           | -12.98                    | 102                | 72.1                    | --                            | --                  | --                     | 18.15                     | 22.61                     |
| 2019         | 30.99                             | 27.18                           | 25.52                     | 80                 | 70.8                    | 355.8                         | 0.02                | 0.52                   | 13.74                     | 15.71                     |
| 2018         | -2.33                             | -5.18                           | -11.01                    | 78                 | 57.6                    | 304.1                         | 0.02                | 0.39                   | 13.20                     | 15.79                     |
| 2017         | 17.52                             | 14.09                           | 14.65                     | 88                 | 74.5                    | 295.2                         | 0.03                | 0.51                   | 11.66                     | 13.91                     |
| 2016         | 19.73                             | 16.24                           | 21.31                     | 97                 | 78.2                    | 255.2                         | 0.03                | 0.39                   | 12.53                     | 15.76                     |
| 2015         | 1.09                              | -1.85                           | -4.41                     | 96                 | 64.6                    | 240.4                         | 0.03                | 0.58                   | 12.14                     | 13.96                     |
| 2014         | 0.42                              | -2.50                           | 4.89                      | 105                | 79.0                    | 250.0                         | 0.03                | 0.23                   | 10.67                     | 13.12                     |
| 2013         | 38.20                             | 34.41                           | 38.82                     | 113                | 81.5                    | 241.7                         | 0.03                | 0.62                   | 14.27                     | 16.45                     |
| 2012         | 13.08                             | 9.81                            | 16.35                     | 118                | 65.3                    | 205.0                         | 0.03                | 0.60                   | 16.65                     | 20.20                     |
| 2011         | 9.10                              | 5.89                            | -4.18                     | 131                | 73.7                    | 193.1                         | 0.04                | --                     | 19.50                     | 24.99                     |
| 2010         | 20.91                             | 17.47                           | 26.85                     | 137                | 90.0                    | 102.3                         | 0.09                | --                     | --                        | --                        |

### Compliance Statement

Neuberger Berman Group LLC ("NB", "Neuberger Berman" or the "Firm") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Neuberger Berman has been independently verified for the period January 1, 2011 to December 31, 2019. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation. The verification reports are available upon request.

The GIPS® firm definition was redefined effective January 1, 2011. For prior periods there were two separate firms for GIPS® firm definition purposes and such firms were independently verified for the periods January 1, 1997 to December 31, 2010 and January 1, 1996 to December 31, 2010, respectively.

### Definition of the Firm

The firm is currently defined for GIPS® purposes as Neuberger Berman Group LLC, ("NB", "Neuberger Berman" or the "Firm"), and includes the following subsidiaries: Neuberger Berman Investment Advisers LLC, Neuberger Berman Europe Ltd., Neuberger Berman Asia Ltd., Neuberger Berman East Asia Ltd., Neuberger Berman Singapore Pte. Ltd., Neuberger Berman Taiwan Ltd, Neuberger Berman Australia Pty. Ltd., Neuberger Berman Trust Company N.A., Neuberger Berman Trust Company of Delaware N.A., NB Alternatives Advisers LLC and Neuberger Berman Breton Hill UL. C.

### Policies

Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

### Composite Description

The Managed Account Group ("MAG") Small Cap Composite (the "Composite"), formerly known as the Small Cap Value Composite, includes Neuberger Berman's calculations with respect to all wrap fee or similar client accounts of third-party intermediaries (each, a "Sponsor") that are managed on a discretionary basis by Neuberger Berman in the MAG Small Cap investment style ("MAG Portfolio"). The Composite is not specific to any Sponsor or client account. Specific client account performance is reflected in the official books and records maintained by the Sponsor or other custodian selected by the Sponsor or the client. The MAG Portfolio is available only through Sponsors that have engaged Neuberger Berman to manage client accounts on a discretionary basis or to provide non-discretionary investment recommendations in the form of a model portfolio. The MAG Portfolio seeks participation in the equity market through investments in a diversified portfolio of small capitalization equities. The Composite was created in January 2000 and performance inception date is January 1994.

### Primary Benchmark Description

The benchmark is the Russell 2000 Index (the "Index"). The index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 8% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

### Reporting Currency

Valuations are computed and performance is reported in U.S. Dollars.

### Fees

Pure "gross" returns, are presented as supplemental information, and do not reflect the deduction of any trading costs. Fees, or expenses, are presented for comparison purposes only. The Separately Managed Account ("SMA") fee charged by each sponsor typically include all charges for trading costs, portfolio management, custody and other administrative fees. Net returns are calculated by subtracting the hypothetical highest SMA fee charged by each sponsor (300 bps on an annual basis, or 75 bps quarterly) from the "pure" gross composite return.

### Fee Schedule

The standard fee schedule in effect is as follows: 3.00% on total assets.

### Internal Dispersion

Internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns of those portfolios that were in the Composite for the entire year. Internal dispersion is not calculated if the Composite does not contain at least 6 portfolios for the entire year.

### Annualized Standard Deviation

The three-year annualized standard deviation measures the variability of the Composite and the benchmark returns over the preceding 36-month period. The standard deviation is not required for periods prior to 2011.

### Additional Disclosures

This material is intended as a broad overview of the portfolio managers' 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. Information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. All information is current as of the date of this material and is subject to change without notice. Any views or opinions expressed may not reflect those of the firm as a whole. Third-party economic, market or security estimates or forecasts discussed herein may or may not be realized and no opinion or representation is being given regarding such estimates or forecasts. Certain products and services may not be available in all jurisdictions or to all client types. Unless otherwise indicated, returns shown reflect reinvestment of dividends and distributions. Indexes are unmanaged and are not available for direct investment. Investing entails risks, including possible loss of principal. **Past performance is no guarantee of future results.**

Representative portfolio information (characteristics, holdings, weightings, etc.) is based upon the manager's composite account. For non-UMA accounts, client accounts are individually managed and may vary significantly from composite performance and composite portfolio information. For UMA accounts, accounts are not individually managed and portfolio allocations, actual account holdings, characteristics and performance will vary from composite performance and composite portfolio information, depending on the size of an account, cash flows within an account, client-imposed investment restrictions on an account, the timing of client investments, market, and other factors that may be outside of Neuberger Berman's control. Specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that any investments in securities identified and described were or will be profitable.

Small capitalization stocks are more vulnerable to financial risks and other risks than stocks of larger companies. They also trade less frequently and in lower volume than larger company stocks, so their market prices tend to be more volatile.

Weighted average market capitalization: Market capitalization is the price of the security multiplied by the number of shares. The weighted average market capitalization is the sum of the market caps divided by the percentage weight of the holdings.

Price-to-earnings ratio (P/E): The price-to-earnings ratio is calculated by dividing the price of the security by the earnings per share. The higher the PE ratio the more the investor is willing to pay for earnings. A higher PE ratio would imply that earnings will grow higher in the future.

Return on equity (ROE): It is a percent yield that indicates a company's profitability accruing to equity holders. ROE reveals how much profit a company generates with the money shareholders have invested. Return on equity is determined by dividing net income by total common equity.

This material is general in nature and is not directed to any category of investors and should not be regarded as individualized, a recommendation, investment advice or a suggestion to engage in or refrain from any investment-related course of action. Investment decisions and the appropriateness of this material should be made based on an investor's individual objectives and circumstances and in consultation with his or her advisors.

FOR MORE INFORMATION REGARDING NEUBERGER BERMAN PORTFOLIOS PLEASE CALL 212.476.5530 OR E-MAIL: MAG@NB.COM.

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